UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2021
OR

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

For the transition period from to

Commission file number 001-36156

VERACYTE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-5455398**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6000 Shoreline Court, Suite 300
South San Francisco, California 94080
(Address of principal executive offices, zip code)

(650) 243-6300
(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, par value, $0.001 per share	VCYT	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 x 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 x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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	x	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 x

As of July 23, 2021, there were 67,473,870 shares of common stock, par value $0.001 per share, outstanding.

VERACYTE, INC.
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PART I. — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements-(Unaudited)

VERACYTE, INC.
Condensed Consolidated Balance Sheets
(unaudited)
(In thousands, except share and per share amounts)

	June 30, 2021	December 31, 2020 (See Note 1)
Assets		
Current assets:		
Cash and cash equivalents	$ 327,545	$ 349,364
Accounts receivable	31,864	18,461
Supplies	6,674	4,657
Prepaid expenses and other current assets	5,263	3,197
Total current assets	371,346	375,679
Property and equipment, net	11,813	8,990
Right-of-use assets, operating lease	14,559	7,843
Intangible assets, net	155,700	59,924
Goodwill	471,764	2,725
Restricted cash	749	603
Other assets	1,504	1,399
Total assets	$ 1,027,435	$ 457,163
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 8,472	$ 3,116
Accrued liabilities	20,756	11,705
Current portion of deferred revenue	566	371
Current portion of acquisition-related contingent consideration	3,375	—
Current portion of operating lease liability	2,936	1,589
Total current liabilities	36,105	16,781
Long-term debt	917	810
Deferred revenue, net of current portion	662	829
Deferred tax liability	773	—
Acquisition-related contingent consideration, net of current portion	4,467	7,594
Operating lease liability, net of current portion	13,334	9,917
Total liabilities	56,258	35,931
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized, 0 shares issued and outstanding as of June 30, 2021 and December 31, 2020	—	—
Common stock, $0.001 par value; 125,000,000 shares authorized, 67,471,551 and 58,200,526 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	67	58
Additional paid-in capital	1,303,610	702,768
Accumulated deficit	(332,500)	(281,594)
Total stockholders' equity	971,177	421,232
Total liabilities and stockholders' equity	$ 1,027,435	$ 457,163

The accompanying notes are an integral part of these condensed consolidated financial statements.

VERACYTE, INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue:				
Testing revenue	$ 50,793	$ 15,212	$ 83,871	$ 42,203
Product revenue	2,688	1,713	5,747	5,122
Biopharmaceutical revenue	1,624	3,779	2,190	4,501
Total Revenue	55,105	20,704	91,808	51,826
Operating expenses:				
Cost of testing revenue	15,589	6,471	26,421	17,039
Cost of product revenue	1,323	932	2,813	2,491
Cost of biopharmaceutical revenue	560	252	641	368
Research and development	6,249	4,169	11,585	8,576
Selling and marketing	19,662	10,701	35,958	28,285
General and administrative	15,473	7,957	61,755	15,770
Intangible asset amortization	3,723	1,273	5,524	2,548
Total operating expenses	62,579	31,755	144,697	75,077
Loss from operations	(7,474)	(11,051)	(52,889)	(23,251)
Interest expense	(63)	(65)	(116)	(120)
Other (loss) income, net	(1,653)	91	(1,848)	630
Loss before income tax benefit	(9,190)	(11,025)	(54,853)	(22,741)
Income tax benefit	(152)	—	(3,947)	—
Net loss and comprehensive loss	$ (9,038)	$ (11,025)	$ (50,906)	$ (22,741)
Net loss per common share, basic and diluted	$ (0.13)	$ (0.22)	$ (0.78)	$ (0.45)
Shares used to compute net loss per common share, basic and diluted	67,316,065	50,212,123	65,334,890	50,002,377

The accompanying notes are an integral part of these condensed consolidated financial statements.

VERACYTE, INC.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at March 31, 2021	67,236	$ 67	$ 1,297,626	$ (323,462)	$ 974,231
Issuance of common stock on exercise of stock options and vesting of restricted stock units	236	—	2,630	—	2,630
Tax portion of vested restricted stock units	—	—	(710)	—	(710)
Stock-based compensation expense (employee)	—	—	3,671	—	3,671
Stock-based compensation expense (non-employee)	—	—	14	—	14
Stock-based compensation expense (ESPP)	—	—	379	—	379
Net loss and comprehensive loss	—	—	—	(9,038)	(9,038)
Balance at June 30, 2021	67,472	$ 67	$ 1,303,610	$ (332,500)	$ 971,177
Balance at December 31, 2020	58,201	$ 58	$ 702,768	$ (281,594)	$ 421,232
Sale of common stock in a public offering, net of offering costs of $38,677	8,547	9	593,812	—	593,821
Issuance of common stock upon exercise of stock options and vesting of restricted stock units	675	—	5,436	—	5,436
Issuance of common stock under employee stock purchase plan (ESPP)	49	—	1,159	—	1,159
Tax portion of vested restricted stock units	—	—	(7,484)	—	(7,484)
Stock-based compensation expense (employee)	—	—	7,328	—	7,328
Stock-based compensation expense (non-employee)	—	—	30	—	30
Stock-based compensation expense (ESPP)	—	—	561	—	561
Net loss and comprehensive loss	—	—	—	(50,906)	(50,906)
Balance at June 30, 2021	67,472	$ 67	$ 1,303,610	$ (332,500)	$ 971,177

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at March 31, 2020	50,000	$ 50	$ 488,773	$ (258,401)	$ 230,422
Issuance of common stock on exercise of stock options and vesting of restricted stock units	446	—	3,764	—	3,764
Tax portion of vested restricted stock units	—	—	(374)	—	(374)
Stock-based compensation expense (employee)	—	—	3,009	—	3,009
Stock-based compensation expense (non-employee)	—	—	20	—	20
Stock-based compensation expense (ESPP)	—	—	331	—	331
Net loss and comprehensive loss	—	—	—	(11,025)	(11,025)
Balance at June 30, 2020	50,446	$ 50	$ 495,523	$ (269,426)	$ 226,147
Balance at December 31, 2019	49,625	$ 50	$ 486,090	$ (246,685)	$ 239,455
Issuance of common stock upon exercise of stock options and vesting of restricted stock units	760	—	4,745	—	4,745
Issuance of common stock under ESPP	61	—	1,101	—	1,101
Tax portion of vested restricted stock units	—	—	(2,678)	—	(2,678)
Stock-based compensation expense (employee)	—	—	5,560	—	5,560
Stock-based compensation expense (non-employee)	—	—	20	—	20
Stock-based compensation expense (ESPP)	—	—	685	—	685
Net loss and comprehensive loss	—	—	—	(22,741)	(22,741)
Balance at June 30, 2020	50,446	$ 50	$ 495,523	$ (269,426)	$ 226,147

The accompanying notes are an integral part of these condensed consolidated financial statements.

VERACYTE, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2021	**2020**
Operating activities		
Net loss	$ (50,906)	$ (22,741)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,050	3,929
Stock-based compensation	7,919	6,265
Benefit from income taxes	(3,947)	—
Interest on end-of-term debt obligation	107	107
Write-down of excess supplies	—	1,088
Noncash lease expense	885	469
Revaluation of acquisition-related contingent consideration	247	(140)
Effect of foreign currency on operations	1,866	—
Changes in operating assets and liabilities:		
Accounts receivable	(6,713)	4,023
Supplies	(375)	(1,323)
Prepaid expenses and other current assets	(1,288)	(664)
Other assets	(30)	166
Operating lease liability	(1,017)	(682)
Accounts payable	2,758	122
Accrued liabilities and deferred revenue	4,770	(4,343)
Net cash used in operating activities	(38,674)	(13,724)
Investing activities		
Acquisition of business, net of cash acquired	(574,411)	—
Proceeds from sale of equity securities	3,000	—
Purchases of property and equipment	(2,723)	(1,314)
Net cash used in investing activities	(574,134)	(1,314)
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	(7,484)	(2,678)
Proceeds from the exercise of common stock options and employee stock purchases	6,595	5,849
Net cash provided by financing activities	592,932	3,171
Decrease in cash, cash equivalents and restricted cash	(19,876)	(11,867)
Effect of foreign currency on cash, cash equivalents and restricted cash	(1,797)	—
Net decrease in cash, cash equivalents and restricted cash	(21,673)	(11,867)
Cash, cash equivalents and restricted cash at beginning of period	349,967	159,920
Cash, cash equivalents and restricted cash at end of period	$ 328,294	$ 148,053
Supplementary cash flow information:		
Purchases of property and equipment included in accounts payable and accrued liability	$ 1,019	$ —
Interest paid on debt	$ 9	$ 3

Cash, Cash Equivalents and Restricted Cash:

	June 30, 2021	**December 31, 2020**
Cash and cash equivalents	$ 327,545	$ 349,364
Restricted cash	749	603
Total cash, cash equivalents and restricted cash	$ 328,294	$ 349,967

The accompanying notes are an integral part of these condensed consolidated financial statements.

VERACYTE, INC.
Notes to Financial Statements
(unaudited)

1. Organization, Description of Business and Summary of Significant Accounting Policies

Veracyte, Inc., or Veracyte, or the Company, is a global genomic diagnostics company that improves patient care by answering important clinical questions to inform diagnosis and treatment decisions throughout the patient journey. The company's growing menu of tests leverage advances in genomic science and machine learning technology to change care for patients, enabling them to avoid risky, costly procedures and accelerate time to more appropriate treatment. In addition to making its genomic tests available in the United States through its central laboratories, the company believes its exclusive access to the nCounter Analysis System, a best-in-class diagnostics platform, positions the company to deliver its tests to patients worldwide through laboratories and hospitals that can perform them locally. With its acquisition of Decipher Biosciences, Inc. in March 2021, the company now has a presence in seven of the ten most common cancers impacting patients in the United States.

Veracyte was incorporated in the state of Delaware on August 15, 2006 as Calderome, Inc. Calderome operated as an incubator until early 2008. On March 4, 2008, the Company changed its name to Veracyte, Inc. The Company's operations are based in South San Francisco, California and Austin, Texas. On March 12, 2021, the Company acquired Decipher Biosciences, Inc., or Decipher Biosciences, with operations based in San Diego, California.

Veracyte utilizes a foundational approach for all of its genomic tests, or classifiers, which begins with determining what clinical questions need to be answered in order to change what happens next for the patient. The Company then deploys rigorous science and technology to develop and validate its tests, and then collects extensive clinical utility data to demonstrate the tests' ability to change care as intended. This approach has enabled the Company to obtain Medicare reimbursement for its genomic classifiers in each of its commercial indications. The Company positions its tests to integrate seamlessly into the way physicians currently evaluate patients in order to facilitate adoption.

Veracyte develops its genomic tests using advanced scientific methods, such as RNA whole-transcriptome analysis and machine learning, and then optimizes the assays and classifiers for the platform on which the test will be performed. Historically, the Company has utilized RNA whole-transcriptome analysis to perform its tests in its Clinical Laboratory Improvement Amendments of 1988, or CLIA, certified laboratories in South San Francisco and San Diego. With Veracyte's exclusive global access to the nCounter Analysis System, the Company is positioned to deliver its tests to patients worldwide through laboratories and hospitals that can perform the tests locally.

Veracyte currently offers genomic tests in lung cancer; breast cancer; prostate cancer; thyroid cancer; and interstitial lung diseases, or ILD, including idiopathic pulmonary fibrosis, or IPF.

Lung Cancer - ***Percepta Genomic Sequencing Classifier.*** The Percepta classifier improves lung cancer diagnosis when diagnostic bronchoscopy results are inconclusive. This second-generation test was developed using the Company's RNA whole-transcriptome sequencing and machine learning platform and was commercially introduced in June 2019. The Percepta classifier identifies patients with lung nodules who are at low risk of cancer and may avoid further, invasive procedures as well as patients at high risk of cancer so they may obtain faster diagnosis and treatment. The test is built upon foundational "field of injury" science - through which genomic changes associated with lung cancer in current and former smokers can be identified with a simple brushing of a patient's airway - without the need to sample the often hard-to-reach nodule directly.

Breast Cancer - ***Prosigna Breast Cancer Prognostic Gene Signature Assay.*** The Prosigna test, acquired in December 2019 through the Company's strategic transaction with NanoString Technologies, Inc., or NanoString, uses advanced genomic technology to inform next steps for patients with early-stage breast cancer, based on the genomic make-up of their disease. The test uses a set of 50 genes known as the PAM50 gene signature and can provide a breast cancer patient and physician with a prognostic score that indicates the probability of cancer recurrence over ten years. Physicians use Prosigna to help guide therapeutic decisions so that patients receive a therapeutic intervention, such as chemotherapy, only if clinically warranted. Patient test results outside of the United States include intrinsic breast cancer subtypes to complement the risk-of-recurrence score.

Prostate Cancer – Decipher Prostate Biopsy and Radical Prostatectomy, or RP, Genomic Classifiers. The Decipher Prostate cancer tests, developed through RNA whole-transcriptome analysis, predict a patient's risk of

progressing to metastatic disease, which helps physicians determine an appropriate treatment plan for patients. The Decipher Prostate Biopsy test is used with patients following a cancer diagnosis to inform whether the patient is a candidate for active surveillance, if they need monotherapy, or if they may benefit from multi-modality or intensified therapy. The Decipher Prostate RP test is used following surgery to guide decision-making regarding treatment timing following radical prostatectomy and whether patients undergoing salvage radiotherapy may benefit from the addition of hormone therapy.

Thyroid Cancer - ***Afirma Genomic Sequencing Classifier, or GSC, and Xpression Atlas.*** The Company's Afirma offerings comprise the Afirma GSC and Xpression Atlas, which help guide next steps for patients with potentially cancerous thyroid nodules. The offerings are intended to provide physicians with clinically actionable results from a single fine needle aspiration, or FNA biopsy. The Afirma GSC was developed with RNA whole-transcriptome sequencing and machine learning, and is used to identify patients with benign thyroid nodules among those with indeterminate cytopathology results in order to rule out unnecessary thyroid surgery.

The Afirma Xpression Atlas complements the Afirma GSC by providing genomic alteration content from the same FNA samples used in Afirma GSC testing to help physicians decide with greater confidence on the surgical or therapeutic pathway for their patients. The Company commercially launched the Afirma Xpression Atlas in 2018 and in April 2020 introduced an expanded version of the test, which includes significantly more genomic content.

ILD/IPF - ***Envisia Genomic Classifier.*** The Envisia classifier improves diagnosis of ILDs, including IPF, without the need for surgery. The test identifies the genomic pattern of usual interstitial pneumonia, or UIP, a hallmark of IPF, with high accuracy on patient samples that are obtained through transbronchial biopsy, a nonsurgical procedure that is commonly used in lung evaluation.

The Company performs its genomic tests for thyroid cancer, lung cancer and IPF in its CLIA-certified laboratory in South San Francisco, California and its genomic tests for prostate and bladder cancer in its College of American Pathologists, or CAP, accredited and CLIA-certified laboratory in San Diego, California. In December 2019, the Company acquired from NanoString, Inc. the exclusive global diagnostics license to the nCounter Analysis System and the Prosigna Breast Cancer Prognostic Gene Signature Assay, which is commercially available, along with the LymphMark lymphoma subtyping assay, which is in development. Both tests are designed for use on the nCounter Analysis System. The Prosigna test kits and associated products are sold to laboratories and hospitals in global markets including the United States.

Veracyte’s whole-transcriptome approach, including RNA sequencing, also provides multiple opportunities for partnerships with biopharmaceutical and diagnostic testing companies. In developing its products, the Company has built or gained access to unique biorepositories, proprietary technology and bioinformatics that it believes are important to the development of new targeted therapies, determining clinical trial eligibility and guiding treatment selection. Additionally, the Company believes that the nCounter Analysis System provides an attractive distributed platform for other diagnostic companies seeking to make their genomic tests available to global markets.

On July 13, 2021, the Company entered into an agreement to acquire HalioDx SAS, a French société par actions simplifiée, or HalioDx. HalioDx is an immuno-oncology diagnostics company providing oncologists and drug development organizations with diagnostic products and services to guide cancer care and contribute to precision medicine. Upon the closing of the transaction, HalioDx will become a subsidiary of Veracyte. At closing, Veracyte will pay approximately €260 million in total consideration to HalioDx security holders, consisting of approximately €147 million in cash and up to approximately €113 million in stock, subject to customary purchase price adjustments. The acquisition is expected to close in the third quarter of 2021.

Basis of Presentation

The Company’s condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The condensed consolidated balance sheet as of June 30, 2021 the condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2021 and 2020, the condensed consolidated statements of

stockholders' equity for the three and six months ended June 30, 2021 and 2020, and the condensed consolidated statements of cash flows for the six months ended June 30, 2021 and 2020 are unaudited, but include all adjustments, consisting only of normal recurring adjustments, which the Company considers necessary for a fair presentation of its financial position, operating results, stockholders' equity and cash flows for the periods presented. The condensed consolidated balance sheet at December 31, 2020 has been derived from audited financial statements. The results for the three and six months ended June 30, 2021 are not necessarily indicative of the results expected for the full year or any other period. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company operates in one segment.

The accompanying interim period condensed consolidated financial statements and related financial information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Use of Estimates

The preparation of unaudited interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Items subject to such estimates include: revenue recognition; write-down of supplies; the useful lives of property and equipment; the recoverability of long-lived assets; the incremental borrowing rate for leases; accounting for acquisitions; the estimation of the fair value of intangible assets and contingent consideration; variable interest entity assessment; stock options; income tax uncertainties, including a valuation allowance for deferred tax assets; reserve on accounts receivable and contingencies. The Company bases these estimates on historical and anticipated results, trends, and various other assumptions that the Company believes are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities and recorded revenue and expenses that are not readily apparent from other sources. Actual results could differ from those estimates and assumptions.

Issuance of Common Stock in a Public Offering

On February 9, 2021, the Company issued and sold 8,547,297 shares of common stock in a registered public offering, including 1,114,864 shares issued and sold upon the underwriters’ exercise in full of their option to purchase additional shares, at a price to the public of $74.00 per share. The Company's net proceeds from the offering were approximately $593.8 million, after deducting underwriting discounts and commissions and offering expenses of $38.7 million.

Cash and Cash Equivalents

The Company considers demand deposits in a bank, money market funds and highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

Concentrations of Credit Risk and Other Risks and Uncertainties

The worldwide spread of coronavirus, or COVID-19, has created significant uncertainty in the global economy. There have been no comparable recent events that provide guidance as to the effect the spread of COVID-19 as a global pandemic may have, and, as a result, the ultimate impact of COVID-19 and the extent to which COVID-19 impacts the Company’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and difficult to predict. If the financial markets or the overall economy are impacted for an extended period, the Company’s liquidity, revenues, supplies, goodwill and intangibles may be adversely affected. The Company considers the effects, to the extent knowable, of the COVID-19 pandemic in developing our estimates.

The majority of the Company’s cash and cash equivalents are deposited with one major financial institution in the United States. Deposits in this institution may exceed the amount of insurance provided on such deposits. The Company has not realized any losses on its deposits of cash and cash equivalents.

Several of the components of the Company’s sample collection kits and test reagents, and the nCounter system and related diagnostic kits are obtained from single-source suppliers. If these single-source suppliers fail to satisfy the Company’s

requirements on a timely basis, it could suffer delays in being able to deliver its diagnostic solutions, suffer a possible loss of revenue, or incur higher costs, any of which could adversely affect its operating results.

The Company is also subject to credit risk from its accounts receivable related to its sales. Credit risk for accounts receivable from testing revenue is incorporated in testing revenue accrual rates as the Company assesses historical collection rates and current developments to determine accrual rates and amounts the Company will ultimately collect. The Company generally does not perform evaluations of customers' financial condition for testing revenue and generally does not require collateral. The Company assesses credit risk and the amount of accounts receivable the Company will ultimately collect for product, biopharmaceutical and collaboration revenue based on collection history, current developments and credit worthiness of the customer. The estimate of credit losses is not material at June 30, 2021.

Through June 30, 2021, most of the Company's revenue has been derived from the sale of Afirma. To date, Afirma has been delivered primarily to physicians in the United States. The Company's third-party payers and other customers in excess of 10% of total revenue and their related revenue as a percentage of total revenue were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Medicare	34 %	18 %	31 %	23 %
UnitedHealthcare	10 %	10 %	10 %	10 %
	44 %	28 %	41 %	33 %

The Company's third-party payers and other customers in excess of 10% of accounts receivable and their related accounts receivable balance as a percentage of total accounts receivable were as follows at the following dates:

	June 30, 2021	December 31, 2020
Medicare	19 %	13 %
UnitedHealthcare	12 %	12 %

Restricted Cash

The Company had deposits of $749,000 and $603,000 included in long-term assets as of June 30, 2021 and December 31, 2020, respectively, restricted from withdrawal and held by banks in the form of collateral for irrevocable standby letters of credit held as security for the Company's leases.

Revenue Recognition

Testing Revenue

The Company recognizes testing revenue in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers*, or ASC 606. Most of the Company's revenue is generated from the provision of testing services. These services are completed upon the delivery of test results to the prescribing physician, at which time the Company bills for the services. The Company recognizes revenue related to billings based on estimates of the amount that will ultimately be realized. In determining the amount to accrue for a delivered test, the Company considers factors such as payment history, payer coverage, whether there is a reimbursement contract between the payer and the Company, payment as a percentage of agreed upon rate (if applicable), amount paid per test and any current developments or changes that could impact reimbursement. These estimates require significant judgment by management. Actual results could differ from those estimates and assumptions.

During the first half of 2021, the Company changed its revenue estimates due to actual and anticipated cash collections for tests delivered in prior quarters and recognized additional revenue of $0.2 million and $0.4 million for the three and six months ended June 30, 2021, respectively. These adjustments resulted in decreases in the Company's loss from operations of $0.2 million and $0.4 million for the three and six months ended June 30, 2021, respectively. These adjustments resulted in no

change in basic and diluted net loss per share for the three months ended June 30, 2021 and a decrease in basic and diluted net loss per share of $0.01 for the six months ended June 30, 2021.

During the first half of 2020, the Company changed its revenue estimates due to actual and anticipated cash collections for tests delivered in prior quarters and recognized additional revenue of $0.9 million and $0.7 million for the three and six months ended June 30, 2020, respectively. These adjustments resulted in decreases in the Company's loss from operations of $0.9 million and $0.7 million and a decrease in basic and diluted net loss per share of $0.02 and $0.01 for the three and six months ended June 30, 2020, respectively.

Product Revenue

Product revenue from instruments and diagnostic kits is recognized generally upon shipment or when the instrument is ready for use by the end customer, which is when title of the product has been transferred to the customer. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract. Performance obligations are considered satisfied once the Company has transferred control of a product to the customer, meaning the customer has the ability to use and obtain the benefit of the product. The Company recognizes product revenue for satisfied performance obligations only when there are no uncertainties regarding payment terms or transfer of control. Shipping and handling costs incurred for product shipments are included in product revenue. Revenues are presented net of the taxes that are collected from customers and remitted to governmental authorities. There was no revenue from instrument sales for six months ended June 30, 2021 or 2020.

Biopharmaceutical and Collaboration Revenue

From time to time, the Company enters into arrangements for research and development and/or commercialization services. Such arrangements may require the Company to deliver various rights, services and/or samples, including intellectual property rights/licenses, research and development services, and/or commercialization services. The underlying terms of these arrangements generally provide for consideration to the Company in the form of nonrefundable upfront license fees, development and commercial performance milestone payments, royalty payments, and/or profit sharing. Net sales of data or other services to customers are recognized in accordance with ASC 606 and are classified under biopharmaceutical revenue. Certain milestone payments fall under the scope of ASC Topic 808, *Collaborative Arrangements*, or ASC 808, and are classified under collaboration revenue. Payments received that are not sales or services to a customer or collaboration revenue are recorded as offsets against research and development expense in the Company's consolidated statements of operations and comprehensive loss.

In arrangements involving more than one performance obligation, each required performance obligation is evaluated to determine whether it qualifies as a distinct performance obligation based on whether (i) the customer can benefit from the good or service either on its own or together with other resources that are readily available and (ii) the good or service is separately identifiable from other promises in the contract. The consideration under the arrangement is then allocated to each separate distinct performance obligation based on its respective relative stand-alone selling price. The estimated selling price of each deliverable reflects the Company's best estimate of what the selling price would be if the deliverable was regularly sold by the Company on a stand-alone basis or using an adjusted market assessment approach if selling price on a stand-alone basis is not available.

The consideration allocated to each distinct performance obligation is recognized as revenue when control of the related goods is transferred or services are performed. Consideration associated with at-risk substantive performance milestones is recognized as revenue when it is probable that a significant reversal of the cumulative revenue recognized will not occur. Should there be royalties, the Company utilizes the sales and usage-based royalty exception in arrangements that resulted from the license of intellectual property, recognizing revenues generated from royalties or profit sharing as the underlying sales occur.

As part of the accounting for these arrangements, the Company must develop estimates and assumptions that require judgment to determine the underlying stand-alone selling price for each performance obligation which determines how the transaction price is allocated among the performance obligations. Generally, the estimation of the stand-alone selling price may

include such estimates as independent evidence of market price, forecasted revenues or costs, development timelines, discount rates, and probabilities of technical and regulatory success. The Company evaluates each performance obligation to determine if they can be satisfied at a point in time or over time, and it measures the services delivered to the collaborative partner which are periodically reviewed based on the progress of the related program. The effect of any change made to an estimated input component and, therefore revenue or expense recognized, would be recorded as a change in estimate. In addition, variable consideration must be evaluated to determine if it is constrained and, therefore, excluded from the transaction price.

Up-front Fees: If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenues from the transaction price allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are bundled with other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time.

Milestone Payments: At the inception of each arrangement that includes milestone payments (variable consideration), the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the Company's or the collaborative partner's control, such as non-operational developmental and regulatory approvals, are generally not considered probable of being achieved until those approvals are received. At the end of each reporting period, the Company re-evaluates the probability of achievement of milestones that are within its or the collaborative partner's control, such as operational developmental milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect collaboration revenues and earnings in the period of adjustment. Revisions to the Company's estimate of the transaction price may also result in negative collaboration revenues and earnings in the period of adjustment.

Diagnostic Development Agreement with Johnson & Johnson

The Company has entered into contracts with the Lung Cancer Initiative at Johnson & Johnson to cooperate on the development of clinical data, to provide data generated by the Company and to license the right to use data under the Company's intellectual property rights. Under the terms of the agreements, the Company will provide data in exchange for up to $18.0 million in payments from Johnson & Johnson. The Company is also entitled to additional payments of up to $13.0 million, conditioned upon the achievement of certain milestones.

The agreements are considered to be within the scope of ASC 808 with respect to the milestone payments, as the parties are active participants and exposed to the risks and rewards of the collaborative activity. The delivery of data under the collaborative arrangement, which the Company believes is a distinct service for which Johnson & Johnson meets the definition of a customer is within the scope of ASC 606. Using the concepts of ASC 606, the Company has identified the delivery of data as its only performance obligation. The grant of the license is not distinct from other performance obligations as the customer receives benefit only when other performance obligations are met. The Company further determined that the transaction prices under the arrangements are the $18.0 million in payments which was allocated to the obligation to deliver data. The $13.0 million in future potential payments is considered variable consideration because the Company determined that the potential payments are contingent upon regulatory, development and commercialization milestones that are uncertain to occur and, as such, were not included in the transaction price, and will be recognized accordingly as each potential payment becomes probable.

For the three and six months ended June 30, 2021, the Company recognized $0.1 million and $0.3 million, respectively, of revenue under these contracts. For the three and six months ended June 30, 2020, the Company recognized $1.3 million and $1.6 million, respectively, of revenue under these contracts. Accounts receivable from Johnson & Johnson related to these contracts was $0.3 million at June 30, 2021 and zero at December 31, 2020. There was $1.1 million and $1.0 million of deferred revenue related to these agreements at June 30, 2021 and December 31, 2020, respectively.

Other Collaboration and Service Agreements

The Company has entered into agreements with biopharmaceutical companies and other diagnostic companies to provide them with data, development services and the right to develop tests on the nCounter Analysis System. For the three months ended June 30, 2021, the Company recognized biopharmaceutical revenue of $0.7 million for development services,

$0.4 million for the delivery of data and $0.4 million for the achievement of milestones. For the six months ended June 30, 2021, the Company recognized biopharmaceutical revenue of $1.1 million for development services, $0.4 million for the delivery of data and $0.4 million for the achievement of milestones. For the three months ended June 30, 2020, the Company recognized biopharmaceutical revenue of $1.0 million for the sale of commercial and development rights, $0.5 million for development services and $1.0 million for the achievement of milestones. For the six months ended June 30, 2020, the Company recognized biopharmaceutical revenue of $1.0 million for the sale of commercial and development rights, $0.9 million for development services and $1.0 million for the achievement of milestones. There was $0.1 million and zero of deferred revenue related to these agreements at June 30, 2021 and December 31, 2020, respectively. Accounts receivable from these contracts totaled $1.7 million at June 30, 2021 and $0.4 million at December 31, 2020.

Cost of Testing Revenue

The components of our cost of testing services are laboratory expenses, sample collection expenses, compensation expense, license fees and royalties, depreciation and amortization, other expenses such as equipment and laboratory supplies, and allocations of facility and information technology expenses. Costs associated with performing tests are expensed as the test is processed regardless of whether and when revenue is recognized with respect to that test.

Cost of Product Revenue

Cost of product revenue consists primarily of costs of purchasing instruments and diagnostic kits from *third*-party contract manufacturers, installation, service and packaging and delivery costs. In addition, cost of product includes royalty costs for licensed technologies included in the Company's products and labor expenses. Cost of product revenue for instruments and diagnostic kits is recognized in the period the related revenue is recognized. Shipping and handling costs incurred for product shipments are included in cost of product in the condensed consolidated statements of operations and comprehensive loss.

Cost of Biopharmaceutical Revenue

Cost of biopharmaceutical revenue consists of costs of performing activities under arrangements that require the Company to perform research and development services on behalf of a customer pursuant to a biopharmaceutical service agreement.

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This standard simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. This ASU removes the following exceptions: (1) exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items; (2) exception to the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; (3) exception to the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; and (4) exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. The amendments in this ASU also improve consistency and simplify other areas of Topic 740 by clarifying and amending existing guidance. The revised guidance will be applied prospectively and became effective for the Company beginning January 1, 2021 and the adoption of ASU 2019-12 did not have a material impact on our condensed consolidated financial statements.

2. Net Loss Per Common Share

Basic net loss per common share is calculated by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration of common stock equivalents. Diluted net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period determined using the treasury stock method. The following

outstanding common stock equivalents have been excluded from diluted net loss per common share because their inclusion would be anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Shares of common stock subject to outstanding options	3,842,026	4,823,917	3,893,173	4,792,022
Employee stock purchase plan	21,423	26,416	18,919	23,007
Restricted stock units	896,965	945,325	891,803	941,776
Total common stock equivalents	4,760,414	5,795,658	4,803,895	5,756,805

3. Balance Sheet Components

Goodwill

The changes in the carrying amounts of goodwill were as follows (in thousands of dollars):

	Amounts
Balance as of December 31, 2020	$ 2,725
Goodwill Acquired - Decipher Biosciences	469,039
Balance as of June 30, 2021	$ 471,764

Intangible Assets, Net

Intangible assets include finite-lived product technology, customer relationships, licenses and trade names and indefinite-lived in-process research and development. Intangible assets consisted of the following (in thousands of dollars):

	June 30, 2021			December 31, 2020			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period (Years)
Percepta product technology	$ 16,000	$ (6,667)	$ 9,333	$ 16,000	$ (6,133)	$ 9,867	15
Prosigna product technology	4,120	(435)	3,685	4,120	(298)	3,822	15
Prosigna customer relationships	2,430	(770)	1,660	2,430	(526)	1,904	5
nCounter Dx license	46,880	(4,947)	41,933	46,880	(3,386)	43,494	15
LymphMark product technology	990	(224)	766	990	(153)	837	7
Decipher product technology	90,000	(2,734)	87,266	—	—	—	10
Decipher trade names	4,000	(243)	3,757	—	—	—	5
Total finite-lived intangibles	164,420	(16,020)	148,400	70,420	(10,496)	59,924	11.7
In-process research and development	7,300	—	7,300	—	—	—	
Total intangible assets	$ 171,720	$ (16,020)	$ 155,700	$ 70,420	$ (10,496)	$ 59,924	

Amortization of the finite-lived intangible assets is recognized on a straight-line basis. Amortization expense of $3.7 million and $1.3 million was recognized for the three months ended June 30, 2021 and 2020, respectively. Amortization expense of $5.5 million and $2.5 million was recognized for the six months ended June 30, 2021 and 2020, respectively.

The estimated future aggregate amortization expense as of June 30, 2021 is as follows (in thousands of dollars):

Year Ending December 31,	Amounts
2021 remainder of year	$ 7,448
2022	14,894
2023	14,894
2024	14,854
2025	14,408
Thereafter	81,902
Total	$ 148,400

Accrued Liabilities

Accrued liabilities consisted of the following (in thousands of dollars):

	June 30, 2021	December 31, 2020
Accrued compensation expenses	$ 12,600	$ 9,201
Accrued other	8,156	2,504
Total accrued liabilities	$ 20,756	$ 11,705

4. Business Combination

Decipher Biosciences

On March 12, 2021, the Company acquired 100% of the equity interests of Decipher Biosciences, a privately-held company developing diagnostic tests in urologic cancers, for approximately $594.7 million, comprised of approximately $550.5 million in the form of upfront cash consideration and the remainder in cash payable post-acquisition of which $43.8 million was paid prior to June 30, 2021. The Company incurred approximately $10.6 million of transaction costs related to the acquisition of Decipher Biosciences which were recorded as general and administrative expense during the three months ending March 31, 2021.

In connection with the acquisition, certain of Decipher Biosciences' equity awards that were outstanding and unvested prior to the acquisition became fully vested per the terms of the merger agreement. The acceleration of vesting required the Company to allocate the fair value of the historical Decipher Biosciences' employee stock awards attributable to pre-combination service to the purchase price and the remaining amount was considered the Company's nonrecurring post-combination expense. In March 2021, the Company recognized nonrecurring post-combination expense related to the acceleration and cash settlement of unvested historical Decipher Biosciences' employee stock awards of $25.1 million, all of which was recorded as general and administrative expense during the quarter ended March 31, 2021.

The Company included the financial results of Decipher Biosciences in its consolidated financial statements from the acquisition date, which contributed $18.9 million and $4.1 million of revenue and operating income, respectively, during the three months ended June 30, 2021 and $22.7 million and $4.9 million of revenue and operating income, respectively, during the six months ended June 30, 2021.

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The following table summarizes the purchase price and nonrecurring post-combination compensation expense recorded as a part of the acquisition (in thousands):

	Purchase Price	Nonrecurri Post-Combination Compen Expense
Upfront cash consideration	$ 550,515	$
Liabilities incurred	44,179	
Total	$ 594,694	$

Assets acquired and liabilities assumed are recorded based on valuations derived from estimated fair value assessments and assumptions used by the Company. While the Company believes that its estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different valuations assigned to the individual assets acquired and liabilities assumed, and the resulting amount of goodwill. The following table summarizes the fair values of assets acquired and liabilities assumed through the Company's acquisition of Decipher Biosciences at the date of acquisition (in thousands):

Cash and cash equivalents	$	19,782
Accounts receivable		6,769
Supplies inventory		1,641
Prepaids and other current assets		778
Property and equipment, net		1,737
Operating lease assets		7,601
Finite-lived intangible assets		94,000
Indefinite-lived intangible assets		7,300
Restricted cash		146
Other assets		3,075
Total identifiable assets acquired		142,829
Accounts payable		(2,351)
Accrued liabilities		(4,322)
Operating lease obligations (current)		(1,241)
Operating lease obligations, net of current portion		(4,540)
Deferred tax liability		(4,368)
Net identifiable assets acquired		126,007
Goodwill		469,039
Total purchase price	$	595,046

Based on the guidance provided in ASC 805, the Company accounted for the acquisition of Decipher Biosciences as a business combination in which the Company determined that Decipher Biosciences was a business which combines inputs and processes to create outputs, and substantially all of the fair value of gross assets acquired was not concentrated in a single identifiable asset or group of similar identifiable assets.

The Company's purchase price allocation for the acquisition is preliminary and subject to revision as additional information about the fair value of the assets and liabilities becomes available. The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management’s estimates and assumptions and may be subject to change as additional information is received. Primary areas that are not yet finalized are related to accounts receivable, and goodwill. Additional information that existed as of the closing date but not known at the time of this filing may become known to the Company during the remainder of the measurement period, a period not to exceed 12 months from the closing date.

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During the three months ended June 30, 2021, the Company recorded certain measurement period adjustments due to new information becoming available pertaining to the valuation of accounts receivable and certain other assets. These adjustments were recorded as decreases to goodwill and did not impact the condensed consolidated statement of operations. One of these adjustments relates to cash collections of accounts receivable that existed as of the acquisition date exceeding the initial fair value of accounts receivable recorded on the acquisition date by $1.0 million.

The intangible assets acquired are two in-process research and development, or IPR&D, assets (Metastatic Hormone Sensitive Cancer and Castrate Resistant Cancer), developed technology, and trade names. Additionally, the Company identified certain off-market leases and an intangible asset of $1.8 million is included in operating lease assets which will be amortized over the remaining lease term.

The estimated fair value of the IPR&D is determined using the multi-period excess earnings method which calculates the present value of the estimated revenues and net cash flows derived from the IPR&D once the technologies are developed. The IPR&D is not amortized until it becomes commercially viable and placed in service. At the time when the intangible assets are placed in service the Company will determine a useful life.

The fair value of the finite-lived intangible assets was estimated as follows: (i) the developed technology of $90.0 million was based on a multi-period excess earnings method, and (ii) the trade names of $4.0 million was based on the relief from royalty method. The estimated useful life for the developed technology is 10 years, and the estimated useful life for the trade names is five years. The amortization expense related to finite-lived intangible assets is recorded within the intangible asset amortization financial statement line item.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The acquisition resulted in the recognition of $469.0 million of goodwill which the Company believes consists primarily of expanded market and product opportunities, including new areas of genomic testing, as well as the potential expansion of the Company's product offerings in international markets. Furthermore, the acquisition of Decipher Biosciences bolsters the Company's presence to seven of the ten most common cancers impacting patients in the United States, which in turn enhances the Company’s overall prominence in the genomic testing arena. Goodwill created as a result of the acquisition is not deductible for tax purposes. The acquisition advances the Company's objective to improve the lives of patients through innovations in genomic technology tailored for diagnostic, prognostic, and treatment decisions related to urologic cancers.

We recorded an income tax benefit primarily due to net deferred tax liabilities assumed in connection with the acquisition, which provided a future source of income to support the realization of our deferred tax assets and resulted in a release of $3.5 million in the Company's valuation allowance.

Supplemental Pro Forma Information (unaudited)

The unaudited pro forma financial information in the table below summarizes the combined results of operations for Veracyte and Decipher as though the companies had been combined as of January 1, 2020. The pro forma amounts have been adjusted for:

- day 1 expense related to the accelerated vesting of unvested legacy Decipher equity awards,
- transaction expenses incurred by Decipher and us,
- lease expense resulting from the fair value adjustments to the operating lease obligation and operating lease asset,
- amortization expense resulting from the acquired intangible assets,
- the elimination of historical interest expense incurred by Decipher on its debt and debt-like items, and
- income tax benefits resulting from the deferred tax liabilities acquired.

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The following unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved as if the acquisition had taken place as of January 1, 2020 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Total revenues	$ 55,105	$ 29,283	$ 103,785	$ 68,279
Net Loss	$ (8,438)	$ (12,986)	$ (6,620)	$ (73,482)

Related Party Transactions

Members of Veracyte's board of directors, Dr. Tina S. Nova, Ph.D. and Dr. Robert S. Epstein, M.D., M.S., served on the board of directors of Decipher Biosciences prior to the acquisition of Decipher Biosciences, with Dr. Nova additionally serving as President and Chief Executive Officer of Decipher Biosciences. Pursuant to Veracyte's related party transactions policy, Dr. Nova and Dr. Epstein recused themselves from all discussions of its board of directors related to the acquisition, and the acquisition was approved by each of the non-interested members of the board of directors. In connection with the acquisition, certain Decipher Biosciences equity awards held by Dr. Nova and Dr. Epstein were fully-accelerated and certain incentive bonus payments were made to Dr. Nova pursuant to a management incentive plan established by the Decipher Biosciences board of directors, resulting in payments of approximately $26.5 million and $1.4 million to each of them, respectively. Dr. Nova resigned from Veracyte’s board of directors and now serves as Veracyte's General Manager, Thyroid and Urologic Cancers. Dr. Epstein continues to serve on Veracyte’s board of directors.

5. Fair Value Measurements

The Company records its financial assets and liabilities at fair value. The carrying amounts of certain financial instruments of the Company, including cash and cash equivalents, prepaid expenses and other current assets, accounts payable and accrued liabilities, approximate fair value due to their relatively short maturities. The accounting guidance for fair value provides a framework for measuring fair value, clarifies the definition of fair value, and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

- Level I: Inputs which include quoted prices in active markets for identical assets and liabilities;
- Level II: Inputs other than Level I that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level III: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of the Company’s financial assets includes money market funds and deposits for leases of the Company's facilities. Money market funds, included in cash and cash equivalents in the accompanying condensed consolidated balance sheets, were $238.8 million and $346.8 million as of June 30, 2021 and December 31, 2020, respectively, and are Level I assets as described above. The deposits for the leases, included in restricted cash in the accompanying condensed consolidated balance sheets, was $749,000 and $603,000 as of June 30, 2021 and December 31, 2020, respectively, and is a Level I asset as described above.

On December 3, 2019, the Company acquired from NanoString the exclusive global diagnostics license to the nCounter Analysis System, the Prosigna breast cancer prognostic gene signature assay, and the LymphMark lymphoma subtyping assay. Pursuant to the terms of the agreement, Veracyte paid NanoString $40.0 million in cash and $10.0 million in Veracyte common stock, and may pay up to an additional $10.0 million in cash, contingent upon the commercial launch of Veracyte diagnostic tests for use on the platform. This contingency was valued at $6.1 million as of the acquisition date and is remeasured to fair value at each reporting date until the contingent consideration is settled. As of June 30, 2021 and December 31, 2020, this

contingency was remeasured to $7.8 million and $7.6 million, respectively, with the corresponding changes included in general and administrative expense in the Company's condensed consolidated statements of operations and comprehensive loss. The fair value of the contingent consideration includes inputs that are not observable in the market and thus represent a Level III financial liability. The estimation of the fair value of the contingent consideration is based on the present value of the expected payments calculated by assessing the likelihood of when the related milestones would be achieved, discounted using the Company's estimated borrowing rate. These estimates form the basis for making judgments about the carrying value of the contingent consideration that are not readily apparent from other sources. Changes to the forecasts for the achievement of the milestones and the estimates of the borrowing rate can significantly affect the estimated fair value of the contingent consideration. As of June 30, 2021, the achievement of one of the milestones is forecasted to occur within the next 12 months. As a result, $3.4 million of the contingent consideration is included in short term liabilities at June 30, 2021. As of June 30, 2021 and December 31, 2020, the Company calculated the estimated fair value of the milestones using the following significant unobservable inputs:

	Value or Range (Weighted-Average)	
Unobservable input	**June 30, 2021**	**December 31, 2020**
Discount rate	5.6	6.9
Probability of achievement	70% - 100% (86%)	70% - 100% (86%)

6. Commitments and Contingencies

Operating Leases

The Company leases office and laboratory facilities in South San Francisco and San Diego, California and Austin, Texas under various non-cancelable lease agreements. The lease terms extend to January 2029 and contain extension of lease term and expansion options. The leases have a weighted average remaining lease term of 5.0 years as of June 30, 2021. The Company had deposits of $749,000 and $603,000 included in long-term assets as of June 30, 2021, and December 31, 2020, respectively, restricted from withdrawal and held by banks in the form of collateral for irrevocable standby letters of credit held as security for the leases.

The Company determined its operating lease liabilities using payments through their current expiration dates and a weighted average discount rate of 6.7% based on the rate that the Company would have to pay to borrow, on a collateralized basis, an amount equal to the lease payments in a similar economic environment. Operating lease liabilities along with the associated right-of-use assets are disclosed in the accompanying condensed consolidated balance sheets. After the adoption of ASC 842, *Leases*, the Company classified its deferred rent for tenant improvements with its operating lease right-of-use assets on the consolidated balance sheets. In connection with the acquisition of Decipher Biosciences, the Company identified certain off-market rate leases and has estimated an intangible asset of $1.8 million which is included in operating lease assets and will be amortized over the remaining lease term. See Note 4 for more information on the acquisition of Decipher Biosciences.

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Future minimum lease payments under non-cancelable operating leases as of June 30, 2021 are as follows (in thousands of dollars):

Year Ending December 31,	Amounts
Remainder of 2021	$ 1,841
2022	3,770
2023	3,880
2024	3,991
2025	4,103
Thereafter	1,661
Total future minimum lease payments	19,246
Less: amount representing interest	2,976
Present value of future lease payments	16,270
Less: short-term lease liabilities	2,936
Long-term lease liabilities	$ 13,334

The Company recognizes operating lease expense on a straight-line basis over the non-cancelable lease period. The following table summarizes operating lease expense and cash paid for amounts included in the measurement of lease liabilities (in thousands of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating lease expense	$ 902	$ 472	$ 1,477	$ 944
Cash paid for amounts included in the measurement of lease liabilities	$ 919	$ 586	$ 1,507	$ 1,157

Contingencies

From time to time, the Company may be involved in legal proceedings arising in the ordinary course of business. The Company assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in its condensed consolidated financial statements. An estimated loss contingency is accrued in the financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company believes there is no legal proceeding pending that could have, either individually or in the aggregate, a material adverse effect on the Company's condensed consolidated financial statements.

7. Debt

Loan and Security Agreement

On November 3, 2017, the Company entered into a loan and security agreement, or Loan and Security Agreement, with Silicon Valley Bank. The Loan and Security Agreement allows the Company to borrow up to $35.0 million, with a $25.0 million advance term loan, or Term Loan Advance, and a revolving line of credit of up to $10.0 million, or Revolving Line of Credit. The Term Loan Advance was advanced upon the closing of the Loan and Security Agreement and was used to pay the outstanding balance of the Company's existing long-term debt, which was canceled at that date. The Company had not drawn on the Revolving Line of Credit as of June 30, 2021. Borrowings under the Loan and Security Agreement mature on October 1, 2022. Amounts may be borrowed and repaid under the Revolving Line of Credit up until the earliest of full repayment or maturity of the Loan and Security Agreement, termination of the Loan and Security Agreement, or October 1, 2022.

The Term Loan Advance bears interest at a variable rate equal to (i) the thirty-day U.S. London Interbank Offer Rate, or LIBOR, plus (ii) 4.20%, with a minimum rate of 5.43% per annum. Principal amounts outstanding under the Revolving Line of Credit bear interest at a variable rate equal to (i) LIBOR plus (ii) 3.50%, with a minimum rate of 4.70% per annum.

The Company may prepay the outstanding principal amount under the Term Loan Advance plus accrued and unpaid interest and, if the Term Loan Advance is repaid in full, a prepayment premium of $250,000. In 2019 and 2020, the Company prepaid $24.9 million and $0.1 million, respectively, of the principal amount of the Term Loan Advance. These prepayments did not trigger any prepayment premium because they were partial, not full, repayments of the principal amount.

In addition, a final payment on the Term Loan Advance in the amount of $1.2 million is due upon the earlier of the maturity date of the Term Loan Advance or its payment in full. The Loan and Security Agreement contains customary representations, warranties, and events of default, as well as affirmative and negative covenants. As of June 30, 2021, the Company was in compliance with the loan covenants. The Company's obligations under the Loan and Security Agreement are secured by substantially all of its assets (excluding intellectual property), subject to certain customary exceptions.

The debt obligation for borrowings made under the Loan and Security Agreement was as follows (in thousands of dollars):

	June 30, 2021	December 31, 2020
Debt principal	$ —	$ —
End-of-term debt obligation	917	810
Total debt obligation	$ 917	$ 810

As of June 30, 2021, the principal balance outstanding was one dollar. Future principal and end-of-term debt obligation payments under the Loan and Security Agreement are $1.2 million and due in 2022. As of June 30, 2021 and December 31, 2020, the accrued interest payable under the Loan and Security Agreement was immaterial.

The end-of-term debt obligation accretes over the term of the Loan and Security Agreement until maturity and is included in interest expense in the Company's condensed consolidated statements of operations and comprehensive loss.

8. Stockholders' Equity

Common Stock

The Company had reserved shares of common stock for issuance as follows:

	June 30, 2021	December 31, 2020
Stock options and restricted stock units issued and outstanding	4,620,239	4,867,303
Stock options and restricted stock units available for grant under stock option plans	4,961,688	3,061,589
Common stock available for the Employee Stock Purchase Plan	1,522,653	1,571,395
Total	11,104,580	9,500,287

9. Income Taxes

The Company recorded an income tax benefit of approximately $0.2 million and $3.9 million for the three and six months ended June 30, 2021, and no income tax provision or benefit for the three and six months ended June 30, 2020. The income tax benefit for 2021 was primarily impacted by a discrete tax adjustment related to the release of certain valuation allowances on the Company's deferred tax assets upon recording of the deferred tax liabilities for the acquisition of Decipher Biosciences while 2020 had a full valuation allowance on all net deferred tax assets.

On March 27, 2020, and on December 27, 2020, respectively, the Coronavirus Aid, Relief, and Economic Security Act and the Consolidated Appropriations Act were enacted in response to the COVID-19 pandemic. The Company does not expect the provisions of such legislation to have a significant impact on the effective tax rate, the results of operations or the financial position of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read together with the condensed consolidated financial statements and the related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q, and with our audited financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2020.

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this report, the words "expects," "anticipates," "intends," "estimates," "plans," "believes," "continuing," "ongoing," and similar expressions are intended to identify forward-looking statements. These are statements that relate to future events and include, but are not limited to, the factors that may impact our financial results; our expectations regarding revenue; our expectations with respect to our future research and development, general and administrative and selling and marketing expenses and our anticipated uses of our funds; the impact of the COVID-19 pandemic on our business and the U.S. and global economies; our expectations regarding the return to pre-COVID-19 volume and revenue levels; our ability to complete our acquisition of and successfully integrate HalioDx into our business; changes in our executive officers; our beliefs with respect to the optimization of our processes for the analysis of ribonucleic acid, or RNA, samples; our integration of Decipher Biosciences Inc. and the assets acquired from NanoString Technologies, Inc.; our ability to deploy the nCounter Analysis System successfully and run our tests on this platform worldwide; our collaboration with Johnson & Johnson Services, Inc.; our belief in the importance of maintaining libraries of clinical evidence; our expectations regarding the nasal swab classifier for early lung cancer detection, the Percepta Lung Cancer Atlas, the Envisia classifier on the nCounter system and the LymphMark lymphoma subtyping test; our expectations regarding our diagnostic company partnerships; our ability to have the targeted Atlas platform transferred to our pulmonology indications; our expectations regarding the Percepta Lung Cancer Atlas; our expectations regarding capital expenditures; our anticipated cash needs and our estimates regarding our capital requirements; the timing and success of our transition to a single platform for all of our classifiers and tests; our ability to maintain Medicare coverage for each of our tests; our need for additional financing; potential future sources of cash; our business strategy and our ability to execute our strategy; our ability to achieve and maintain reimbursement from third-party payers at acceptable levels and our expectations regarding the timing of reimbursement; the estimated size of the global markets for our tests; the estimated number of patients who are candidates for our test; the attributes and potential benefits of our tests and any future tests we may develop to patients, physicians and payers; the factors we believe drive demand for and reimbursement of our tests; our ability to sustain or increase demand for our tests; our intent to expand into other clinical areas; our ability to develop new tests, and the timeframes for development or commercialization; our ability to get our data and clinical studies accepted in peer-reviewed publications; our dependence on and the terms of our agreement with Thyroid Cytopathology Partners, or TCP, and on other strategic relationships, and the success of those relationships; our beliefs regarding our laboratory capacity; the potential for future clinical studies to contradict or undermine previously published clinical study results; the applicability of clinical results to actual outcomes; our expectations regarding our international expansion; the occurrence, timing, outcome or success of clinical trials or studies; the ability of our tests to impact treatment decisions; our beliefs regarding our competitive position; our compliance with federal, state and international regulations; the potential impact of regulation of our tests by the Food and Drug Administration, or FDA, or other regulatory bodies; the impact of new or changing policies, regulation or legislation, or of judicial decisions, on our business; the impact of seasonal fluctuations and economic conditions on our business; our belief that we have taken reasonable steps to protect our intellectual property; our belief that our intellectual property will develop and maintain our competitive position; the impact of accounting pronouncements and our critical accounting policies, judgments, estimates, models and assumptions on our financial results; and anticipated trends and challenges in our business and the markets in which we operate. We caution you that the foregoing list does not contain all of the forward-looking statements made in this report.

Forward-looking statements are based on our current plans and expectations and involve risks and uncertainties which could cause actual results to differ materially. These risks and uncertainties include, but are not limited to, those risks discussed in Part II, Item 1A of this report. These forward-looking statements speak only as of the date hereof. We expressly disclaim any obligation or undertaking to update any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

When used in this report, all references to "Veracyte," the "company," "we," "our" and "us" refer to Veracyte, Inc.

This report contains statistical data and estimates that we obtained from industry publications and reports. These publications typically indicate that they have obtained their information from sources they believe to be reliable, but do not guarantee the accuracy and completeness of their information. Some data contained in this report is also based on our internal estimates.

Overview

We are a global genomic diagnostics company that improves patient care by answering important clinical questions to inform diagnosis and treatment decisions throughout the patient journey in cancer and other diseases. Our growing menu of tests leverages advances in genomic science and machine learning technology to change care for patients, enabling them to avoid risky, costly procedures and accelerate time to more appropriate treatment. In addition to making our genomic tests available in the United States through our central laboratories, we believe our nCounter Analysis System is a best-in-class diagnostics platform that positions us to deliver our tests to patients worldwide through laboratories and hospitals that can perform them locally. With our acquisition of Decipher Biosciences in March 2021, we now have a presence in seven of the ten most common cancers in the United States.

We design our tests to address specific unmet needs in the diagnosis, prognosis and treatment of cancer and other diseases to thus improve patient outcomes, while delivering clinical and economic utility to physicians, payers and the healthcare system. We position our tests to integrate seamlessly into the way physicians currently evaluate patients in order to facilitate adoption.

We develop our genomic tests using advanced scientific methods, such as RNA whole-transcriptome analysis and machine learning, and then optimize the assays and classifiers for the platform on which the test will be performed. Historically, we have utilized RNA sequencing methods performed in our Clinical Laboratory Improvement Amendments of 1988, or CLIA, certified laboratory in South San Francisco, California. Through the Decipher Biosciences acquisition, we now also have access to an additional 28,000 square foot office and College of American Pathologists, or CAP, accredited and CLIA-certified laboratory in San Diego. We also expect to adapt select tests to be performed on the nCounter Analysis System for international distribution of our tests.

We currently offer seven commercialized genomic tests in six disease areas that we believe are changing diagnosis and patient care. All seven tests are available in the United States, six of which are currently reimbursed, and one is available internationally. These include the Afirma Genomic Sequencing Classifier, or GSC, for thyroid cancer; the Afirma Xpression Atlas, which provides information on the most common and emerging gene alterations associated with thyroid cancer, enabling physicians to confidently tailor surgical and treatment decisions at time of diagnosis; the Percepta GSC for lung cancer; the Envisia Genomic Classifier for interstitial lung diseases, including idiopathic pulmonary fibrosis; our prostate cancer genomic testing products, Decipher Prostate (Biopsy and RP); the Decipher Bladder genomic classifier for bladder cancer; and the Prosigna Breast Cancer Prognostic Gene Signature Assay for assessing risk of breast cancer distant recurrence. The Prosigna test is available for use on the nCounter platform in the United States and internationally.

We expect to continue expanding our offerings in our current indications, as well as potentially in others that we believe will benefit from our technology and approach. Our product development pipelines address what we believe to be significant market opportunities in early detection, diagnosis, staging/prognosis, therapy selection/surgery and disease monitoring across the aforementioned indications. We plan to commercially introduce multiple products in the near term: Our Percepta Nasal Swab test for early lung cancer detection and our Percepta Genomic Atlas, which, together with the Percepta GSC, form a comprehensive lung cancer portfolio that we believe may improve lung cancer diagnosis and treatment decisions; and our Decipher Bladder test, which we believe will be the only genomic subtyping tool available to physicians in the United States treating patients with locally advanced bladder cancer.

We believe our powerful scientific platform provides multiple vectors to create value for patients, providers, payers and biopharmaceutical partners, as well as stockholders:

- Unique Biorepositories – Our novel biorepositories fuel both our new biomarker discovery for future product development and our biopharmaceutical partnerships. When we develop new genomic classifiers, we build extensive, robust biorepositories of patient-consented samples and well-curated clinical, radiological, outcome and other information from Institutional Review Board-approved clinical trials to inform our discovery and validation efforts. Our biorepositories are designed to encompass the broad spectrum of disease that our tests may encounter when used in clinical practice, as well as the wide range of conditions associated with patients who are suspected of having a particular disease or disease state. We extract extensive genomic information from these patient samples using our RNA whole-transcriptome sequencing platform. We also generate valuable data through our commercial testing channel, where we similarly extract RNA whole-transcriptome information on each patient sample, prior to applying

our proprietary algorithms. We estimate that our biorepositories contain over four billion transcripts from over 20,000 patient samples through our research and development efforts and more than 40 billion transcripts from over 200,000 patient samples through our commercial stream.

In addition, our Decipher GRID database contains whole-transcriptome profiles from over 90,000 patient tumors in urologic cancers, forming what we believe is the largest database of its kind in the world. Among these, approximately 15,000 patient profiles have extensive clinical characterization and outcome data. The Decipher GRID contains over 300 proprietary signatures that are run on each patient's tumor, with data analyzed and stored as part of our daily commercial operations.

- Proprietary Technology and Bioinformatics – For biomarker discovery and product development, we utilize machine learning to select the genomic, clinical or other features from our biorepository that best distinguish the condition we are trying to identify. This enables us to develop high-performing genomic classifiers that can answer specific clinical questions. In addition, our bioinformatics pipelines are built to extract genomic variant content from the same assay to inform therapeutic selection.

- High-Performing Commercial Genomic Tests – Most of our genomic tests serve large, generally untapped markets where they are changing the diagnostic and treatment paradigm for patients. Our Prosigna and Decipher Prostate tests serve the highly competitive breast cancer and prostate cancer markets, respectively, where we believe they offer unique benefits to physicians and their patients. The majority of our genomic testing business stems from our CLIA-certified laboratories in South San Francisco and San Diego, California, which serve the United States market. We believe the nCounter Analysis System affords us the opportunity to adapt our test menu for multiple markets globally, providing flexibility for a global distributed testing model and increased efficiency in our United States-based CLIA labs. Our RNA sequencing platform enables us to offer testing from our CLIA labs for a broad range of gene alterations, which can inform treatment decisions at the time of diagnosis.

We believe our ability to leverage RNA whole-transcriptome sequencing and other data in large biorepositories of patient-consented samples in oncology and other indications, our strong commercial position in major clinical indications and our global reach, present partnership opportunities for biopharmaceutical companies to enhance their research and development capabilities and for other genomic diagnostics companies to introduce their tests that do not compete with Veracyte's to global markets on the nCounter system.

We have formed several biopharmaceutical partnerships, each focused on our current indications to derive value out of our current business or advance future business. Our collaboration with the Lung Cancer Initiative at Johnson & Johnson, which began in December 2018, has helped advance our pipeline, including the launch in 2019 of our Percepta GSC on our RNA whole-transcriptome sequencing platform and development of the first non-invasive nasal swab test designed for early lung cancer detection. We recently expanded our program with Johnson & Johnson to potentially develop future tests designed to detect lung disease before cancer develops. We have a biopharmaceutical partnership with Acerta Pharma, the hematology research and development arm of AstraZeneca, which relates to our LymphMark lymphoma subtyping test. We also support pharmaceutical companies in urological clinical trials. These include SPARTAN, a pivotal clinical trial of ERLEADA, which has been approved by the FDA and is marketed by Janssen for the treatment of nonmetastatic castration-resistant prostate cancer, or nmCRPC, as well as clinical trials being conducted by Astellas and Dendreon in localized prostate cancer. Additionally, our tests are being used in the NCI-sponsored ERADICATE and PREDICT-RT trials.

Patients access our tests through their physician. Our Afirma, Percepta and Envisia tests are used as part of the diagnostic process and genomic testing services are performed in our CLIA laboratory located in South San Francisco, California. Our Decipher tests in urologic cancers are performed in our CLIA laboratory in San Diego, California. All of these tests are marketed as laboratory developed tests. Cytopathology services for Afirma testing are performed in our reference laboratory in Austin, Texas. Our Prosigna test is indicated in female breast cancer patients who have undergone surgery in conjunction with locoregional treatment consistent with standard of care. This FDA cleared in vitro diagnostic test is performed on the nCounter Analysis System in laboratories worldwide, as well as in the United States.

In July 2021, we entered into an agreement to acquire HalioDx SAS, a French société par actions simplifiée, or HalioDx. HalioDx is an immuno-oncology diagnostics company providing oncologists and drug development organizations with diagnostic products and services to guide cancer care and contribute to precision medicine. HalioDx provides a unique range of immune assessment solutions, including its flagship Immunoscore assay for assessing the immune contexture of a tumor as a key determinant of patients’ outcomes and response to cancer treatments. HalioDx has developed what we believe is a differentiated biopharma partnering ecosystem for the identification of clinically relevant biomarker signatures, the demonstration of their utility in clinical trials and the development and commercialization of resulting IVD and companion

diagnostic tests. HalioDx operates CLIA-certified laboratories in the United States and France, as well as a manufacturing facility in France that develops, manufactures, and distributes in vitro diagnostic clinical products.

We believe the HalioDx acquisition, when consummated, will provide three key strategic benefits to Veracyte:

- *Enables Veracyte to develop and manufacture test kits for the nCounter diagnostic platform*. We plan to transition manufacturing of the kits, currently produced by NanoString in the U.S., to HalioDx's manufacturing facility in Marseille, France. We anticipate that this will further accelerate the expansion of our test menu on the nCounter platform in Europe and other strategic global markets.
- *Deepens Veracyte's scientific capabilities*. HalioDx's unique Immunogram multimodal analysis platform offers potential pipeline development opportunities in a range of clinical indications and can serve as a platform to grow our biopharma partnering business. We believe that HalioDx's deep expertise in immuno-oncology is complementary with our expertise in cancer genomics and large biorepository of genomic content built from whole transcriptome data.
- *Expands Veracyte's cancer diagnostics scope to 8 of the 10 top cancers by U.S. incidence*. The addition of HalioDx's Immunoscore test to guide treatment decisions in colorectal cancer will further expand our menu of high-value advanced diagnostic tests that address unmet needs at multiple points in the patient care continuum.

We expect the HalioDx acquisition to close in the third quarter of 2021, subject to the satisfaction of customary closing conditions, including foreign investment approval in France.

Impact of COVID-19

In December 2019, a strain of coronavirus was reported in Wuhan, China, and began to spread globally, including to the United States and Europe, in the following months. The full impact of the COVID-19 outbreak continues to be inherently uncertain at the time of this report. Our customers, third-party contract manufacturers, suppliers and collaboration partners have been affected by the closure of hospitals, doctors' offices, manufacturing sites, or country borders, among other measures put in place around the world. Layoffs and furloughs in the medical industry and otherwise during the shutdown have had, and will continue to have, negative impact on the demand for medical care and diagnostic tests, which affects the frequency with which tests are prescribed, and the ability of doctors and hospitals to administer such tests. Further the inability to travel and conduct face-to-face meetings can also make it more difficult to expand utilization of our products into new geographies and to drive awareness of our products. These circumstances had a significant negative impact on our financial results during 2020.

During the second half of March 2020, we experienced a significant decline in the volume of samples received. Our monthly reported genomic volumes reached a year-to-date low point in April 2020. Following the April 2020 low point, sequential monthly total reported genomic volume increased in May and June 2020. As a result of the impact on our test volumes, we reported a significant decline in sequential and year-over-year revenue for the quarter ended June 30, 2020. For the second half of 2020, our total reported genomic volume, relative to the same period of the prior year, increased 3% as hospitals started performing more non-emergency procedures and physician practices began to reopen. Our Afirma business rebounded first, as expected, given that approximately half of patient samples come to us from community physician practices, which opened up more quickly than institution-based practices. Our Decipher Prostate test also rebounded quickly since it is also predominately a community physician practices sales channel. Our pulmonology business continues to grow, but more slowly, as predicted, since the bronchoscopy procedures used to collect samples for our Percepta and Envisia tests are performed in hospital settings, which continue to be more restrictive, and are ordered by pulmonologists who are occupied with the effects of the pandemic. Additionally, given the growing prevalence of the SARS CoV-2 Delta variant, we are expecting our pulmonary business to continue to be impacted by COVID for the foreseeable future.

The COVID-19 pandemic also caused us to modify our business practices, including taking proactive steps to protect our employees and the broader community (including but not limited to curtailing or modifying employee travel, moving to full remote work wherever possible, and cancelling physical participation in meetings, events and conferences), while ensuring our ability to deliver genomic test results to physicians and their patients who need them. During 2020, with limited physical access to physicians, we expanded our use of digital tools to engage with our customers. Given the effectiveness and efficiency of these programs, we continue to expand our digital marketing efforts even as we gain more access to our customers.

The rapid increase in daily COVID-19 testing consumes reagents and supplies otherwise available to genomic testing companies like ours across the United States. When not limited by the expiration date of products and when we feel it reasonable and feasible to do so, we are taking steps to increase our level of stock reserves, to develop alternative sources of supply and to implement procedures to mitigate the impact on our supply chain or our ability to process samples in our laboratories. Though we are in regular contact with our key suppliers, we do not have, nor expect to have, the necessary insight

into our vendors' supply chain issues that we may need to know to effectively mitigate the impact to our business. Though we attempt to mitigate the impact to our business, these interruptions in manufacturing (including the sourcing of reagents or supplies) may negatively impact our test volumes or levels of revenue.

The extent of the impact of COVID-19 on our future liquidity and operational performance will depend on certain developments, including the deployment and long-term efficacy of vaccines; the duration and spread of the outbreak particularly in the form of more transmissible variants; the impact on our customers' operations; and the impact to our sales and renewal cycles. See Risk Factors for further discussion of the possible impact of the COVID-19 pandemic on our business.

Factors Affecting Our Performance

Reported Genomic Test Volume

Our performance depends on the number of genomic tests that we perform and report as completed in our CLIA-certified laboratories and Prosigna tests processed on the nCounter Analysis System. Factors impacting the number of tests that we report as completed include, but are not limited to:

- the impact of COVID-19 on patients seeking to have tests performed;
- the number of samples that we receive that meet the medical indication for each test performed;
- the quantity and quality of the sample received;
- receipt of the necessary documentation, such as physician order and patient consent, required to perform, bill and collect for our tests;
- the patient's ability to pay or provide necessary insurance coverage for the tests performed;
- the time it takes us to perform our tests and report the results;
- the seasonality inherent in our business, such as the impact of work days per period, timing of industry conferences and the timing of when patient deductibles are exceeded, which also impacts the reimbursement we receive from insurers; and
- our ability to obtain prior authorization or meet other requirements instituted by payers, benefit managers, or regulators necessary to be paid for our tests.

We generate a substantial amount of our revenue from Afirma genomic testing services, including the rendering of a cytopathology diagnosis as part of the Afirma solution. For the Afirma classifier, we do not accrue revenue for approximately 5% - 10% of the tests that we perform and report as complete due principally to insufficient RNA from which to render a result and tests performed for which we do not reasonably expect to be paid.

Continued Adoption of and Reimbursement for our Products

Revenue growth depends on our ability to secure coverage decisions, achieve broader reimbursement at increased levels from third-party payers, expand our base of prescribing physicians and increase our penetration in existing accounts. Because some payers consider our products experimental and investigational, we may not receive payment for tests and payments we receive may not be at acceptable levels. We expect our revenue growth to increase if more payers make a positive coverage decision and as payers enter into contracts with us, which should enhance our revenue and cash collections. To drive increased adoption of our products, we increased our sales force and marketing efforts over the last several years. Our sales teams are aligned under our general manager-based structure to focus on specific products and global markets. If we are unable to expand the base of prescribing physicians and penetration within these accounts at an acceptable rate, or if we are not able to execute our strategy for increasing reimbursement, we may not be able to effectively increase our revenue. We expect to continue to see pressure from payers to limit the utilization of tests, generally, and we believe more payers are deploying cost containment tactics, such as pre-authorization, reduction of the payer portion of reimbursement and employing laboratory benefit managers to reduce utilization rates.

Integrating acquired assets and advances to our collaborations

Revenue growth, operational results and advances to our business strategy depends on our ability to integrate any acquired assets into our existing business. The integration of acquired assets may impact our revenue growth, increase the cost of operations, cause significant write-offs of intangible assets, or may require management resources that otherwise would be available for ongoing development of our existing business. The integration of assets acquired from NanoString in December 2019, Decipher Biosciences in March 2021 and the anticipated acquisition of HalioDx may impact our revenue and

operating results through integration of various functions, development of a product supply operation and manufacturing operations and the expansion of our business internationally with a broad menu of advanced genomic tests that may be offered.

Revenue growth or reimbursement from our collaborations depends on our ability to deliver services or information and achieve milestones required from our collaborative partners. Our collaboration partners pay us for the provision of data and other services and the achievement of milestones. Under a collaboration with Johnson & Johnson in 2018, we provided data services required under this agreement in 2019 and 2020; however, there remains $9.0 million of revenue associated with development and commercialization milestones yet to be achieved.

How We Recognize Revenue

Testing Revenue

We recognize testing revenue in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers*, or ASC 606. Most of our revenue is generated from the provision of diagnostic testing services. These services are completed upon the delivery of test results to the prescribing physician, at which time we bill for the services. We recognize revenue related to billings on an accrual basis based on estimates of the amount that will ultimately be realized. In determining the amount to accrue for a delivered test, we consider factors such as payment history, payer coverage, whether there is a reimbursement contract between the payer and us, payment as a percentage of the agreed upon rate (if applicable), amount paid per test and any current developments or changes that could impact reimbursement. These estimates require significant judgment by management.

Generally, cash we receive is collected within 12 months of the date the test is billed. We cannot provide any assurance as to when, if ever, or to what extent any of these amounts will be collected. Notwithstanding our efforts to obtain payment for these tests, payers may deny our claims, in whole or in part, and we may never receive payment for these tests.

We bill list price regardless of contract rate, but only recognize revenue from amounts that we estimate are collectible and meet our revenue recognition criteria. Revenue may not be equal to the billed amount due to a number of factors that we consider when determining revenue accrual rates, including differences in reimbursement rates, the amounts of patient co-payments and co-insurance, the existence of secondary payers, claims denials and the amount we expect to ultimately collect. Finally, when we increase our list price, it will increase the cumulative amounts billed but may not positively impact accrued revenue. In addition, payer contracts generally include the right of offset and payers may offset payments prior to resolving disputes over tests performed.

Generally, we calculate the average reimbursement from our products from all payers, for tests that are on average a year old, since it can take a significant period of time to collect from some payers. Except in situations where we believe the rate we reasonably expect to collect to vary due to a coverage decision, contract, more recent reimbursement data or evidence to the contrary, we use an average of reimbursement for tests provided over four quarters as it reduces the effects of temporary volatility and seasonal effects. Thus, the average reimbursement per product represents the total cash collected to date against tests performed during the relevant period divided by the number of these tests performed during that same period.

The average test reimbursement rates will change over time due to a number of factors, including medical coverage decisions by payers, the effects of contracts signed with payers, changes in allowed amounts by payers, our ability to successfully win appeals for payment, and our ability to collect cash payments from third-party payers and individual patients. Historical average reimbursement is not necessarily indicative of future average reimbursement.

We incur expense for tests in the period in which the test is conducted and recognize revenue for tests in the period in which our revenue recognition criteria are met.

Product Revenue

We began recognizing product revenue in December 2019 in accordance with the provisions of ASC 606 when we executed an agreement with NanoString for the exclusive worldwide license to the nCounter Analysis System for in vitro diagnostic use.

We recognize product revenue when control of the promised goods is transferred to our customers, in an amount that reflects the consideration expected to be received in exchange for those products. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have

been satisfied. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract. Performance obligations are considered satisfied once we have transferred control of a product to the customer, meaning the customer has the ability to use and obtain the benefit of the product. We recognize product revenue for satisfied performance obligations only when there are no uncertainties regarding payment terms or transfer of control. Shipping and handling costs incurred for product shipments are charged to our customers and included in product revenue.

Our products consist of the Prosigna breast cancer assay, the nCounter Analysis System and related diagnostic kits. Revenues are presented net of the taxes that are collected from customers and remitted to governmental authorities.

Biopharmaceutical and Collaboration Revenues

From time to time, we enter into arrangements to license or provide access to our assets or services, including testing services, clinical and medical services, research and development and other services. Such arrangements may require us to deliver various rights, data, services, access and/or testing services to partner biopharmaceutical companies. The underlying terms of these arrangements generally provide for consideration paid to us in the form of nonrefundable fees, performance milestone payments, expense reimbursements and possibly royalty and/or other payments. Net sales of data or other services to our customers are recognized in accordance with ASC 606 and are classified under biopharmaceutical revenue. Certain milestone payments fall under the scope of ASC Topic 808, *Collaborative Arrangements*, or ASC 808, and are classified under collaboration revenue. Payments received that are not sales or services to a customer or collaboration revenue are recorded as offsets against research and development expense in our consolidated statements of operations and comprehensive loss.

In arrangements involving more than one performance obligation, each required performance obligation is evaluated to determine whether it qualifies as a distinct performance obligation based on whether (i) the customer can benefit from the good or service either on its own or together with other resources that are readily available and (ii) the good or service is separately identifiable from other promises in the contract. The consideration under the arrangement is then allocated to each separate distinct performance obligation based on its respective relative stand-alone selling price. The estimated selling price of each deliverable reflects our best estimate of what the selling price would be if the deliverable was regularly sold by us on a stand-alone basis or using an adjusted market assessment approach if selling price on a stand-alone basis is not available.

The consideration allocated to each distinct performance obligation is recognized as revenue when control of the related goods is transferred or services are performed. Consideration associated with at-risk substantive performance milestones is recognized as revenue when it is probable that a significant reversal of the cumulative revenue recognized will not occur. Should there be royalties, we utilize the sales and usage-based royalty exception in arrangements that resulted from the license of intellectual property, recognizing revenues generated from royalties or profit sharing as the underlying sales occur.

Development of Additional Tests

We continue to advance our portfolio of diagnostic tests that leverage innovations in genomic science, sequencing technology and machine learning; our robust biorepositories; and our exclusive diagnostics rights to the nCounter Analysis System to further improve patient care globally.

Our Afirma GSC and Xpression Atlas, or XA, provide physicians with a comprehensive solution for thyroid nodule diagnosis. In May 2017, we introduced the Afirma GSC, supported by rigorous clinical validation data showing that the RNA sequencing-based test can help significantly more patients avoid unnecessary surgery in thyroid cancer diagnosis, compared to the original Afirma classifier. The Afirma GSC was developed with RNA whole-transcriptome sequencing and machine learning and helps identify patients with benign thyroid nodules among those with indeterminate cytopathology. For those with suspected thyroid cancer, the Afirma Xpression Atlas provides physicians with genomic alteration content from the same fine needle aspiration samples that are used in Afirma GSC testing and may help physicians decide with greater confidence on the surgical or therapeutic pathway for their patients.

We launched the original Afirma XA in March 2018. We subsequently introduced an expanded Afirma XA in April 2020 to provide physicians with additional gene alteration content – including novel or rare NTRK, ALK, RET and BRAF fusions – to further inform surgery and treatment decisions for patients with suspected or confirmed thyroid cancer. The expanded Afirma XA now reports 905 DNA variants and 235 RNA fusion partners in 593 genes.

Our Afirma GSC, including the BRAF v600E mutation test and medullary thyroid cancer, or MTC, Classifier, along with the Afirma XA offer a comprehensive solution for physicians evaluating thyroid nodules. Our broad ability to serve the thyroid

diagnostic market also enables us to enter into research collaborations with biopharmaceutical companies, which are intended to support their development of targeted therapies for genetically defined cancers, including thyroid cancer.

In pulmonology, our Percepta Genomic Sequencing Classifier, or GSC, improves lung cancer diagnosis following an inconclusive bronchoscopy by identifying patients with lung nodules who are at low risk of cancer and may avoid further, invasive procedures and those with a high risk of lung cancer, so they may obtain faster diagnosis and treatment. The test is built upon foundational "field of injury" science - through which genomic changes associated with lung cancer in current and former smokers can be identified with a simple brushing of a person's airway - without the need to sample the often hard-to-reach nodule directly. We commercially introduced the Percepta classifier in 2015, with clinical validation data subsequently published in the *New England Journal of Medicine*. In June 2019, we launched the next-generation Percepta test, providing expanded lung cancer risk information to further inform treatment decisions. The Percepta classifier is the first product of its kind to be available commercially and the first to obtain Medicare coverage for improved lung cancer diagnosis.

We are currently leveraging the same “field of injury” technology that powers our Percepta classifier to develop a first-of-its-kind, noninvasive nasal swab test that can enable earlier lung cancer diagnosis and ultimately, we believe, help reduce lung cancer deaths. In May 2021, we reported clinical validation data for our nasal swab classifier showing that the novel genomic test could identify, with a high degree of accuracy, patients whose lung nodules were low risk of cancer so they could avoid unnecessary invasive procedures and those who were high risk for cancer so they could obtain prompt diagnosis and potential treatment. The findings were presented during the American Society of Clinical Oncology, or ASCO, annual meeting. We are also developing the Percepta Atlas, which – similar to the Afirma XA – is intended to inform treatment decisions by detecting gene alterations in small samples collected at the time of diagnosis.

Additionally, our Envisia Genomic Classifier, launched in October 2016, is the first commercial test to improve the diagnosis of IPF among patients with a suspected interstitial lung disease. The Envisia test is also covered for Medicare patients. We are adapting our Envisia classifier for use on the nCounter system so that the test may be offered to physicians and patients in international markets by hospitals and laboratories that will perform the test locally.

Further, our LymphMark lymphoma subtyping test is being developed as a companion diagnostic for Acerta Pharma and AstraZeneca’s acalabrutinib (Calquence®). In April 2021, Veracyte announced that the first patient has been enrolled and randomized in Acerta Pharma’s Phase 3 ESCALADE trial, which is using the investigational LymphMark test to identify patients with untreated diffuse large B-cell lymphoma (DLBCL) who may benefit from Calquence in combination with rituximab, cyclophosphamide, doxorubicin, vincristine and prednisone (R-CHOP) therapy. The LymphMark test utilizes gene-expression profiling of RNA extracted from formalin-fixed paraffin-embedded tissue to classify the “cell of origin” subtype of DLBCL tumors.

In 2015, Decipher Biosciences received a Local Coverage Determination, or LCD, for its first commercial product, Decipher Prostate RP, for use in the early salvage setting. Decipher Biosciences expanded into biopsy and received an LCD for the first two Decipher Prostate Biopsy products in May 2019 covering the Very Low and Low National Comprehensive Cancer Network, or NCCN, risk groups and a second LCD in January 2020 covering Decipher Prostate Biopsy for Favorable Intermediate and Unfavorable Intermediate NCCN risk groups. In November 2020, Decipher Biosciences received another expanded LCD and launched its High and Very High biopsy product and now covers the entire localized and biochemically recurrent prostate cancer care continuum. Recently, Veracyte also received a final Medicare coverage policy for the Decipher Bladder test from Noridian, a Medicare Administrative Contractor, through the MolDX program. The current product development pipeline that we acquired from Decipher Biosciences now includes expansion of indications for testing to castrate-resistant and metastatic prostate cancer, predictive biomarkers for response to Androgen Deprivation Therapy, or ADT, second generation AR signaling inhibitors, or ARSi, and docetaxel chemotherapy.

Decipher has also developed Decipher Bladder, which helps determine which patients with muscle-invasive bladder cancer may benefit from neoadjuvant chemotherapy prior to radical cystectomy. Veracyte believes its test will be the only genomic subtyping tool available to physicians in the United States treating patients with locally advanced bladder cancer. The Decipher Bladder test is available in Veracyte’s CLIA laboratory and the Company plans to expand its commercial launch of the test in the second half of 2021.

Timing of Our Research and Development Expenses

We deploy state-of-the-art and costly genomic technologies in our biomarker discovery experiments, and our spending on these technologies may vary substantially from quarter to quarter. We also spend a significant amount to secure clinical samples that can be used in discovery and product development, as well as clinical validation studies. The timing of these research and development activities is difficult to predict, as is the timing of sample acquisitions. If a substantial number of clinical samples

are acquired in a given quarter or if a high-cost experiment is conducted in one quarter versus the next, the timing of these expenses can affect our financial results. We conduct clinical studies to validate our new products as well as on-going clinical studies to further the published evidence to support our commercialized tests. As these studies are initiated, start-up costs for each site can be significant and concentrated in a specific quarter. Spending on research and development, for both experiments and studies, may vary significantly by quarter depending on the timing of these various expenses.

Financial Overview

Revenue

Through June 30, 2021, we had derived most of our revenue from the sale of Afirma and the Decipher urologic tests, delivered primarily to physicians in the United States. We generally invoice third-party payers upon delivery of a patient report to the prescribing physician. As such, we take the assignment of benefits and the risk of cash collection from the third-party payer and individual patients. Third-party payers and other customers in excess of 10% of total revenue and their related revenue as a percentage of total revenue were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Medicare	34 %	18 %	31 %	23 %
UnitedHealthcare	10 %	10 %	10 %	10 %
	44 %	28 %	41 %	33 %

For tests performed, we recognize the related revenue upon delivery of a patient report to the prescribing physician based on the amount that we expect to ultimately receive. In determining the amount to accrue for a delivered test, we consider factors such as payment history, payer coverage, whether there is a reimbursement contract between the payer and us, payment as a percentage of agreed upon reimbursement rate (if applicable), amount paid per test and any current development or changes that could impact reimbursement. Upon ultimate collection, the amount received is compared to previous estimates and the amount accrued is adjusted accordingly. Our ability to increase our revenue will depend on our ability to penetrate the market, obtain positive coverage policies from additional third-party payers, obtain reimbursement and/or enter into contracts with additional third-party payers for our current and new tests, and increase reimbursement rates for tests performed. Finally, should the judgments underlying our estimated reimbursement change, our accrued revenue and financial results could be negatively impacted in future periods.

Cost of Revenue

The components of our cost of testing revenue are laboratory expenses, sample collection kit costs, sample collection expenses, compensation expense, license fees and royalties, depreciation and amortization, other expenses such as equipment and laboratory supplies, and allocations of facility and information technology expenses. Costs associated with performing tests are recorded as the test is processed regardless of whether and when revenue is recognized with respect to that test. As a result, our cost of testing revenue as a percentage of testing revenue may vary significantly from period to period because we may not recognize all revenue in the period in which the associated costs are incurred. We expect cost of testing revenue in absolute dollars to increase as the number of tests we perform increases. However, we expect that the cost per test will decrease over time due to leveraging fixed costs, efficiencies we may gain as test volume increases and from automation, process efficiencies and other cost reductions. As we introduce new tests, initially our cost of testing revenue will be high as we expect to run suboptimal batch sizes, run quality control batches, test batches, registry samples and generally incur costs that may suppress or reduce gross margins. This will disproportionately increase our aggregate cost of testing revenue until we achieve efficiencies in processing these new tests.

Our cost of product revenue consists primarily of costs of purchasing instruments and diagnostic kits from third-party contract manufacturers, installation, warranty, service and packaging and delivery costs. In addition, cost of product revenue includes royalty costs for licensed technologies included in our products and labor expenses. As our Prosigna test kits are sold in various configurations with different number of tests, our product cost per test will vary based on the specific kit configuration purchased by customers.

Our cost of biopharmaceutical revenue are the costs of performing activities under arrangements that require us to perform research and development services on behalf of a customer pursuant to a biopharmaceutical service agreement, and is mainly comprised of compensation expense and pass through costs.

Research and Development

Research and development expenses include expenses incurred to develop our technology, collect clinical samples and conduct clinical studies to develop and support our products and pipeline. These expenses consist of compensation expenses, direct research and development expenses such as prototype materials, laboratory supplies and costs associated with setting up and conducting clinical studies at domestic and international sites, professional fees, depreciation and amortization, other miscellaneous expenses and allocation of facility and information technology expenses. We expense all research and development costs in the periods in which they are incurred. We expect to incur significant research and development expenses as we continue to invest in research and development activities related to developing additional products and evaluating various platforms. We incurred a majority of our research and development expenses in support of our pipeline products in 2020 and in the six months ended June 30, 2021, and expect this to continue in the remainder of 2021 and beyond.

Selling and Marketing

Selling and marketing expenses consist of compensation expenses, direct marketing expenses, professional fees, other expenses such as travel and communications costs and allocation of facility and information technology expenses. We have expanded our internal sales force as we invest in our multi-product sales strategy to assign a single point of contact to successfully develop and implement relationships with our customers and increased our marketing spending. We have also incurred increased selling and marketing expense as a result of investments in our lung product portfolio and believe total selling and marketing expenses will continue to increase as we launch and promote our new tests.

General and Administrative

General and administrative expenses include compensation expenses for executive officers and administrative, billing and client service personnel, professional fees for legal and audit services, occupancy costs, depreciation and amortization, and other expenses such as information technology and miscellaneous expenses offset by allocation of facility and information technology expenses to other functions. For the six months ended June 30, 2021, costs related to the acquisition of Decipher Biosciences were included in general and administrative compensation expense and professional fees. For the six months ended June 30, 2021, approximately 54% of the average headcount classified as general and administrative encompass our billing and customer care teams. We expect general and administrative expenses to continue to increase as we build our general and administration infrastructure and to stabilize thereafter.

Intangible Asset Amortization

Our finite-lived intangible assets, acquired in business combinations, are being amortized over 5 to 15 years, using the straight-line method. Amortization expense is expected to be approximately $13.0 million in 2021, approximately $14.9 million per year through 2024 and decrease thereafter.

Interest Expense

Interest expense is attributable to our borrowings under debt agreements and costs associated with the prepayment of debt.

Other (Loss) Income, Net

Other (loss) income, net consists primarily of realized and unrealized gains and losses on foreign currency transactions and interest income from our cash held in interest bearing accounts.

Results of Operations

Comparison of the three and six months ended June 30, 2021 and 2020 (in thousands of dollars, except percentages and test volume):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change	%	2021	2020	Change	%
Revenue:								
Testing revenue	$ 50,793	$ 15,212	$ 35,581	234%	$ 83,871	$ 42,203	$ 41,668	99%
Product revenue	2,688	1,713	975	57%	5,747	5,122	625	12%
Biopharmaceutical revenue	1,624	3,779	(2,155)	(57)%	2,190	4,501	(2,311)	(51)%
Total revenue	55,105	20,704	34,401	166%	91,808	51,826	39,982	77%
Operating expense:								
Cost of testing revenue	15,589	6,471	9,118	141%	26,421	17,039	9,382	55%
Cost of product revenue	1,323	932	391	42%	2,813	2,491	322	13%
Cost of biopharmaceutical revenue	560	252	308	122%	641	368	273	74%
Research and development	6,249	4,169	2,080	50%	11,585	8,576	3,009	35%
Selling and marketing	19,662	10,701	8,961	84%	35,958	28,285	7,673	27%
General and administrative	15,473	7,957	7,516	94%	61,755	15,770	45,985	292%
Intangible asset amortization	3,723	1,273	2,450	192%	5,524	2,548	2,976	117%
Total operating expenses	62,579	31,755	30,824	97%	144,697	75,077	69,620	93%
Loss from operations	(7,474)	(11,051)	3,577	(32)%	(52,889)	(23,251)	(29,638)	127%
Interest expense	(63)	(65)	2	(3)%	(116)	(120)	4	(3)%
Other (loss) income, net	(1,653)	91	(1,744)	(1,916)%	(1,848)	630	(2,478)	(393)%
Loss before income tax benefit	(9,190)	(11,025)	1,835	(17)%	(54,853)	(22,741)	(32,112)	141%
Income tax benefit	(152)	—	(152)	NM	(3,947)	—	(3,947)	NM
Net loss and comprehensive loss	$ (9,038)	$ (11,025)	$ 1,987	(18)%	$ (50,906)	$ (22,741)	$ (28,165)	124%
Other Operating Data:								
Genomic classifiers reported	18,982	5,379	13,603	253%	31,285	15,938	15,347	96%
Product tests sold	1,874	1,249	625	50%	4,008	3,731	277	7%
Total test volume	20,856	6,628	14,228	215%	35,293	19,669	15,624	79%
Depreciation and amortization expense	$ 4,500	$ 1,957	$ 2,543	130%	$ 7,050	$ 3,929	$ 3,121	79%
Stock-based compensation expense	$ 4,064	$ 3,360	$ 704	21%	$ 7,919	$ 6,265	$ 1,654	26%

Revenue

Revenue increased $34.4 million for the three months ended June 30, 2021 compared to the same period in 2020. This was primarily due to a $35.6 million increase in testing revenue from a 253% volume increase in our Afirma, Percepta, Envisia and Decipher genomic tests, as well as a $1.0 million increase in sales of Prosigna. Genomic tests reported for the three months ended June 30, 2021 also includes the Decipher Prostate Biopsy and Decipher Prostate RP genomic tests, which contributed $18.5 million of revenue during the period. Biopharmaceutical revenue decreased $2.2 million and consisted of $0.8 million for development services, $0.4 million for the delivery of data and $0.4 million for the achievement of milestones for the three months ended June 30, 2021 whereas biopharmaceutical revenue consisted of $1.3 million for the provision of data, $1.0 million for the sale of commercial and development rights, $1.0 million of milestones and $0.5 million for development services for the three months ended June 30, 2020.

Revenue increased $40.0 million for the six months ended June 30, 2021 compared to the same period in 2020. This was primarily due to a $41.7 million increase in testing revenue from a 96% volume increase in our Afirma, Percepta, Envisia and Decipher genomic tests, as well as a $0.6 million increase in sales of Prosigna. Genomic tests reported for the six months ended June 30, 2021 also includes the Decipher Prostate Biopsy and Decipher Prostate RP genomic tests following our acquisition of Decipher Biosciences on March 12, 2021, which contributed $22.3 million of revenue during the six months ended June 30,

2021. Biopharmaceutical revenue consisted of $1.4 million for development services, $0.4 million for the delivery of data and $0.4 million for the achievement of milestones for the six months ended June 30, 2021 whereas biopharmaceutical revenue consisted of $1.3 million for the provision of data, $1.0 million for the sale of commercial and development rights, $1.0 million of milestones and $1.2 million for development services for the six months ended June 30, 2020.

Cost of revenue

Comparison of the three and six months ended June 30, 2021 and 2020 is as follows (in thousands of dollars, except percentages):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change	%	2021	2020	Change	%
Cost of testing revenue:								
Laboratory costs	$ 8,960	$ 2,880	$ 6,080	211 %	$ 14,712	$ 9,100	$ 5,612	62 %
Sample collection costs	1,445	694	751	108 %	2,653	1,914	739	39 %
Compensation expense	2,935	1,641	1,294	79 %	5,270	3,457	1,813	52 %
License fees and royalties	189	14	175	1,250 %	253	27	226	837 %
Depreciation and amortization	267	266	1	— %	538	519	19	4 %
Other expenses	622	363	259	71 %	1,060	797	263	33 %
Allocations	1,171	613	558	91 %	1,935	1,225	710	58 %
Total	$ 15,589	$ 6,471	$ 9,118	141%	$ 26,421	$ 17,039	$ 9,382	55 %
Cost of product revenue:								
Product costs	$ 1,062	$ 811	$ 251	31 %	$ 2,257	$ 2,030	$ 227	11 %
License fees and royalties	242	121	121	100 %	518	461	57	12 %
Depreciation and amortization	19	—	19	NM	38	—	38	NM
Total	$ 1,323	$ 932	$ 391	42 %	$ 2,813	$ 2,491	$ 322	13 %
Cost of biopharmaceutical revenue:								
Compensation expense	$ 54	$ 36	$ 18	50 %	$ 92	$ 76	$ 16	21 %
Other expenses	506	216	290	134 %	549	292	257	88 %
Total	$ 560	$ 252	$ 308	122 %	$ 641	$ 368	$ 273	74 %

Cost of testing revenue increased $9.1 million for the three months ended June 30, 2021 compared to the same period in 2020. The increase in laboratory costs was primarily related to a 253% increase in the volume of genomic classifiers reported. The increase in compensation expense related to an average laboratory headcount increase of 50%. Following the acquisition of Decipher Biosciences in March 2021, its operations also contributed to the increase in the cost of testing revenue.

Cost of testing revenue increased $9.4 million for the six months ended June 30, 2021 compared to the same period in 2020. The increase in the cost of testing results primarily from an increase in laboratory costs primarily related to a 96% increase in the volume of genomic classifiers reported and an increase in compensation expense related to an average laboratory headcount increase of 32%. Following the acquisition of Decipher Biosciences in March 2021, its operations also contributed to the increase in the cost of testing revenue. Laboratory costs for the six months ended June 30, 2020 include a $1.1 million write-down of supplies for the potential expiration of reagents due to an anticipated decline in volumes resulting from the COVID-19 pandemic.

Cost of product revenue is related to sales of Prosigna, which commenced in December 2019. Cost of product revenue increased $0.4 million for the three months ended June 30, 2021 compared to the same period in 2020, primarily due to a 50% increase in product tests sold.

Cost of product revenue increased $0.3 million for the six months ended June 30, 2021 compared to the same period in 2020 primarily due to a 7% increase in product tests sold.

Cost of biopharmaceutical revenue includes labor costs incurred by our employees working on biopharmaceutical customer projects and pass-through expenses incurred on these projects.

Research and development

Comparison of the three and six months ended June 30, 2021 and 2020 is as follows (in thousands of dollars, except percentages):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change	%	2021	2020	Change	%
Research and development expense:								
Compensation expense	$ 4,554	$ 2,687	$ 1,867	69%	$ 8,442	$ 5,557	$ 2,885	52 %
Direct research and development expense	828	932	(104)	(11)%	1,459	1,873	(414)	(22)%
Professional fees	187	158	29	18%	503	283	220	78 %
Depreciation and amortization	67	59	8	14%	120	136	(16)	(12)%
Other expenses	67	22	45	205%	99	101	(2)	(2)%
Allocations	546	311	235	76%	962	626	336	54 %
Total	$ 6,249	$ 4,169	$ 2,080	50%	$ 11,585	$ 8,576	$ 3,009	35 %

Research and development expense increased $2.1 million, or 50%, for the three months ended June 30, 2021 compared to the same period in 2020. The increase in compensation expense was primarily due to a 70% increase in average headcount. including the addition of Decipher employees, and higher stock-based compensation expense from the increase in our stock price.

Research and development expense increased $3.0 million, or 35%, for the six months ended June 30, 2021 compared to the same period in 2020. The increase in compensation expense was primarily due to a 42% increase in average headcount, including the addition of Decipher employees, and higher stock-based compensation expense from the increase in our stock price.

Selling and marketing

Comparison of the three and six months ended June 30, 2021 and 2020 is as follows (in thousands of dollars, except percentages):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change	%	2021	2020	Change	%
Selling and marketing expense:								
Compensation expense	$ 13,459	$ 8,335	$ 5,124	61 %	$ 25,615	$ 20,850	$ 4,765	23 %
Direct marketing expense	2,689	553	2,136	386 %	4,054	1,705	2,349	138 %
Professional fees	671	362	309	85 %	1,383	687	696	101 %
Other expenses	1,802	451	1,351	300 %	2,938	3,048	(110)	(4)%
Allocations	1,041	1,000	41	4 %	1,968	1,995	(27)	(1)%
Total	$ 19,662	$ 10,701	$ 8,961	84 %	$ 35,958	$ 28,285	$ 7,673	27 %

Selling and marketing expense increased $9.0 million, or 84%, for the three months ended June 30, 2021 compared to the same period in 2020. The increase in compensation expense was primarily due to the temporary furlough, beginning in April 2020, of over 60 employees, mostly in sales, as a result of the COVID-19 pandemic and by the addition of Decipher employees in March 2021. The increase in other expenses and direct marketing expenses were primarily due to increased travel and entertainment expenses as COVID-19 travel restrictions have eased.

Selling and marketing expense increased $7.7 million, or 27%, for the six months ended June 30, 2021 compared to the same period in 2020. The increase in compensation expense was primarily due to the temporary furlough of employees beginning in April 2020 and by the addition of Decipher employees in March 2021. The increase in direct marketing expenses were primarily due to increased travel and entertainment expenses as COVID-19 travel restrictions have eased.

General and administrative

Comparison of the three and six months ended June 30, 2021 and 2020 is as follows (in thousands of dollars, except percentages):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change	%	2021	2020	Change	%
General and administrative expense:								
Compensation expense	$ 8,383	$ 5,104	$ 3,279	64 %	$ 40,736	$ 10,092	$ 30,644	304 %
Professional fees	6,469	2,485	3,984	160 %	19,711	5,436	14,275	263 %
Occupancy expenses	1,374	655	719	110 %	2,119	1,321	798	60 %
Depreciation and amortization	424	360	64	18 %	830	727	103	14 %
Other expenses	1,581	1,277	304	24 %	3,224	2,040	1,184	58 %
Allocations	(2,758)	(1,924)	(834)	43 %	(4,865)	(3,846)	(1,019)	26 %
Total	$ 15,473	$ 7,957	$ 7,516	94 %	$ 61,755	$ 15,770	$ 45,985	292 %

General and administrative expense increased $7.5 million for the three months ended June 30, 2021 compared to the same period in 2020. Following the acquisition of Decipher Biosciences in March 2021, its operations also contributed to the increase in general and administrative expenses. The increase in compensation expense was primarily due to a 53% increase in average headcount, including the addition of Decipher employees in March 2021, and higher stock-based compensation expense from the increase in our stock price. The increase in professional fees was primarily due to costs related to the pending acquisition of HalioDx. The increase in other expenses was primarily due to increased IT costs partially offset by a decrease in the revaluation of the contingent consideration for the NanoString transaction.

General and administrative expense increased $46.0 million for the six months ended June 30, 2021 compared to the same period in 2020. General and administrative expense for the six months ended June 30, 2021 includes costs related to the acquisition of Decipher Biosciences on March 12, 2021 including $25.1 million of stock-based compensation and $10.6 million of professional fees and other costs associated with the transaction. Following the acquisition, Decipher Biosciences operations also contributed to the increase in general and administrative expenses. The increase in compensation expense was also due to a 36% increase in average headcount, including the addition of Decipher employees in March 2021, and higher stock-based compensation expense from the increase in our stock price. Professional fees for the six months ended June 30, 2021, includes $3.8 million of costs related to the pending acquisition of HalioDx. The increase in other expenses was primarily due to increased IT costs and the revaluation of the contingent consideration for the NanoString transaction.

Interest expense

Interest expense decreased $2,000 and $4,000 for the three and six months ended June 30, 2021, respectively, compared to the same periods in 2020, mainly due to the prepayment of $0.1 million of the principal amount of our Term Loan Advance in August 2020. Interest expense for the three and six months ended June 30, 2021 is primarily the amortization of the final payment on the Term Loan Advance in the amount of $1.2 million.

Other (loss) income, net

Other (loss) income, net, decreased $1.7 million for the three months ended June 30, 2021 compared to the same period in 2020, primarily due to unrealized foreign currency losses and lower dividend and interest income from our investments and cash and cash equivalents.

Other (loss) income, net, decreased $2.5 million for the six months ended June 30, 2021 compared to the same period in 2020, primarily due to unrealized foreign currency losses and lower dividend and interest income from our investments and cash and cash equivalents.

Income tax benefit

We recorded an income tax benefit of $3.9 million for the six months ended June 30, 2021 primarily due to net deferred tax liabilities recorded in connection with the acquisition of Decipher Biosciences which provided a future source of income to support the realization of our deferred tax assets and resulted in a partial release of the valuation allowance.

Liquidity and Capital Resources

From inception through June 30, 2021, we have been financed primarily through net proceeds from the sale of our equity securities. We have incurred net losses since our inception. For the six months ended June 30, 2021, we had a net loss of $50.9 million, and as of June 30, 2021, we had an accumulated deficit of $332.5 million. We expect to incur additional losses for the remainder of 2021 and potentially in future years.

On July 13, 2021, the Company entered into an agreement to acquire HalioDx for approximately €260 million in total consideration, consisting of approximately €147 million in cash and up to approximately €113 million in stock, subject to customary purchase price adjustments. The acquisition is expected to close in the third quarter of 2021.

We believe our existing cash and cash equivalents of $327.5 million as of June 30, 2021, our available revolving line of credit, and our revenue during the next 12 months will be sufficient to meet our anticipated cash requirements for at least the next 12 months from the filing date of this report. We expect that our near- and longer-term liquidity requirements will continue to consist of costs to run our laboratories, research and development expenses, selling and marketing expenses, general and administrative expenses, working capital, costs to service our Loan and Security Agreement (See Note 7 to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information about our Loan and Security Agreement), capital expenditures and general corporate expenses associated with the growth of our business. However, we may also use cash to acquire or invest in complementary businesses, technologies, services or products that would change our cash requirements. If we are not able to generate revenue to finance our cash requirements, including due to the impacts of the COVID-19 pandemic, we will need to finance future cash needs primarily through public or private equity offerings, debt financings, borrowings or strategic collaborations or licensing arrangements. If we raise funds by issuing equity securities, dilution to stockholders could result. Any equity securities issued also may provide for rights, preferences or privileges senior to those of holders of our common stock. The terms of debt securities issued or borrowings could impose significant restrictions on our operations. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights, restrictions on our cash pursuant to the terms of our Loan and Security Agreement and other operating restrictions that could adversely affect our ability to conduct our business. Our Loan and Security Agreement imposes restrictions on our operations, increases our fixed payment obligations and has restrictive covenants. In addition, the issuance of additional equity securities by us, or the possibility of such issuance, may cause the market price of our common stock to decline. In the event that we enter into collaborations or licensing arrangements to raise capital, we may be required to accept unfavorable terms. These agreements may require that we relinquish or license to a third-party on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves, or reserve certain opportunities for future potential arrangements when we might be able to achieve more favorable terms. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of or eliminate one or more research and development programs or selling and marketing initiatives, or forgo potential acquisitions or investments. In addition, we may have to work with a partner on one or more of our products or development programs, which could lower the economic value of those programs to us.

Public Offering of Common Stock

On February 9, 2021, the Company issued and sold 8,547,297 shares of common stock in a registered public offering, including 1,114,864 shares issued and sold upon the underwriters' exercise in full of their option to purchase additional shares, at a price to the public of $74.00 per share. The Company's net proceeds from the offering were approximately $593.8 million, after deducting underwriting discounts and commissions and offering expenses of $38.7 million.

Loan and Security Agreement

On November 3, 2017, we entered into the Loan and Security Agreement with Silicon Valley Bank. The Loan and Security Agreement allows us to borrow up to $35.0 million, with a $25.0 million term loan, or Term Loan, and a revolving line of credit of up to $10.0 million, or the Revolving Line of Credit, subject to, with respect to the Revolving Line of Credit, a borrowing base of 85% of eligible accounts receivable. The Term Loan was advanced upon the closing of the Loan and Security Agreement. Borrowings under the Loan and Security Agreement mature in October 2022. The Term Loan bears interest at a variable rate equal to (i) the thirty-day U.S. London Interbank Offer Rate, or LIBOR, plus (ii) 4.20%, with a minimum rate of 5.43% per annum. Principal amounts outstanding under the Revolving Line of Credit bear interest at a

variable rate equal to (i) LIBOR plus (ii) 3.50%, with a minimum rate of 4.70% per annum. We are also required to pay an annual facility fee on the Revolving Line of Credit of $25,000.

We may prepay the outstanding principal amount under the Term Loan plus accrued and unpaid interest and, if the Term Loan is repaid in full, a prepayment premium of $250,000. In addition, a final payment on the Term Loan in the amount of $1.2 million is due upon the earlier of the maturity date of the Term Loan or its payment in full. In January 2019, May 2019 and August 2020, we prepaid $12.5 million, $12.4 million and $0.1 million of the principal amount of the Term Loan Advance, respectively, and did not incur any prepayment premium as we did not repay the Term Loan Advance in full. As of June 30, 2021, the principal balance outstanding was one dollar.

The Loan and Security Agreement contains customary representations, warranties, and events of default, as well as affirmative and negative covenants. As of June 30, 2021, we were in compliance with debt covenants.

Our obligations under the Loan and Security Agreement are secured by substantially all of our assets (excluding intellectual property), subject to certain customary exceptions.

Cash Flows

The following table summarizes our cash flows for the six months ended June 30, 2021 and 2020 (in thousands of dollars):

	Six Months Ended June 30,	
	2021	**2020**
Net cash used in operating activities	$ (38,674)	$ (13,724)
Net cash used in investing activities	(574,134)	(1,314)
Net cash provided by financing activities	592,932	3,171

Cash Flows from Operating Activities

Cash used in operating activities for the six months ended June 30, 2021 was $38.7 million. The net loss of $50.9 million includes non-cash charges of $7.9 million of stock-based compensation expense, $7.1 million of depreciation and amortization, which includes $5.5 million of intangible asset amortization, noncash lease expense of $0.9 million, a $0.2 million expense for the revaluation of the contingent consideration related to the NanoString transaction and $3.9 million of deferred income taxes. Cash used as a result of changes in operating assets and liabilities was $1.9 million primarily comprised of an increase in accounts receivable of $6.7 million, an increase in prepaid expense and other current assets of $1.3 million and a decrease in operating lease liability of $1.0 million partially offset by an increase in accounts payable of $2.8 million and an increase in accrued liabilities and deferred revenue of $4.8 million.

Cash used in operating activities for the six months ended June 30, 2020 was $13.7 million. The net loss of $22.7 million includes non-cash charges of $6.3 million of stock-based compensation expense, $3.9 million of depreciation and amortization, which includes $2.5 million of intangible asset amortization, a $1.1 million write-down of supplies, and a $140,000 credit for the revaluation of the contingent consideration related to the NanoString transaction. Cash used as a result of changes in operating assets and liabilities was $2.7 million, primarily comprised of a decrease in accrued liabilities of $4.3 million, an increase in supplies of $1.3 million, a decrease in operating lease liability of $0.7 million and an increase in prepaid expense and other current assets of $0.7 million, partially offset by a decrease in accounts receivable of $4.0 million.

Cash Flows from Investing Activities

Cash used in investing activities for the six months ended June 30, 2021 was $574.1 million consisting of $574.4 million for the acquisition of Decipher Biosciences and $2.7 million for the acquisition of property and equipment partially offset by $3.0 million of proceeds from the sale of an equity investment.

Cash used in investing activities for the six months ended June 30, 2020 was $1.3 million for the acquisition of property and equipment.

Cash Flows from Financing Activities

Cash provided by financing activities for the six months ended June 30, 2021 was $592.9 million, consisting of $593.8 million in net proceeds from the issuance of common stock in a public offering in February 2021, $6.6 million in proceeds from the exercise of options to purchase our common stock and purchase of stock under our Employee Stock Purchase Plan, or ESPP, partially offset by $7.5 million in tax payments during the period related to the vesting of restricted stock units granted to employees.

Cash provided by financing activities for the six months ended June 30, 2020 was $3.2 million, consisting of $5.8 million in proceeds from the exercise of options to purchase our common stock and purchase of stock under our ESPP partially offset by $2.7 million in tax payments during the period related to the vesting of restricted stock units granted to employees.

Contractual Obligations

As of June 30, 2021, our future principal and end-of-term debt obligation payments due under the Loan and Security Agreement were limited to $1.2 million in 2022. Following the acquisition Decipher Biosciences in March 2021, our payments due under our lease obligations are $1.8 million for the remainder of 2021, $7.6 million for the years 2022 to 2023, $8.1 million for the years 2024 to 2025, and $1.7 million for the year 2026 and beyond.

Off-balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements.

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update, or ASU, 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This standard simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. This ASU removes the following exceptions: (1) exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items; (2) exception to the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; (3) exception to the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; and (4) exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. The amendments in this ASU also improve consistency and simplify other areas of Topic 740 by clarifying and amending existing guidance. The revised guidance will be applied prospectively and became effective for us beginning January 1, 2021 and the adoption of ASU 2019-12 did not have a material impact on our condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily relate to interest rates. We had cash and cash equivalents of $327.5 million as of June 30, 2021 which include bank deposits and money market funds. Such interest-bearing instruments carry a degree of risk; however, a hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our unaudited interim condensed financial statements.

Foreign Currency Risk

Included in our cash and cash equivalents as of June 30, 2021 were $81.2 million of bank deposits denominated in Euros. Such Euro denominated deposits carry a degree of risk from changes in currency exchange rates as the gains or losses from changes in exchange rates are included in our net loss and comprehensive loss. In addition, in connection with our proposed acquisition of HalioDx, our exposure to foreign currency risk will increase in connection with the consummation of the Acquisition. As of June 30, 2021 a hypothetical 10% appreciation or depreciation of the U.S. dollar relative to the Euro would have increased or decreased our net loss by $8.1 million for six months ended June 30, 2021.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, or Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in Internal Control over Financial Reporting

We continuously seek to improve the efficiency and effectiveness of our internal controls. This results in refinements to processes throughout our Company. In March 2021, we acquired 100% of the equity interests of Decipher Biosciences and we are in the process of incorporating Decipher Biosciences into our evaluation of internal control over financial reporting. Other than the acquisition of Decipher Biosciences there were no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) identified in connection with the evaluation identified above that occurred during the quarter ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. — OTHER INFORMATION

ITEM 1A. RISK FACTORS

Summary of Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully review the "Risk Factors" section before you invest in shares of our common stock. Listed below are some of the more significant risks relating to an investment in our common stock.

- We have a history of losses, and we expect to incur net losses for the foreseeable future and may never achieve or sustain profitability.
- The outbreak of COVID-19 has had an adverse effect on our business, results of operations and financial condition.
- Our financial results currently depend mainly on sales of our Afirma and Decipher Urology tests, and we will need to generate sufficient revenue from these and other diagnostic solutions to grow our business.
- If we are unable to grow sales of our portfolio of tests including Percepta, Envisia, the Decipher Bladder Test and Prosigna, our business may suffer.
- We depend on a few payers for a significant portion of our revenue and if one or more significant payers stops providing reimbursement or decreases the amount of reimbursement for our tests, our revenue could decline.
- If payers do not provide reimbursement, rescind or modify their reimbursement policies, delay payments for our tests, recoup past payments, or if we are unable to successfully negotiate additional reimbursement contracts, our commercial success could be compromised.
- We may experience limits on our revenue if physicians decide not to order our tests or if patients decide not to use our tests.
- If we fail to comply with federal, state and foreign licensing requirements, we could lose the ability to perform our tests or experience disruptions to our business.
- The recently completed acquisition of Decipher Biosciences presents risks and we must successfully integrate the Decipher Biosciences business to realize the financial goals that we currently anticipate.
- If our general strategy of seeking growth through acquisitions and collaborations is not successful, or if we do not successfully integrate companies or assets that we acquire into our business, our prospects and financial condition will suffer.
- Our future success and international growth depends, in part, on our ability to adapt select tests to be performed on the nCounter Analysis System.
- If we are not successful in advancing our collaborations with Johnson & Johnson and others, or if our general strategy of seeking growth through such collaborations is not successful, our prospects and financial condition will suffer.
- We rely on sole suppliers for some of the reagents, equipment, and other materials used to perform our tests, and we may not be able to find replacements or transition to alternative suppliers.
- We depend on a specialized cytopathology practice to perform the cytopathology component of our Afirma test, and our ability to perform our diagnostic solution would be harmed if we were required to secure a replacement.
- Due to how we recognize revenue, our quarterly operating results are likely to fluctuate.
- We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.
- If we are unable to support demand for our commercial tests, our business could suffer.
- Changes in healthcare policy, including legislation reforming the U.S. healthcare system, may have a material adverse effect on our financial condition and operations.
- Because of Medicare billing rules, we may not receive reimbursement for all tests provided to Medicare patients.
- If the FDA were to begin regulating those of our tests that are not currently regulated, we could incur substantial costs and delays associated with trying to obtain premarket clearance or approval.
- Obtaining marketing authorization by the FDA and foreign regulatory authorities for our diagnostic tests will take significant time and require significant research, development and clinical study expenditures and ultimately may not succeed.
- If we are unable to obtain marketing authorizations to market Prosigna in additional countries or if regulatory limitations are placed on our diagnostic kit products, our business and growth will be harmed.

- We are subject to ongoing and extensive regulatory requirements, and our failure to comply with these requirements could substantially harm our business.
- If we are unable to compete successfully, we may be unable to increase or sustain our revenue or achieve profitability.
- We have experienced significant changes in our senior management team, the loss of one or more of our executive officers, or any inability to attract and retain highly-skilled employees and other key personnel could adversely affect our business.
- Billing for our diagnostic tests is complex, and we must dedicate substantial time and resources to the billing process to be paid.
- If our internal sales force is less successful than anticipated, our business expansion plans could suffer and our ability to generate revenues could be diminished. In addition, we have limited history selling our molecular diagnostics tests on a direct basis and our limited history makes forecasting difficult.
- Developing new products involves a lengthy and complex process, and we may not be able to commercialize on a timely basis, or at all, other products we are developing.
- International expansion of our business exposes us to business, personnel, regulatory, political, operational, financial, and economic risks associated with doing business outside of the United States.
- Security breaches, loss of data and other disruptions to us or our third-party service providers could compromise sensitive information related to our business or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.
- If we are unable to protect our intellectual property effectively, our business would be harmed.
- We may be involved in litigation related to intellectual property, which could be time-intensive and costly and may adversely affect our business, operating results or financial condition.
- If we are unable to implement and maintain effective internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our reported financial information and the market price of our common stock may be negatively affected.
- Our pending acquisition of HalioDx presents risks and we will need to successfully integrate the HalioDx business to realize the financial and commercial goals that we currently anticipate.
- Our stock price may be volatile, and you may not be able to sell shares of our common stock at or above the price you paid.

Risks Related to Our Business

We have a history of losses, and we expect to incur net losses for the foreseeable future and may never achieve or sustain profitability.

We have incurred net losses since our inception. For the six months ended June 30, 2021, we had a net loss of $51 million and as of June 30, 2021, we had an accumulated deficit of $333 million. We expect to incur additional losses in the future, and we may never achieve revenue sufficient to offset our expenses. We expect to continue to devote substantially all of our resources to increase adoption of and reimbursement for our Afirma, Percepta, Decipher and Envisia classifiers and Prosigna test, and the development of additional tests. We may never achieve or sustain profitability, and our failure to achieve and sustain profitability in the future could cause the market price of our common stock to decline.

The outbreak of COVID-19 has had an adverse effect on our business, results of operations and financial condition.

COVID-19 has caused significant volatility in financial markets and has raised the prospect of an extended global recession. Public health problems resulting from COVID-19 and precautionary measures instituted by governments and businesses to mitigate its spread, including travel restrictions and quarantines, have contributed to a general slowdown in the global economy, adversely impacted patients, physicians, customers, suppliers, third-party contract manufacturers, and collaboration partners, and disrupted our operations. Changes in our operations in response to COVID-19 or employee illnesses resulting from the pandemic may result in inefficiencies or delays, including in sales and product development efforts and additional costs related to business continuity initiatives, that cannot be fully mitigated through succession planning, employees working remotely or teleconferencing technologies. As of June 30, 2021, the FDA has issued Emergency Use Authorizations, or EUAs, for three vaccines. Although vaccines are increasingly available in the United States and Europe, there can be no guarantee that the vaccines will be effective against new strains of the virus or that the vaccines will be broadly accepted. Also there can be no guarantee that federal, state and local agencies will not continue to take other cautionary steps to combat the virus and to reduce the incidence of new cases, which could negatively impact our volumes and revenue and limit our ability to reliably forecast our test volumes and levels of revenue.

COVID-19 and related governmental reactions have had and may continue to have a negative impact on our business, liquidity, results of operations, and stock price due to the occurrence of some or all of the following events or circumstances among others:

- We may not be able to manage our business effectively due to key employees becoming ill, working from home inefficiently and being unable to travel to our facilities.

- We and our customers, suppliers, third-party contract manufacturers, and collaboration partners may be prevented from operating worksites, including manufacturing facilities, due to employee illness, reluctance to appear at work or "stay-at-home" regulations.

- Interruptions in manufacturing (including the sourcing of reagents or supplies) and shipment of our products. According to Johns Hopkins Coronavirus Resource Center, daily COVID-19 test volume increased from less than approximately 0.2 million tests per day in April 2020 to between 0.8 million and 1.0 million tests per day in the first half of October 2020. We believe the rapid increase in daily testing volumes is consuming reagents and supplies otherwise available to genomic testing companies like ours across the United States. In October, we experienced supply chain disruptions in the supply of plastic materials used in the processing of samples. When not limited by the expiration date of products and when we feel it reasonable and feasible to do so, we are taking steps to increase our level of supplies and inventory reserves, to develop alternative sources of supply and to implement procedures to mitigate the impact on our supply chain or our ability to process samples in our laboratories. Though we are in regular contact with our key suppliers, we do not have, nor expect to have, the necessary insight into our vendors' supply chain issues that we may need to know to effectively mitigate the impact to our business. Though we attempt to mitigate the impact to our business, these interruptions in manufacturing (including the sourcing of reagents or supplies) may negatively impact our test volumes or levels of revenue.

- Reduced patient demand for, or provider capacity to deliver, diagnostic testing and elective procedures generally.

- Disruptions of the operations of our third-party contract manufacturers and suppliers, which could impact our ability to purchase components at efficient prices and in sufficient amounts.

- We may need to raise capital, and if we raise capital by issuing equity securities, our common stock may be diluted.

- The market price of our common stock may drop or remain volatile.

- We may incur significant employee health care costs under our insurance programs.

The extent of the impact of COVID-19 on our business and financial results will depend largely on future developments, including the deployment, efficacy, availability and utilization of vaccines, the impact on capital and financial markets and the related impact on the financial circumstances of patients, physicians, suppliers, third-party contract manufacturers, and collaboration partners, all of which are highly uncertain and cannot be predicted. This situation is changing rapidly, and additional impacts may arise that we are not aware of at this time.

Our financial results currently depend mainly on sales of our Afirma and Decipher Urology tests, and we will need to generate sufficient revenue from these and other diagnostic solutions to grow our business.

Most of our revenue to date has been derived from the sale of our Afirma tests, which are used in the diagnosis of thyroid cancer. As a result of the Decipher Biosciences acquisition, urological tests were the second largest source of second quarter revenue and we expect such tests to continue to be a significant source of revenue. Over the next few years, we expect to continue to derive a substantial portion of our revenue from sales of our Afirma and Decipher tests. In the third quarter of 2017, we began recognizing revenue from the sale of our Percepta test, used in the diagnosis of lung cancer. We also launched our Envisia test to help improve the diagnosis of interstitial lung disease, specifically IPF, and began recognizing revenue from Envisia in the second quarter of 2019. In December 2019, we acquired the rights to the Prosigna test from NanoString Technologies, Inc. and commenced marketing and selling Prosigna test kits to U.S. and international customers. In March 2021, the Company acquired Decipher Biosciences and commenced marketing and selling Decipher Prostate cancer product. Once genomic tests are clinically validated and commercially available for patient testing, we must continue to develop and publish evidence that our tests are informing clinical decisions in order for them to receive positive coverage decisions by payers. Without coverage policies, our tests may not be reimbursed and we will not be able to recognize revenue. We cannot guarantee that tests we commercialize will gain and maintain positive coverage decisions and therefore, we may never realize revenue

from tests we commercialize. In addition, we are in various stages of research and development for other diagnostic solutions that we may offer, but there can be no assurance that we will be able to identify other diseases that can be effectively addressed or, if we are able to identify such diseases, whether or when we will be able to successfully commercialize solutions for these diseases and obtain the evidence and coverage decisions from payers. If we are unable to increase sales and expand reimbursement for our Afirma, Percepta, Envisia, Decipher, and Prosigna tests, or develop and commercialize other solutions, our revenue and our ability to achieve and sustain profitability would be impaired, and the market price of our common stock could decline.

If we are unable to grow sales of our portfolio of tests including Percepta, Envisia, the Decipher Bladder Test and Prosigna, our business may suffer.

We have focused on developing a robust pulmonology business, led by our Percepta and Envisia products. In addition, in 2020, we acquired the Prosigna breast cancer test and, in 2021, we acquired the Decipher Bladder test. Although these products have not contributed the majority of our revenue to date, we expect them to grow and become an increasingly important component of our strategic focus as well as our results of operations. We plan to introduce a nasal swab test for early lung cancer detection which, together with our Percepta Genomic Atlas and the Percepta GSC, we expect to form a comprehensive lung cancer portfolio that we believe may improve lung cancer diagnosis and treatment decisions. However, due to the COVID-19 pandemic, pulmonologists have been focused on treatment planning and care for COVID-19 patients and we believe fewer bronchoscopy procedures have been performed where Percepta and Envisia brushings and biopsies have been taken and sent to us for genomic testing. There can be no assurance that physicians will perform bronchoscopy procedures or send brushings or biopsies to us in sufficient volumes for our revenue to recover to pre-pandemic levels or to meet our projections. Additionally, we anticipate expanding the reach of our lung, urology, bladder and breast cancer tests to international markets through the distribution of the nCounter Analysis System; if our distribution of this platform is unsuccessful, or if our products are not widely adopted internationally, our business and results of operations may be adversely affected.

We depend on a few payers for a significant portion of our revenue and if one or more significant payers stops providing reimbursement or decreases the amount of reimbursement for our tests, our revenue could decline.

Revenue for tests performed on patients covered by Medicare and UnitedHealthcare Group was 31% and 10%, respectively, of our revenue for the six months ended June 30, 2021, compared with 23% and 10%, respectively, for the six months ended June 30, 2020. The percentage of our revenue derived from significant payers is expected to fluctuate from period to period as our revenue fluctuates, as additional payers provide reimbursement for our tests or if one or more payers were to stop reimbursing for our tests or change their reimbursed amounts. Effective January 2012, Palmetto GBA, the regional Medicare Administrative Contractor, or MAC, that handled claims processing for Medicare services over our jurisdiction at that time, issued coverage and payment determinations for our Afirma Classifiers now covered by Noridian Healthcare Solutions, the current MAC for our jurisdiction, through the Molecular Diagnostics Services Program, or MolDX program, administered by Palmetto GBA, under an LCD.

Noridian Healthcare Solutions issued an LCD for Percepta effective for services performed on or after May 2017. This coverage policy requires us to establish and maintain a Certification and Training Registry program and make Percepta available only to certain Medicare patients through physicians who participate in this program. Failure by us or physicians to comply with the requirements of the Certification and Training Registry program could lead to loss of Medicare coverage for Percepta, which could have an adverse effect on our revenue.

We submitted the dossier of clinical evidence needed to obtain Medicare coverage for the Envisia Genomic Classifier through the MolDX technical assessment process in 2018, and received Medicare coverage for the classifier, with an effective date of April 1, 2019.

An LCD was issued for Prosigna by Palmetto GBA in August 2015, which has been in effect since October 1, 2015.

Decipher Prostate Biopsy and Decipher Prostate RP are currently reimbursed by Medicare pursuant to LCDs issued by Palmetto GBA and adopted by Noridian Healthcare Solutions, each acting as a MAC, as well as by a number of commercial payers. However, there are many commercial payers who currently do not provide reimbursement for our prostate genomic tests, or provide only limited reimbursement, and we have contracts for reimbursement with only a limited number of commercial payers for our prostate tests. Our Decipher Prostate tests were assigned a new CPT code, 81542, for 2020. CPT code changes can result in a risk of an error being made in the claim adjudication process. Such errors can occur with claims submission, third-party transmission or in the processing of the claim by the payer. Claim adjudication errors may result in a delay in payment processing or a reduction in the amount of the payment we receive.

Effective July 18, 2021, Decipher Bladder will be reimbursed by Medicare pursuant to LCDs issued by three MACs. Further, a fourth MAC, Noridian Healthcare Solutions, finalized its draft policy which was effective as of July 25, 2021. We have not yet contracted with any commercial payers for reimbursement of Decipher Bladder. Our Decipher Bladder test was assigned a new CPT code, 0016M, for 2020.

On a five-year rotational basis, Medicare requests bids for its regional MAC services. Any future changes in the MAC processing or coding for Medicare claims for the Afirma, Percepta, Decipher or Envisia tests, or for Prosigna, could result in a change in the coverage or reimbursement rates for such products, or the loss of coverage, and could also result in increased difficulties in obtaining and maintaining coverage for future products.

On March 1, 2015, an American Medical Association Current Procedural Terminology code, or CPT code, 81545 for the Afirma GEC was issued. On January 1, 2018, the Medicare Clinical Laboratory Fee Schedule payment rate for the Afirma classifier increased from $3,220 to $3,600. This rate is based on the volume-weighted median of private payer rates based on final payments made between January 1 and June 30, 2016, which we reported to the Centers for Medicare & Medicaid Services, or CMS, in 2017 as required under the Protecting Access to Medicare Act of 2014, or PAMA. In December 2019, through the Further Consolidated Appropriations Act of 2020, Congress delayed the next data reporting period from 2020 to 2021 for final payments made between January 1 and June 30, 2019, extending the applicability of the payment rates based on 2017 reporting by one year through December 31, 2021. In March 2020, through the Coronavirus Aid, Relief, and Economic Security, or CARES Act, Congress further delayed the next reporting period to 2022 for final payments made between January 1 and June 30, 2019, extending the applicability of the payment rates based on 2017 reporting through December 31, 2022. If going forward the rate is negatively updated, it may materially impact our average selling price of the test and therefore revenue.

As a result of the transition from Afirma GEC to Afirma GSC, a new CPT Category I code (81546) was established for the Afirma classifier, effective January 1, 2021. This code went through the national payment determination process for Medicare in 2020, through which CMS priced 81546 at the same rate of $3,600 as 81545. New CPT Proprietary Laboratory Analyses, or PLA, codes have also been established for Afirma Xpression Atlas (0204U) and Afirma MTC (0208U), effective October 1, 2020. CMS has priced 0204U at the same rate of $2,919.60 as CPT 81455. The new payment rates for 81546 and 0204U became effective January 1, 2021. CMS did not price 0208U, and instead assigned the code to the “gapfilling” process, under which the individual MACs will set the payment rate for the test in 2021 based on the following four factors: 1) charges for the test and routine discounts to charges; 2) resources required to perform the test; 3) payment amounts determined by other payers; and 4) charges, payment amounts, and resources required for other tests that may be comparable or otherwise relevant. The median of payment rates set by the MACs (determined by locality) will set the payment rate for 0208U beginning in 2022. There is no assurance that the gapfilling process will not result in a lower than expected payment rate for 0208U.

There can be no assurance that the Afirma or Prosigna rates (or the rates for Afirma Xpression Atlas or Afirma MTC) will not decrease during subsequent reporting cycles under PAMA.

We submit claims to Medicare for Percepta using an unlisted code under the MolDX program. A specific CPT code assigned to Percepta may be required to go through the national payment determination process, and there can be no assurance that the Medicare payment rate Percepta receives through this process will not be lower than its current rate. There can also be no assurance that the Medicare payment rate for Percepta will not be reduced when it is set based on the volume-weighted median of private payer rates when we are required to report private payer rates for Percepta under PAMA.

We submit claims to Medicare for Envisia using CPT code 81554, which became effective January 1, 2021. We applied for New ADLT designation for Envisia, and the test was approved as a New ADLT on September 17, 2020. Effective October 1, 2020 through June 30, 2021, the Medicare payment rate for Envisia was set at $5,500, the “actual list charge” for the test. Veracyte reported private payer rates for Envisia in March 2021, reflecting final payments between October 1, 2020 and February 28, 2021. The volume-weighted median of these reported rates, which was $5,500, will set the payment rate for Envisia from July 1, 2021 through December 31, 2022, after which Envisia will be priced based on private payer rates collected and reported annually. There can be no assurance that the Medicare payment rate for Envisia will not be reduced when it is set based on the volume-weighted median of private payer rates when we are required to report private payer rates for Envisia under PAMA in subsequent reporting cycles.

We submit claims to Medicare for Decipher Prostate Biopsy and Decipher Prostate RP using CPT code 81542. CMS assigned 81542 to the gapfilling process in 2020, and it has been priced effective January 1, 2021 at $3,873, based on CMS’ revision of the median of payment rates set by the MACs through the gapfilling process. There can be no assurance that the

Medicare payment rates for Decipher Prostate Biopsy and Decipher Prostate RP will not decrease during a future reporting cycle under PAMA.

We will submit claims to Medicare for Decipher Bladder using CPT code 0016M. CMS assigned 0016M to the gapfilling process in 2021. There is no assurance that the gapfilling process will not result in a lower than expected payment rate for 0016M, or that the Medicare payment rate for Decipher Bladder will not decrease during a future reporting cycle under PAMA.

Moreover, federal Medicare funding and state budgets are limited and have been placed under tremendous strain in recent years, which is likely to be further exacerbated as a result of reduced tax receipts and greater deficit spending as a result of the COVID-19 pandemic. Such budgetary pressures may force Medicare or state agencies to reduce payment rates or change coverage policies. If there is a decrease in Medicare or other payers' payment rates for our tests, our revenue from Medicare and such payers will decrease and the payment rates for some of our commercial payers may also decrease if they tie their allowable rates to the Medicare rates. These changes could have an adverse effect on our business, financial condition and results of operations.

Although we have entered into contracts with certain third-party payers that establish in-network allowable rates of reimbursement for our Afirma tests, payers may suspend or discontinue reimbursement at any time, may require or increase co-payments from patients, or may reduce the reimbursement rates paid to us. Reductions in private payer amounts could decrease the Medicare payment rates for our tests under PAMA. In addition, private payers have begun requiring prior authorization for molecular diagnostic tests. Potential reductions in reimbursement rates or increases in the difficulty of achieving payment could have a negative effect on our revenue.

If payers do not provide reimbursement, rescind or modify their reimbursement policies, delay payments for our tests, recoup past payments, or if we are unable to successfully negotiate additional reimbursement contracts, our commercial success could be compromised.

Physicians might not order our tests unless payers reimburse a substantial portion of the test price. There is significant uncertainty concerning third-party reimbursement of any test incorporating new technology, including our tests. Reimbursement by a payer may depend on a number of factors, including a payer's determination that these tests are:

- not experimental or investigational;
- pre-authorized and appropriate for the specific patient;
- cost-effective;
- supported by peer-reviewed publications; and
- included in clinical practice guidelines.

Since each payer makes its own decision as to whether to establish a coverage policy or enter into a contract to reimburse our tests, seeking these approvals is a time-consuming and costly process.

We do not have a contracted rate of reimbursement with some payers for our tests. Without a contracted rate for reimbursement, our claims are often denied upon submission, and we must appeal the claims. The appeals process is time consuming and expensive, and may not result in payment. In cases where there is no contracted rate for reimbursement, there is typically a greater patient co-insurance or co-payment requirement which may result in further delay or decreased likelihood of collection. Payers may attempt to recoup prior payments after review, sometimes after significant time has passed, which would impact future revenue.

We expect to continue to focus substantial resources on increasing adoption, coverage and reimbursement for the Afirma, Percepta, Envisia and Decipher tests, Prosigna and any other future tests we may develop. We believe it will take several years to achieve coverage and contracted reimbursement with a majority of third-party payers. We cannot predict whether, under what circumstances, or at what payment levels payers will reimburse for our tests. Also, payer consolidation is underway and creates uncertainty as to whether coverage and contracts with existing payers will remain in effect. Finally, if there is a decrease in the Medicare payment rates for our tests, the payment rates for some of our commercial payers may also decrease if they tie their allowable rates to the Medicare rates. Reductions in private payer amounts could decrease the Medicare payment rates for our tests under PAMA. Our failure to establish broad adoption of and reimbursement for our tests, or our inability to maintain

existing reimbursement from payers, will negatively impact our ability to generate revenue and achieve profitability, as well as our future prospects and our business.

We may experience limits on our revenue if physicians decide not to order our tests.

If we are unable to create or maintain demand for our tests in sufficient volume, we may not become profitable. To generate demand, we will need to continue to educate physicians about the benefits and cost-effectiveness of our tests through published papers, presentations at scientific conferences, marketing campaigns and one-on-one education by our sales force. In addition, our ability to obtain and maintain adequate reimbursement from third-party payers will be critical to generating revenue. Moreover, many patients have been deferring elective procedures and medical visits as a result of the COVID-19 pandemic, and we have experienced, and expect to continue to experience, a significant reduction in patient demand or physician recommendations, which has and may continue to adversely affect our business.

The Afirma genomic classifier is included in most physician practice guidelines in the United States for the assessment of patients with thyroid nodules. However, historical practice recommended a full or partial thyroidectomy in cases where cytopathology results were indeterminate to confirm a diagnosis. Our lung products are not yet integrated into practice guidelines and physicians may be reluctant to order tests that are not recommended in these guidelines. The Prosigna test is included in practice guidelines in the United States and internationally but faces competition from other products. Because our Afirma, Percepta, Envisia, Decipher Prostate Biopsy, Decipher Prostate RP and Decipher Bladder testing services are performed by our certified laboratory under the Clinical Laboratory Improvement Amendments of 1988, or CLIA, rather than by the local laboratory or pathology practice, pathologists may be reluctant to support our testing services as well. Guidelines that include our tests currently may subsequently be revised to recommend another testing protocol, and these changes may result in physicians deciding not to use our tests. Lack of guideline inclusion could limit the adoption of our tests and our ability to generate revenue and achieve profitability. To the extent international markets have existing practices and standards of care that are different than those in the United States, we may face challenges with the adoption of our tests in international markets.

The strength of the clinical data supporting the use of the Decipher Score has led to Decipher's inclusion in national guidelines. For example, in the 2020 NCCN Practice Guidelines for Prostate Cancer, the Decipher test is "recommended" for use to improve therapy decision making. Decipher is the only molecular diagnostic test that is currently recommended for use in patients with localized prostate cancer in the NCCN guidelines. Although Decipher Prostate Biopsy and Decipher Prostate RP have been integrated into the NCCN guidelines, if we are unsuccessful in maintaining and increasing the level of recommendation of our genomic tests within these guidelines, are unable to cause any new genomic tests we develop to be included in these guidelines, or are unable to cause our genomic tests to be included in other influential guidelines, we may be at a disadvantage in gaining market acceptance and market share relative to our competitors.

We may experience limits on our revenue if patients decide not to use our tests.

Some patients may decide not to use our tests because of price, all or part of which may be payable directly by the patient if the patient's insurer denies reimbursement in full or in part. There is a growing trend among insurers to shift more of the cost of healthcare to patients in the form of higher co-payments or premiums, and this trend is accelerating which puts patients in the position of having to pay more for our tests. We expect to continue to see pressure from payers to limit the utilization of tests, generally, and we believe more payers are deploying costs containment tactics, such as pre-authorization and employing laboratory benefit managers to reduce utilization rates. Implementation of provisions of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, collectively the ACA, has also resulted in increases in premiums and reductions in coverage for some patients. In addition, judicial challenges to and Congressional efforts to repeal the ACA could result in an increase in uninsured patients. These events may result in patients delaying or forgoing medical checkups or treatment due to their inability to pay for our tests, which could have an adverse effect on our revenue. Many patients have been deferring elective procedures and medical visits as a result of the COVID-19 pandemic, and we have experienced, and may continue to experience, a significant reduction in patient demand, which has and may continue to adversely affect our business.

If we fail to comply with federal and state licensing requirements, we could lose the ability to perform our tests or experience disruptions to our business.

We are subject to CLIA, a federal law that regulates clinical laboratories that perform testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention or treatment of disease. CLIA regulations mandate specific personnel qualifications, facilities administration, quality systems, inspections, and proficiency testing. CLIA certification is also required for us to be eligible to bill state and federal healthcare programs, as well as many private third-party payers. To renew these certifications, we are subject to survey and inspection every two years. Moreover, CLIA

inspectors may make random inspections of our clinical reference laboratories. If fail to maintain CLIA certificates in our South San Francisco, California, San Diego, California or Austin, Texas laboratory locations, we would be unable to bill for services provided by state and federal healthcare programs, as well as many private third-party payers, which may have an adverse effect on our business, financial condition and results of operations.

We are also required to maintain state licenses to conduct testing in our laboratories. California, New York, and Texas, among other states' laws, require that we maintain a license and comply with state regulation as a clinical laboratory. Other states may have similar requirements or may adopt similar requirements in the future. In addition, all of our clinical laboratories are required to be licensed on a test-specific basis by New York State. We have received approval for the Afirma, Percepta, Envisia, Decipher Prostate and Decipher Bladder tests. We will be required to obtain approval for other tests we may offer in the future. If we were to lose our CLIA certificate or California license for our South San Francisco or San Diego laboratories, whether as a result of revocation, suspension or limitation, we would no longer be able to perform our molecular tests, which would eliminate our primary source of revenue and harm our business. If we fail to meet the state licensing requirements for our Austin laboratory, we would need to move the receipt and storage of fine needle aspirations, or FNAs, as well as the slide preparation for cytopathology, to South San Francisco, which could result in a delay in processing tests during that transition and increased costs. If we were to lose our licenses issued by New York or by other states where we are required to hold licenses, we would not be able to test specimens from those states. New tests we may develop may be subject to new approvals by regulatory bodies such as New York State, and we may not be able to offer our new tests until such approvals are received.

The recently completed acquisition of Decipher Biosciences presents risks and we must successfully integrate the Decipher Biosciences business to realize the financial goals that we currently anticipate.

Risks we face in connection with the recently completed acquisition and ongoing integration of Decipher Biosciences include:

- We may not realize the benefits we expect to receive from the transaction, such as anticipated synergies;
- We may have difficulties managing Decipher Biosciences's products and tests or retaining key personnel from Decipher Biosciences;
- We may not successfully integrate Decipher Biosciences as planned, there could be unanticipated adverse impacts on Decipher Biosciences's business, or we may otherwise not realize the expected return on our investments, which could adversely affect our business or operating results and potentially cause impairment to assets that we record as a part of an acquisition including intangible assets and goodwill;
- The Merger Agreement does not provide for post-closing indemnification protection related to pre-closing Decipher Biosciences operations and, therefore, we may incur unforeseen costs as a result of Decipher Biosciences's pre-closing activities, over which we have limited control, including Decipher Biosciences's breach of the covenants contained in the Merger Agreement;
- Our operating results or financial condition may be adversely impacted by (i) claims or liabilities related to Decipher Biosciences's business including, among others, claims from U.S. or international regulatory or other governmental agencies, terminated employees, current or former customers or business partners, or other third parties; (ii) pre-existing contractual relationships of Decipher Biosciences that we would not have otherwise entered into, the termination or modification of which may be costly or disruptive to our business; (iii) unfavorable accounting treatment as a result of Decipher Biosciences's practices; and (iv) intellectual property claims or disputes;
- Decipher Biosciences was not required to maintain an internal control infrastructure that would meet the standards of a public company, including the requirements of the Sarbanes-Oxley Act of 2002. The costs that we may incur to implement such controls and procedures may be substantial and we could encounter unexpected delays and challenges in this implementation. In addition, we may discover significant deficiencies or material weaknesses in the quality of Decipher Biosciences's financial and disclosure controls and procedures;
- Decipher Biosciences operates in segments of the diagnostic market that we have less experience with, including urology, and our further expansion of operations into these areas could present various integration challenges and result in increased costs and other unforeseen challenges; and
- We may have failed to identify or assess the magnitude of certain liabilities, shortcomings or other circumstances prior to acquiring Decipher Biosciences, which could result in unexpected litigation or regulatory exposure, unfavorable accounting treatment, a diversion of management's attention and resources, and other adverse effects on our business, financial condition, and operating results.

If our general strategy of seeking growth through acquisitions and collaborations is not successful, or if we do not successfully integrate companies or assets that we acquire into our business, our prospects and financial condition will suffer.

As an element of our growth strategy, we may pursue opportunities to license assets or purchase companies or assets that we believe would complement our current business or help us expand into new markets. For example, in December 2019, we acquired the nCounter Analysis System and Prosigna test from NanoString, in March 2021, we acquired the Decipher Prostate Biopsy, Decipher Prostate RP and Decipher Bladder tests from Decipher Biosciences and on June 1, 2021, we announced the acquisition of HalioDx and we may pursue additional acquisitions of complementary businesses or assets as part of our business strategy. There can be no assurance that we will successfully integrate the assets acquired from such acquisitions into our existing business, in general, or that our exclusive worldwide license to the nCounter Analysis System for in vitro diagnostic use granted by NanoString will allow us to expand our international reach as anticipated. This and any future acquisitions made by us also could result in significant write-offs or the incurrence of debt and contingent liabilities, any of which could harm our operating results. Integration of acquired companies or businesses we may acquire in the future also may require management resources that otherwise would be available for ongoing development of our existing business. We may not identify or complete these transactions in a timely manner, on a cost-effective basis, or at all, and we may not realize the anticipated benefits of any acquisition, technology license, strategic alliance, joint venture or investment.

To finance any acquisitions or investments, we have previously issued and may choose in the future to issue shares of our stock as consideration, which would dilute the ownership of our stockholders. If the price of our common stock is low or volatile, we may not be able to acquire other companies for stock. Alternatively, it may be necessary for us to raise additional funds for these activities through public or private financings. Additional funds may not be available on terms that are favorable to us, or at all. If these funds are raised through the sale of equity or convertible debt securities, dilution to our stockholders could result. Our Loan and Security Agreement with Silicon Valley Bank contains covenants that could limit our ability to sell debt securities or obtain additional debt financing arrangements, which could affect our ability to finance acquisitions or investments other than through the issuance of stock.

Our future success and international growth depends, in part, on our ability to adapt select tests to be performed on the nCounter Analysis System.

Our strategy to expand into international markets depends on our ability to successfully distribute the nCounter Analysis System, adapt our menu of diagnostic tests for the platform, and secure necessary regulatory approvals. Currently, the Prosigna breast cancer assay is the only commercially-available test on the platform. If we are not able to adapt our other current or future genomic classifiers to be performed on the nCounter Analysis System, or if the nCounter Analysis System fails to be competitive against other diagnostic tests, our prospects for growth could suffer. In addition, to the extent international markets have existing practices and standards of care that are different than those in the United States, we may face challenges with the adoption of the nCounter Analysis System in international markets.

If we are not successful in advancing our collaborations with Johnson & Johnson and others, our prospects and financial condition will suffer.

We have previously entered into technology licensing and collaboration arrangements, such as our collaborations with Johnson & Johnson in December 2018, with Acerta Pharma, the hematology research and development arm of AstraZeneca, in December 2019, with CareDx in May 2020 and our investment in MAVIDx in July 2020, reflecting important elements of our business strategy. We also may pursue additional strategic alliances that leverage our core technology and industry experience to expand our offerings or distribution, or make investments in other companies. However, we have limited experience with respect to the formation of strategic alliances and joint ventures. There can be no assurance that we will successfully identify or complete these transactions in a timely manner, on a cost-effective basis, or at all, and we may not realize the anticipated benefits of any technology license, strategic alliance, joint venture or investment.

We rely on sole suppliers for some of the reagents, equipment and other materials used to perform our tests, and we may not be able to find replacements or transition to alternative suppliers.

We rely on sole suppliers for critical supply of reagents, equipment and other materials that we use to perform our tests and for the manufacture of the nCounter Analysis System for diagnostic use and Prosigna test kits sold to customers. We also purchase components used in our sample collection kits from sole-source suppliers. Some of these items are unique to these suppliers and vendors. In addition, we utilize a sole source to assemble and distribute our sample collection kits. We rely on

NanoString for the supply of the nCounter Analysis System for diagnostic use and Prosigna test kits. As part of the HalioDx Acquisition we intend to migrate manufacture of the test kits for the nCounter from NanoString to HalioDx. While we have developed alternate sourcing strategies for these materials and vendors, we cannot be certain whether these strategies will be effective or the alternative sources will be available when we need them. Moreover, the supply of key reagents and testing materials has been severely challenged by the COVID-19 pandemic. Over the course of the COVID-19 pandemic, we experienced supply chain disruptions in the supply of plastic materials used in the processing of samples, although this has not resulted in delays in our ability to timely return test results. If these suppliers can no longer provide us with the materials we need to perform the tests and for our sample collection kits, if the materials do not meet our quality specifications or are otherwise unusable, if we cannot obtain acceptable substitute materials, or if we elect to change suppliers, an interruption in test processing or system and test kit deliveries could occur, we may not be able to deliver patient reports and we may incur higher one-time switching costs. Any such interruption may significantly affect our future revenue, cause us to incur higher costs, and harm our customer relationships and reputation. In addition, in order to mitigate these risks, we maintain inventories of these supplies at higher levels than would be the case if multiple sources of supplies were available. If our test volume decreases or we switch suppliers, we may hold excess supplies with expiration dates that occur before use which would adversely affect our losses and cash flow position. As we introduce any new test, we may experience supply issues as we ramp test volume. Moreover, the COVID-19 pandemic has disrupted supply chains globally, and could adversely affect our ability to source essential reagents, equipment and other materials in a timely manner or at all.

We depend on a specialized cytopathology practice to perform the cytopathology component of our Afirma test, and our ability to perform our diagnostic solution would be harmed if we were required to secure a replacement.

We rely on TCP to provide cytopathology professional diagnoses on thyroid FNA samples pursuant to a pathology services agreement. Pursuant to this agreement, as amended, TCP has the exclusive right to provide our cytopathology diagnoses on FNA samples at a fixed price per test. Until February 2019, TCP also previously subleased a portion of our facility in Austin, Texas. Our agreement with TCP is effective through October 31, 2022, and thereafter automatically renews every year unless either party provides notice of intent not to renew at least 12 months prior to the end of the then-current term.

If TCP were not able to support our current test volume or future increases in test volume or to provide the quality of services we require, or if we were unable to agree on commercial terms and our relationship with TCP were to terminate, our business would be harmed until we were able to secure the services of another cytopathology provider. There can be no assurance that we would be successful in finding a replacement that would be able to conduct cytopathology diagnoses at the same volume or with the same high-quality results as TCP. Locating another suitable cytopathology provider could be time consuming and would result in delays in processing Afirma tests until a replacement was fully integrated with our test processing operations.

Due to how we recognize revenue, our quarterly operating results are likely to fluctuate.

We recognize test revenue upon delivery of the patient report to the prescribing physician based on the amount we expect to ultimately realize. We determine the amount we expect to ultimately realize based on payer reimbursement history, contracts, and coverage. Upon ultimate collection, the amount received is compared to the estimates and the amount accrued is adjusted accordingly. We cannot be certain as to when we will receive payment for our diagnostic tests, and we must appeal negative payment decisions, which delays collections. Should judgments underlying estimated reimbursement change or be incorrect at the time we accrued such revenue, our financial results could be negatively impacted in future quarters. As a result, comparing our operating results on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. In addition, these fluctuations in revenue may make it difficult for us, for research analysts and for investors to accurately forecast our revenue and operating results. If our revenue or operating results fall below expectations, the price of our common stock would likely decline.

We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.

In addition to the need to scale our testing capacity, future growth, including our transition to a multi-product company with international operations, will impose significant added responsibilities on management, including the need to identify, recruit, train and integrate additional employees with the necessary skills to support the growing complexities of our business. Rapid and significant growth may place strain on our administrative, financial and operational infrastructure. Our ability to manage our business and growth will require us to continue to improve our operational, financial and management controls, reporting systems and procedures. We have implemented an internally-developed data warehouse, which is critical to our ability to track our diagnostic services and patient reports delivered to physicians, as well as to support our financial reporting systems. The time and resources required to optimize these systems is uncertain, and failure to complete optimization in a

timely and efficient manner could adversely affect our operations. If we are unable to manage our growth effectively, it may be difficult for us to execute our business strategy and our business could be harmed.

If we are unable to support demand for our commercial tests, our business could suffer.

As demand for our tests grows, we will need to continue to scale our testing capacity and processing technology, expand customer service, billing and systems processes and enhance our internal quality assurance program. We will also need additional certified laboratory scientists and other scientific and technical personnel to process higher volumes of our tests. We cannot assure you that any increases in scale, related improvements and quality assurance will be successfully implemented or that appropriate personnel will be available. Failure to implement necessary procedures, transition to new processes or hire the necessary personnel could result in higher costs of processing tests, quality control issues or inability to meet demand. There can be no assurance that we will be able to perform our testing on a timely basis at a level consistent with demand, or that our efforts to scale our operations will not negatively affect the quality of test results. If we encounter difficulty meeting market demand or quality standards, our reputation could be harmed and our future prospects and our business could suffer.

Changes in healthcare policy, including legislation reforming the U.S. healthcare system, may have a material adverse effect on our financial condition and operations.

The ACA, enacted in March 2010, made changes that significantly affected the pharmaceutical and medical device industries and clinical laboratories. Along with the now-repealed 2.3% excise tax on the sale of certain medical devices sold outside of the retail setting, other significant measures contained in the ACA include, for example, coordination and promotion of research on comparative clinical effectiveness of different technologies and procedures, initiatives to revise Medicare payment methodologies, such as bundling of payments across the continuum of care by providers and physicians, and initiatives to promote quality indicators in payment methodologies. The ACA also includes significant new fraud and abuse measures, including required disclosures of financial arrangements with physician customers, lower thresholds for violations and increasing potential penalties for such violations. In addition, various efforts to challenge, repeal or amend the ACA are ongoing. We cannot predict if, or when, the ACA will be repealed or amended, and cannot predict the impact that an amendment or repeal of the ACA will have on our business.

In addition to the ACA, various healthcare reform proposals have also periodically emerged from federal and state governments. For example, in February 2012, Congress passed the Middle Class Tax Relief and Job Creation Act of 2012, which in part reset the clinical laboratory payment rates on the Medicare Clinical Laboratory Fee Schedule, or CLFS, by 2% in 2013. In addition, under the Budget Control Act of 2011, which is effective for dates of service on or after April 1, 2013, Medicare payments, including payments to clinical laboratories, are subject to a reduction of 2% due to the automatic expense reductions (sequester) until fiscal year 2024. In March 2020, Congress passed the CARES Act, which suspended the 2% reduction in Medicare fee-for-service payments from May 1, 2020 through December 31, 2020. To account for this temporary suspension, the legislation also extends the effect of sequestration by a year (now through fiscal year 2030). Reductions resulting from the Congressional sequester are applied to total claims payment made; however, they do not currently result in a rebasing of the negotiated or established Medicare or Medicaid reimbursement rates. In December 2020, Congress passed the Consolidated Appropriations Act of 2021, or CAA, which extended the suspension through March 31, 2021. Legislation enacted April 14, 2021 further extended the suspension through December 31, 2021.

State legislation on reimbursement applies to Medicaid reimbursement and managed Medicaid reimbursement rates within that state. Some states have passed or proposed legislation that would revise the reimbursement methodology for clinical laboratory payment rates under those Medicaid programs. For example, effective July 2015, California’s Department of Health Care Services implemented a new rate methodology for clinical laboratories and laboratory services. This methodology involves the use of a range of rates that fell between zero and 80% of the calculated California-specific Medicare rate and the calculation of a weighted average (based on units billed) of such rates.

We cannot predict whether future healthcare initiatives will be implemented at the federal or state level or in countries outside of the United States in which we may do business, or the effect any future legislation or regulation will have on us. The taxes imposed by the new federal legislation, cost reduction measures and the expansion in the role of the U.S. government in the healthcare industry may result in decreased revenue, lower reimbursement by payers for our tests or reduced medical procedure volumes, all of which may adversely affect our business, financial condition and results of operations. In addition, sales of our tests outside the United States subject our business to foreign regulatory requirements and cost-reduction measures, which may also change over time.

Ongoing calls for deficit reduction at the federal government level and reforms to programs such as the Medicare program to pay for such reductions may affect the pharmaceutical, medical device and clinical laboratory industries. Currently, clinical

laboratory services are excluded from the Medicare Part B co-insurance and co-payment as preventative services. Any requirement for clinical laboratories to collect co-payments from patients may increase our costs and reduce the amount ultimately collected.

CMS bundles payments for clinical laboratory diagnostic tests together with other services performed during hospital outpatient visits under the Hospital Outpatient Prospective Payment System. CMS currently maintains an exemption for molecular pathology tests from this bundling provision. It is possible that this exemption could be removed by CMS in future rule making, which might result in lower reimbursement for tests performed in this setting.

PAMA includes a substantial new payment system for clinical laboratory tests under the CLFS. Under PAMA, laboratories that receive the majority of their Medicare revenues from payments made under the CLFS and the Physician Fee Schedule would report on a triennial basis (or annually for ADLTs), private payer rates and volumes for their tests with specific CPT codes based on final payments made during a set data collection period (the first of which was January 1 through June 30, 2016). We believe that PAMA and its implementing regulations are generally favorable to us. We reported to CMS the data required under PAMA before the March 31, 2017 deadline. The new payment rate for the Afirma genomic classifier based on the volume-weighted median of private payer rates took effect January 1, 2018, increasing from $3,220 to $3,600 through December 31, 2020. In December 2019, through the Further Consolidated Appropriations Act of 2020, Congress delayed the next data reporting period from 2020 to 2021 for final payments made between January 1 and June 30, 2019, extending the applicability of the current rate for Afirma through December 31, 2021. In March 2020, through the CARES Act, Congress further delayed the next reporting period to 2022 for final payments made between January 1 and June 30, 2019, extending the applicability of the payment rates based on 2017 reporting through December 31, 2022. There can be no assurance that the payment rate for Afirma or Prosigna will not decrease in the future or that the payment rates for Afirma Xpression Atlas, Afirma MTC, Percepta, Decipher Prostate Biopsy, Decipher Prostate RP or Decipher Bladder will not be adversely affected by the PAMA law and regulations.

Our Envisia classifier was approved by CMS as a New ADLT on September 17, 2020. The initial payment rate (for a period not to exceed nine months) under PAMA for a new ADLT (an ADLT for which payment has not been made under the CLFS prior to January 1, 2018) will be set at the “actual list charge” for the test as reported by the laboratory. Effective July 1, 2021, Envisia is priced based on private payer rates collected and reported annually. We can determine whether to seek ADLT status for our tests, but there can be no assurance that our tests will be designated ADLTs or that the payment rates for our tests, including Envisia, will not be adversely affected by such designation.

There have also been recent and substantial changes to the payment structure for physicians, including those passed as part of the Medicare Access and CHIP Reauthorization Act of 2015, or MACRA, which was signed into law on April 16, 2015. MACRA created the Merit-Based Incentive Payment System which, beginning in 2019, more closely aligns physician payments with composite performance on performance metrics similar to three existing incentive programs (i.e., the Physician Quality Reporting System, the Value-based modifier program and the Electronic Health Record Meaningful Use program) and incentivizes physicians to enroll in alternative payment methods. At this time, we do not know whether these changes to the physician payment systems will have any impact on orders or payments for our tests.

In December 2016, Congress passed the 21st Century Cures Act, which, among other things, revised the process for LCDs. Additionally, effective June 11, 2017, a MAC is required to, among other things, publish a summary of the evidence that it considered when developing an LCD, including a list of sources, and an explanation of the rationale that supports the MAC’s determinations. In October 2018, CMS issued additional guidance revising the requirements for the development of LCDs. We cannot predict whether these revisions will delay future LCDs and result in impeded coverage for our test products, which could have a material negative impact on revenue.

In December 2020, in its enactment of the CAA, Congress enacted the No Surprises Act. This law, which takes effect January 1, 2022, prohibits an out-of-network provider from billing a patient at an amount in excess of the in-network cost sharing for services furnished with respect to a visit at certain in-network health care facilities. The law establishes an independent dispute resolution process between the provider and the payer to determine the appropriate payment rate to the provider. As written, the No Surprises Act may apply to laboratory tests furnished by an independent laboratory with respect to a hospital visit. The law establishes a notice and consent exception that generally does not apply to laboratory tests, although it allows for the Secretary of the Department of Health and Human Services, or HHS, to apply the exception to certain advanced tests. Details on the applicability of the No Surprises Act, any applicability of the notice and consent exception to advanced tests, and the rules governing the independent dispute resolution process may be determined in rulemaking and subregulatory guidance from HHS, the Department of Labor, and the Department of the Treasury in 2021. The first set of regulations were issued as an Interim Final Rule on July 1, 2021, and additional regulations are expected in the Fall of 2021. The No Surprises

Act, and regulations and subregulatory guidance promulgated thereunder, could limit our ability to achieve payment in full for our testing services.

Because of Medicare billing rules, we may not receive reimbursement for all tests provided to Medicare patients.

Under previous Medicare billing rules, hospitals were required to bill for our tests when performed on Medicare beneficiaries who were hospital outpatients at the time of tissue specimen collection when these tests were ordered less than 14 days following the date of the patient's discharge.

Effective January 1, 2018, CMS revised its billing rules to allow the performing laboratory to bill Medicare directly for molecular pathology tests performed on specimens collected from hospital outpatients, even when those tests are ordered less than 14 days after the date of discharge, if certain conditions are met. We believe that our Afirma, Percepta, Envisia, Decipher Prostate Biopsy, Decipher Prostate RP and Decipher Bladder classifiers, along with Prosigna, should be covered by this policy. Accordingly, we bill Medicare for these tests when we perform them on specimens collected from hospital outpatients and meet the conditions set forth in CMS's revised billing rules.

This change does not apply to tests performed on specimens collected from hospital inpatients. We will continue to bill hospitals for tests performed on specimens collected from hospital inpatients when the test was ordered less than 14 days after the date of discharge.

In the CY 2020 Hospital Outpatient Prospective Payment System Proposed Rule, CMS solicited comments on potential revisions to these billing rules that could have impacted our ability to bill Medicare directly for our Afirma, Percepta, Envisia, Decipher Prostate Biopsy, Decipher Prostate RP and Decipher Bladder classifiers, as well as for Prosigna, when performed on specimens collected from hospital outpatients. Although these changes were not finalized, if CMS makes similar changes in the future, it could negatively impact our business.

In addition, we must maintain CLIA compliance and certification to sell our tests and be eligible to bill for diagnostic services provided to Medicare beneficiaries.

If the FDA were to begin regulating those of our tests that are not currently regulated, we could incur substantial costs and delays associated with trying to obtain premarket clearance or approval.

Clinical laboratory tests have long been subject to comprehensive regulations under CLIA, as well as by applicable state laws. Most laboratory developed tests, or LDTs, are not currently subject to regulation under the FDA's enforcement discretion policy, although reagents, instruments, software or components provided by third parties and used to perform LDTs may be subject to regulation. While the FDA maintains its authority to regulate LDTs, it has chosen to exercise its enforcement discretion not to enforce the premarket review and other applicable medical device requirements for LDTs. We believe that the Afirma, Percepta, Envisia, Decipher Prostate Biopsy, Decipher Prostate RP and Decipher Bladder classifiers are LDTs that fall under the FDA's enforcement discretion policy. In October 2014, the FDA issued draft guidance, entitled "Framework for Regulatory Oversight of LDTs," proposing a risk-based framework of oversight and a phased-in enforcement of premarket review requirements for most LDTs. In 2016, the FDA announced that it would not be finalizing the guidance.

In January 2017, the FDA issued a "Discussion Paper on Laboratory Developed Tests" following input it received from multiple stakeholders who had commented on its 2014 draft guidance. The FDA specifically states in its Discussion Paper that the proposals contained in the document do not represent a final version of the LDT draft guidance documents and are only designed to provide a possible approach to spark further dialogue. The suggested LDT framework could grandfather many types of LDTs without requiring new premarket review or quality management requirements but would subject some grandfathered tests to adverse event and malfunction reporting requirements. It also suggests a four-year phased implementation of the premarket review requirements for some types of tests. In a December 2018 statement, the FDA said that there is a need for “a unified approach to the regulation of in vitro clinical tests to protect patient safety, support innovation, and keep pace with the rapidly evolving technology that’s helping us find new treatments for disease.” The FDA listed key principles of an approach it would support.

In March 2017, a draft bill on the regulation of LDTs, entitled "The Diagnostics Accuracy and Innovation Act", or DAIA, was released for discussion. In December 2018, the sponsors of DAIA released a new version of the legislation called the “Verifying Accurate, Leading-edge IVCT Development Act", or VALID Act. The VALID Act proposes a risk-based approach to regulate LDTs and creates a new in vitro clinical test category, which includes LDTs, and a new regulatory structure under the FDA. Similar versions of the VALID Act have since been introduced. The most recent version was released in June 2021. As proposed, the bill would create a precertification program for lower risk tests not otherwise required to go through premarket

review. It would grandfather existing tests but would allow the FDA to subject otherwise grandfathered tests to premarket review under certain conditions. Similarly, the Verified Innovative Testing in American Laboratories (VITAL) Act was introduced in December 2020 and re-introduced in May 2021. In contrast with the VALID Act, the VITAL Act would prevent FDA from regulating LDTs and would instead assign regulatory authority over LDTs entirely to CMS. We cannot predict whether either of these or other draft bills governing LDTs will become legislation and cannot quantify the effect of such draft bills on our business.

The HHS issued a public statement on August 9, 2020 purporting to rescind FDA's policies regarding the premarket review of LDTs. According to the HHS statement, FDA will not require premarket review of LDTs unless it first engages in notice-and-comment rulemaking. Questions remain regarding the scope of the HHS statement's applicability and whether other FDA regulatory requirements may apply to LDTs. It is also unclear to what extent the HHS policy statement will be affected by the change in Administration following the U.S. general election in November 2020. There is no guarantee that the HHS statement will not be revised, that legislation reforming the federal government's regulation of LDTs will not be passed, or that LDTs will otherwise continue to be able to operate without first receiving FDA premarket review. How the HHS statement as well as future legislation by federal and state governments and actions by the FDA will impact the industry remain unclear.

If the FDA were to require us to seek clearance or approval for our existing tests or any of our future products for clinical use, we may not be able to obtain such approvals on a timely basis, or at all. While we believe our Afirma, Percepta, Envisia, Decipher Prostate Biopsy, Decipher Prostate RP and Decipher Bladder classifiers would likely qualify for the "grandfathered" tests treatment, there can be no assurance of what the FDA might ultimately require if it issues a rule. If premarket reviews are required, our business could be negatively impacted if we are required to stop selling our products pending their clearance or approval. In addition, the launch of any new products that we develop could be delayed by the implementation of future FDA regulations. The cost of complying with premarket review requirements, including obtaining clinical data, could be significant. In addition, future regulation by the FDA could subject our business to further regulatory risks and costs. Failure to comply with applicable regulatory requirements of the FDA could result in enforcement action, including receiving untitled or warning letters, fines, injunctions, or civil or criminal penalties. Any such enforcement action would have a material adverse effect on our business, financial condition and operations. In addition, our sample collection containers are listed as Class I devices with the FDA. If the FDA were to determine that they are not Class I devices, we would be required to file 510(k) applications and obtain FDA clearance to use the containers, which could be time consuming and expensive.

Some of the materials we use for our tests and that we may use for future tests are labeled for research-use only, or RUO, or investigational-use only, or IUO. In November 2013, the FDA finalized guidance regarding the sale and use of products labeled RUO or IUO. Among other things, the guidance advises that the FDA continues to be concerned about distribution of research or investigational-use only products intended for clinical diagnostic use and that the manufacturer's objective intent for the product's intended use will be determined by examining the totality of circumstances, including advertising, instructions for clinical interpretation, presentations that describe clinical use, and specialized technical support, surrounding the distribution of the product in question. The FDA has advised that if evidence demonstrates that a product is inappropriately labeled for research or investigational-use only, the device would be considered misbranded and adulterated within the meaning of the Federal Food, Drug and Cosmetic Act, or FDC Act. Some of the reagents, instruments, software or components obtained by us from suppliers for use in our products are currently labeled as RUO or IUO. If the FDA were to determine that any of these reagents, instruments, software or components are improperly labeled RUO or IUO and undertake enforcement actions, some of our suppliers might cease selling these reagents, instruments, software or components to us, and any failure to obtain an acceptable substitute could significantly and adversely affect our business, financial condition and results of operations, including increasing the cost of testing or delaying, limiting or prohibiting the purchase of reagents, instruments, software or components necessary to perform testing.

Obtaining marketing authorization by the FDA and foreign regulatory authorities for our diagnostic tests will take significant time and require significant research, development and clinical study expenditures and ultimately may not succeed.

Before we begin to label and market some of our products for use as clinical diagnostics in the United States, unless an exemption applies, we are required to obtain clearance from the FDA by submitting a premarket notification under section 510(k) of the FDC Act or 510(k), or approval from the FDA by submitting a premarket approval, or PMA. We may also be able to obtain marketing authorization through a *De Novo* classification process rather than through a PMA if the 510(k) pathway is not available. In September 2013, Prosigna obtained FDA 510(k) clearance as a prognostic indicator for distant recurrence-free survival at ten years in post-menopausal women with Stage I/II lymph node-negative or Stage II lymph node-positive (1-3 positive nodes), hormone receptor-positive breast cancer to be treated with adjuvant endocrine therapy alone, when used in conjunction with other clinicopathological factors after they have undergone surgery in conjunction with locoregional treatment and consistent with the standard of care.

In August 2014, the FDA issued a final guidance document titled "In Vitro Companion Diagnostic Devices". In the guidance, the FDA defined an IVD companion diagnostic device as an in vitro diagnostic device that provides information that is essential for the safe and effective use of a corresponding therapeutic product. The use of an IVD companion diagnostic device with a therapeutic product is stipulated in the instructions for use in the labeling of both the diagnostic device and the corresponding therapeutic product, including the labeling of any generic equivalents of the therapeutic product. The FDA stated that an IVD companion diagnostic should be submitted for review and approved or cleared through an appropriate device submission contemporaneously with the review and approval of the therapeutic product to facilitate concurrent review. The FDA guidance also stated that while there may be cases when a companion diagnostic could come to market through the 510(k) pathway, the FDA expects that most companion diagnostics will be Class III devices. Class III devices generally require the approval of a PMA before they can be marketed. An IVD diagnostic device that is not a companion diagnostic device because it is not essential for the safe and effective use of a corresponding therapeutic product, may still be beneficial for use with a therapeutic product but may not be identified in the labeling of the therapeutic product. It is possible that revenue from a cleared or approved beneficial or complementary IVD diagnostic device may be less than revenue from a cleared or approved IVD companion diagnostic device.

In July 2016, the FDA issued guidance pertaining to the co-development of companion diagnostic tests with a therapeutic product. The FDA explained that while it supports contemporaneous marketing authorizations, if there are any deficiencies in the submissions, the FDA may place a PMA review of a companion diagnostic on hold or request additional testing, which could potentially delay the approval of the corresponding new drug application or the marketing authorization of the companion diagnostic or otherwise complicate the review process. The FDA issued another draft guidance in December 2018 specific to oncology companion diagnostic tests, which it finalized in April 2020. The guidance explained that some oncology companion diagnostic tests can be developed in a way that results in labeling for a specific group of oncology therapeutic products, rather than a single therapeutic product. However, there is no assurance that we would be able to obtain clearance or approval for any of our diagnostic devices in development as a companion diagnostic device or that any such clearance or approval will occur without significant delay.

Any marketing authorization we obtain for any future device product would be subject to regulatory requirements that would affect how we are able to market and sell the device. The FDC Act and FDA regulations place considerable requirements on our products, including, but not limited to, compliance with the quality system regulations, or QSR, establishment registration and product listing with the FDA, and compliance with labeling, marketing, complaint handling, medical device reporting requirements, and reporting certain corrections and removals. Obtaining FDA clearance or approval for diagnostics can be expensive and uncertain, generally may take several months to several years, and generally requires detailed and comprehensive scientific and clinical data, as well as compliance with FDA regulations for investigational devices. In addition, we have limited experience in obtaining PMA approval from the FDA and are therefore supplementing our operational capabilities to manage the more complex processes needed to obtain and maintain PMAs. Notwithstanding the expense, these efforts may never result in FDA clearance or approval. Even if we were to obtain marketing authorization, it may not be for the uses we believe are important or commercially attractive, in which case we would not market our product for those uses.

Sales of our diagnostic products outside the United States are subject to foreign regulatory requirements governing clinical studies, vigilance reporting, marketing approval, manufacturing, regulatory inspections, product licensing, pricing and reimbursement. These regulatory requirements vary greatly from country to country. As a result, the time required to obtain approvals outside the United States may differ from that required to obtain FDA marketing authorization, and we may not be able to obtain foreign regulatory approvals on a timely basis or at all. Marketing authorization from the FDA does not ensure approval by regulatory authorities in other countries, and approval by any foreign regulatory authority does not ensure marketing authorization by regulatory authorities in other countries or by the FDA. Foreign regulatory authorities could require additional testing beyond what the FDA requires. In addition, the FDC Act imposes requirements on the export of medical devices, such as labeling requirements, and foreign governments impose requirements on the import of medical devices from the United States. Failure to comply with these regulatory requirements or to obtain required approvals, clearances, and export certifications could impair our ability to commercialize our diagnostic products outside of the United States.

If we are unable to obtain marketing authorizations to market Prosigna or our other assays on the nCounter Analysis System in additional countries or if regulatory limitations are placed on our diagnostic kit products, our business and growth will be harmed.

The FDA cleared the Prosigna test for marketing in the United States; Prosigna also has a CE mark which permits us to market the test in the European Union; and Prosigna received marketing authorizations in selected other jurisdictions. We intend to seek regulatory authorizations for Prosigna in other jurisdictions and, potentially, for other indications. On April 5, 2017, the European Union Parliament passed Regulation (EU) 2017/746, referred to as the IVD Device Regulation, or IVDR,

which increases the regulatory requirements applicable to in vitro diagnostics in the EU and would require that we re-classify and obtain approval, registration, or clearance for our existing CE-marked IVD products within a five-year grace period (by May 25, 2022).

In addition, pursuant to our collaborations with pharmaceutical companies for the development of companion diagnostic tests for use with their drugs, we are responsible for obtaining regulatory authorizations to use the companion diagnostic tests in clinical trials as well as the marketing authorizations to sell the companion diagnostic tests following completion of such trials. Some of the compensation we expect to receive pursuant to these collaborations is based on the receipt of marketing authorizations. Any failure to obtain marketing authorizations for our diagnostic kits in a particular jurisdiction may also reduce sales of the nCounter Analysis System for clinical use in that jurisdiction, as the lack of a robust menu of available diagnostic tests would make those systems less attractive to testing laboratories.

We cannot assure investors that we will be successful in obtaining regulatory clearances, approvals, or marketing authorizations. If we do not obtain regulatory clearances, approvals, or marketing authorizations for future diagnostic kit products or expand future indications for diagnostic purposes, if additional regulatory limitations are placed on our diagnostic kit products or if we fail to successfully commercialize such products, the market potential for our diagnostic kit products would be constrained, and our business and growth prospects would be adversely affected.

We are subject to ongoing and extensive regulatory requirements, and our failure to comply with these requirements could substantially harm our business.

Certain of our products are regulated as in vitro diagnostic medical devices, including Prosigna and the nCounter Analysis System. Accordingly, we and certain of our contract manufacturers are subject to ongoing International Organization for Standardization, or ISO, obligations as well as requirements under the FDC Act and device regulations enforced by the FDA and other statutory and regulatory requirements enforced by other government authorities. These may include routine inspections by Notified Bodies, FDA, and other health authorities, of our manufacturing facilities and our records for compliance with standards such as ISO 13485 and QSR regulations, which establish extensive requirements for quality assurance and control as well as manufacturing and change control procedures, among other things. These inspections may include the manufacturing facilities of any suppliers. In the event that a supplier fails to maintain compliance with regulatory or our quality requirements, we may have to qualify a new supplier and could experience manufacturing delays as a result. We are also subject to other regulatory obligations, such as registration of our company offices and facilities and the listing of our devices with the FDA; continued adverse event and malfunction reporting; reporting certain corrections and removals; and labeling and promotional requirements.

Other regulatory bodies may also issue guidelines and regulations that could impact the development of our products, including companion diagnostic tests. For example, the European Medicines Agency, a European Union agency which is responsible for the scientific evaluation of medicines used in the European Union, recently launched an initiative to determine guidelines for the use of genomic biomarkers in the development and lifecycle of drugs. On April 5, 2017, the European Union Parliament passed Regulation (EU) 2017/746, referred to as the IVD Device Regulation, or IVDR, which increases the regulatory requirements applicable to in vitro diagnostics in the EU and would require that we re-classify and obtain approval, registration, or clearance for our existing CE-marked IVD products within a five-year grace period (by May 25, 2022).

We may also be subject to additional FDA or global regulatory authority post-marketing obligations or requirements by the FDA or global regulatory authority to change our current product classifications which would impose additional regulatory obligations on us. The promotional claims we can make for Prosigna are limited to the indications for use in the United States as cleared by the FDA or outside the United States as authorized by the applicable regulatory authority. If we are not able to maintain regulatory compliance, we may not be permitted to market our medical device products and/or may be subject to enforcement actions by the FDA or other governmental authorities such as the issuance of warning or untitled letters, fines, injunctions, and civil penalties; recall or seizure of products; operating restrictions; and criminal prosecution. In addition, we may be subject to similar regulatory regimes of foreign jurisdictions as we continue to commercialize our products in new markets outside of the United States and Europe. Adverse Notified Body, EU Competent Authority or FDA or global regulatory authority action in any of these areas could significantly increase our expenses and limit our revenue and profitability.

If we are unable to compete successfully, we may be unable to increase or sustain our revenue or achieve profitability.

Our principal competition for our tests comes from traditional methods used by physicians to diagnose and manage patient care decisions. For example, with our Afirma genomic classifier, practice guidelines in the United States have historically recommended that patients with indeterminate diagnoses from cytopathology results be considered for surgery to remove all or

part of the thyroid to rule out cancer. This practice has been the standard of care in the United States for many years, and we need to continue to educate physicians about the benefits of the Afirma genomic classifier to change clinical practice.

We also face competition from companies and academic institutions that use next generation sequencing technology or other methods to measure mutational markers such as BRAF and KRAS, along with numerous other mutations. These organizations include Interpace Diagnostics Group, Inc., CBLPath, Inc./University of Pittsburgh Medical Center and others who are developing new products or technologies that may compete with our tests. In the future, we may also face competition from companies developing new products or technologies.

We believe our primary competition in pulmonology with our Percepta and Envisia classifiers will similarly come from traditional methods used by physicians to diagnose the related diseases. For the Percepta test, we expect competition from companies focused on lung cancer such as Oncocyte Corporation and Biodesix, Inc. We believe our principal competitor in the breast cancer diagnostics market is Exact Sciences, Inc. (having combined with Genomic Health, Inc.), which currently commands a substantial majority of the market. As we expand our portfolio of tests to address clinical questions across the clinical care continuum, we may also face competition from companies focused on screening at-risk patients for cancer or companies informing treatment decisions such as Guardant Health or GRAIL. Competition could also emerge using alternative samples, such as blood, urine or sputum. However, such “liquid biopsies” are currently being used to gauge risk of recurrence or response to treatment in patients already diagnosed with lung cancer.

In general, we also face competition from commercial laboratories, such as Laboratory Corporation of America Holdings and Sonic Healthcare USA, with strong infrastructure to support the commercialization of diagnostic services. We face potential competition from companies such as Illumina, Inc. and Thermo Fisher Scientific Inc., both of which have entered the clinical diagnostics market. Other potential competitors include companies that develop diagnostic products, such as Roche Diagnostics, a division of Roche Holding Ltd, Siemens AG and Qiagen N.V.

In addition, competitors may develop their own versions of our solutions in countries we may seek to enter where we do not have patents or where our intellectual property rights are not recognized and compete with us in those countries, including encouraging the use of their solutions by physicians in other countries.

To compete successfully, we must be able to demonstrate, among other things, that our diagnostic test results are accurate and cost effective, and we must secure a meaningful level of reimbursement for our products.

Many of our potential competitors have widespread brand recognition and substantially greater financial, technical and research and development resources, and selling and marketing capabilities than we do. Others may develop products with prices lower than ours that could be viewed by physicians and payers as functionally equivalent to our solutions, or offer solutions at prices designed to promote market penetration, which could force us to lower the list price of our solutions and affect our ability to achieve profitability. If we are unable to change clinical practice in a meaningful way or compete successfully against current and future competitors, we may be unable to increase market acceptance and sales of our products, which could prevent us from increasing our revenue or achieving profitability and could cause the market price of our common stock to decline. As we add new tests and services, we will face many of these same competitive risks for these new tests.

We have experienced significant changes in our senior management team, the loss of one or more of our executive officers, or any inability to attract and retain highly-skilled employees and other key personnel could adversely affect our business.

Our success depends in part on the skills, experience and performance of key members of our executive management team and others in key management positions. We have in the past and may in the future experience changes in our executive management, which may be disruptive to our business. For example, effective June 1, 2021, Marc Stapley assumed the role of Chief Executive Officer and Bonnie H. Anderson, our former Chairman and Chief Executive Officer, transitioned to the role of Executive Chair. In addition, effective July 19, 2021, Rebecca Chambers assumed the role of Chief Financial Officer, following the service of Jane Alley as Acting Chief Financial Officer since May 15, 2021. Executive transitions may impact our ability to implement our business strategy and could have a material adverse effect on our business. Although we believe our new executive management team will bring significant added strength and valuable experience to our company, the potential benefits of hiring new executives may not be immediately realized.

In addition, our research and development programs and commercial laboratory operations depend on our ability to attract and retain highly skilled scientists. We may not be able to attract or retain qualified scientists and technicians in the future due to the intense competition for qualified personnel among life science businesses. Our success in the development and commercialization of advanced diagnostics requires a significant medical and clinical staff to conduct studies and educate

physicians and payers on the merits of our tests in order to achieve adoption and reimbursement. We are in a highly competitive industry to attract and retain this talent. Additionally, our success depends on our ability to attract and retain qualified sales-people. We recently significantly expanded our sales force as we invest in our multi-product sales strategy, which includes assignment of a single contact to successfully develop and implement relationships with our customers. There can be no assurance that we will be successful in maintaining and growing our business. Additionally, as we increase our sales channels for new tests we commercialize, including the Percepta, Envisia, Decipher prostate and Decipher Bladder tests and Prosigna, we may have difficulties recruiting and training additional sales personnel or retaining qualified sales-people, which could cause a delay or decline in the rate of adoption of our tests. Finally, our business requires specialized capabilities in reimbursement, billing, and other areas and there may be a shortage of qualified individuals. If we are not able to attract and retain the necessary personnel to accomplish our business objectives, we may experience constraints that could adversely affect our ability to support our research and development, clinical laboratory, sales and reimbursement, billing and finance efforts. All of our employees are at will, which means that either we or the employee may terminate their employment at any time. We do not carry key man insurance for any of our employees.

Billing for our diagnostic tests is complex, and we must dedicate substantial time and resources to the billing process to be paid.

Billing for clinical laboratory testing services is complex, time-consuming and expensive. Depending on the billing arrangement and applicable law, we bill various payers, including Medicare, insurance companies and patients, all of which have different billing requirements. We generally bill third-party payers for our diagnostic tests and pursue reimbursement on a case-by-case basis where pricing contracts are not in place. To the extent laws or contracts require us to bill patient co-payments or co-insurance, we must also comply with these requirements. We may also face increased risk in our collection efforts, including potential write-offs of accounts receivable and long collection cycles, which could adversely affect our business, results of operations and financial condition.

Several factors make the billing process complex, including:

- differences between the list price for our tests and the reimbursement rates of payers;
- compliance with complex federal and state regulations related to billing government payers, such as Medicare and Medicaid, including requirements to have an active CLIA certificate;
- risk of government audits related to billing Medicare and other government payers;
- disputes among payers as to which party is responsible for payment;
- differences in coverage and in information and billing requirements among payers, including the need for prior authorization and/or advanced notification;
- the effect of patient co-payments or co-insurance;
- changes to billing codes used for our tests;
- incorrect or missing billing information; and
- the resources required to manage the billing and claims appeals process.

We use standard industry billing codes, known as CPT codes, to bill for cytopathology. Through December 31, 2020, we used the CPT code 81545 to bill for our Afirma classifier. Effective January 1, 2021, we will use the new CPT code 81546 to bill for our Afirma classifier, and code 81545 is being retired. Effective October 1, 2020, we are using the new CPT code 0204U to bill for Afirma Xpression Atlas, and the new CPT code 0208U to bill for Afirma MTC. Effective January 1, 2021, we are using the new CPT code 81554 to bill for our Envisia classifier. Effective January 1, 2020, we are using the new CPT code 81542 to bill for Decipher Prostate Biopsy and Decipher Prostate RP tests. Effective October 1, 2020, we are using the new CPT code 0016M to bill for our Decipher Bladder test. There is no CPT code for our Percepta classifier. Therefore, until such time that we are assigned and are able to use a designated CPT code specific to Percepta, we use “unlisted” codes for claim submissions, which can lead to delays in payers adjudicating our claims or denying payment altogether.

CPT codes can change over time. When codes change, there is a risk of an error being made in the claim adjudication process. These errors can occur with claims submission, third-party transmission or in the processing of the claim by the payer.

Claim adjudication errors may result in a delay in payment processing or a reduction in the amount of the payment received. Coding changes, therefore, may have an adverse effect on our revenues. Even when we receive a designated CPT code specific to our tests, there can be no assurance that payers will recognize these codes in a timely manner or that the process of transitioning to such a code and updating their billing systems and ours will not result in errors, delays in payments and a related increase in accounts receivable balances.

As we introduce new tests, we will need to add new codes to our billing process as well as our financial reporting systems. Failure or delays in effecting these changes in external billing and internal systems and processes could negatively affect our collection rates, revenue and cost of collecting.

Correct coding is subject to the coding policies of the American Medical Association CPT Editorial Panel, or AMA CPT. With respect to claims submitted to Medicare and Medicaid, it is also subject to coding policies developed through the National Correct Coding Initiative, or NCCI. Other payers may develop their own payer-specific coding policies. The broader coding policies of the AMA CPT, NCCI, and other payers are subject to change. For instance, the NCCI adopted an update to its Coding Policy Manual effective January 1, 2019, to limit instances when multiple codes may be billed for molecular pathology testing. Although the NCCI appears to have moderated this change in its updates effective January 1, 2020, such coding policy changes may negatively affect our revenues and cash flow.

Additionally, our billing activities require us to implement compliance procedures and oversight, train and monitor our employees, challenge coverage and payment denials, assist patients in appealing claims, and undertake internal audits to evaluate compliance with applicable laws and regulations as well as internal compliance policies and procedures. Payers also conduct external audits to evaluate payments, which add further complexity to the billing process. If the payer makes an overpayment determination, there is a risk that we may be required to return some portion of prior payments we have received. Additionally, the ACA established a requirement for providers and suppliers to report and return any overpayments received from government payers under the Medicare and Medicaid programs within 60 days of identification. Failure to identify and return such overpayments exposes the provider or supplier to liability under federal false claims laws. These billing complexities, and the related uncertainty in obtaining payment for our tests, could negatively affect our revenue and cash flow, our ability to achieve profitability, and the consistency and comparability of our results of operations.

We rely on a third-party provider to transmit claims to payers, and any delay in transmitting claims could have an adverse effect on our revenue.

While we manage the overall processing of claims, we rely on a third-party provider to transmit the actual claims to payers based on the specific payer billing format. We have previously experienced delays in claims processing when our third-party provider made changes to its invoicing system, and again when it did not submit claims to payers within the timeframe we require. Additionally, coding for diagnostic tests may change, and such changes may cause short-term billing errors that may take significant time to resolve. If claims are not submitted to payers on a timely basis or are erroneously submitted, or if we are required to switch to a different provider to handle claim submissions, we may experience delays in our ability to process these claims and receipt of payments from payers, or possibly denial of claims for lack of timely submission, which would have an adverse effect on our revenue and our business.

If our internal sales force is less successful than anticipated, our business expansion plans could suffer and our ability to generate revenues could be diminished. In addition, we have limited history selling our molecular diagnostics tests on a direct basis and our limited history makes forecasting difficult.

If our internal sales force is not successful or new additions to our sales team fail to gain traction among our customers, we may not be able to increase market awareness and sales of our molecular diagnostic tests. If we fail to establish our molecular diagnostic tests in the marketplace, it could have a negative effect on our ability to sell subsequent molecular diagnostic tests and hinder the desired expansion of our business. We have growing, however limited, historical experience forecasting the direct sales of our molecular diagnostics products. Our ability to produce test volumes that meet customer demand is dependent upon our ability to forecast accurately and plan production capacities accordingly.

Developing new products involves a lengthy and complex process, and we may not be able to commercialize on a timely basis, or at all, other products we are developing.

We continually seek to develop enhancements to our current test offerings and additional diagnostic solutions that requires us to devote considerable resources to research and development. There can be no assurance that we will be able to identify other diseases that can be effectively addressed with our molecular cytology platform. In addition, if we identify such diseases, we may not be able to develop products with the diagnostic accuracy necessary to be clinically useful and

commercially successful. We may face challenges obtaining sufficient numbers of samples to validate a genomic signature for a molecular diagnostic product. After launching new products, we still must complete studies that meet the clinical evidence required to obtain reimbursement. Moreover, we may experience delays in the development and introduction of new products due to the effects of the current COVID-19 outbreak.

In order to develop and commercialize diagnostic tests, we need to:

- expend significant funds to conduct substantial research and development;
- conduct successful analytical and clinical studies;
- scale our laboratory processes to accommodate new tests; and
- build the commercial infrastructure to market and sell new products.

Our product development process involves a high degree of risk and may take several years. Our product development efforts may fail for many reasons, including:

- failure to identify a genomic signature in biomarker discovery;
- inability to secure sufficient numbers of samples at an acceptable cost and on an acceptable timeframe to conduct analytical and clinical studies; or
- failure of clinical validation studies to support the effectiveness of the test.

Typically, few research and development projects result in commercial products, and success in early clinical studies often is not replicated in later studies. At any point, we may abandon development of a product candidate or we may be required to expend considerable resources repeating clinical studies, which would adversely affect the timing for generating potential revenue from a new product and our ability to invest in other products in our pipeline. If a clinical validation study fails to demonstrate the prospectively defined endpoints of the study or if we fail to sufficiently demonstrate analytical validity, we might choose to abandon the development of the product, which could harm our business. In addition, competitors may develop and commercialize competing products or technologies faster than us or at a lower cost.

If we cannot enter into new clinical study collaborations, our product development and subsequent commercialization could be delayed.

In the past, we have entered into clinical study collaborations, and our success in the future depends in part on our ability to enter into additional collaborations with highly regarded institutions. This can be difficult due to internal and external constraints placed on these organizations. Some organizations may limit the number of collaborations they have with any one company so as to not be perceived as biased or conflicted. Organizations may also have insufficient administrative and related infrastructure to enable collaboration with many companies at once, which can extend the time it takes to develop, negotiate and implement a collaboration. Moreover, it may take longer to obtain the samples we need which could delay our trials, publications, and product launches and reimbursement. Additionally, organizations often insist on retaining the rights to publish the clinical data resulting from the collaboration. The publication of clinical data in peer-reviewed journals is a crucial step in commercializing and obtaining reimbursement for our diagnostic tests, and our inability to control when and if results are published may delay or limit our ability to derive sufficient revenue from them.

If we are unable to develop products to keep pace with rapid technological, medical and scientific change, our operating results and competitive position could be harmed.

In recent years, there have been numerous advances in technologies relating to diagnostics, particularly diagnostics that are based on genomic information. These advances require us to continuously develop our technology and to work to develop new solutions to keep pace with evolving standards of care. Our solutions could become obsolete unless we continually innovate and expand our product offerings to include new clinical applications. If we are unable to develop new products or to demonstrate the applicability of our products for other diseases, our sales could decline and our competitive position could be harmed.

Our Loan and Security Agreement provides our lenders with a first-priority lien against substantially all of our assets, excluding our intellectual property, and contains financial covenants and other restrictions on our actions, which could limit our operational flexibility and otherwise adversely affect our financial condition.

Our Loan and Security Agreement restricts our ability to, among other things, incur liens, make investments, incur indebtedness, merge with or acquire other entities, dispose of assets, make dividends or other distributions to holders of its equity interests, engage in any new line of business, or enter into certain transactions with affiliates, in each case subject to certain exceptions. It also requires us to achieve certain revenue levels tested quarterly on a trailing twelve-month basis. However, failure to maintain the revenue levels will not be considered a default if the sum of our unrestricted cash and cash equivalents maintained with Silicon Valley Bank and amount available under the Revolving Line of Credit is at least $40.0 million. Our ability to comply with these and other covenants is dependent upon a number of factors, some of which are beyond our control.

Our failure to comply with the financial covenants, or the occurrence of other events specified in our Loan and Security Agreement, could result in an event of default under the Loan and Security Agreement, which would give our lenders the right to terminate their commitments to provide additional loans under the Loan and Security Agreement and to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, we have granted our lenders a first-priority lien against all of our assets, excluding our intellectual property, as collateral. Failure to comply with the covenants or other restrictions in the Loan and Security Agreement could result in a default. If the debt under our Loan and Security Agreement was to be accelerated, we may not have sufficient cash on hand or be able to sell sufficient collateral to repay it, which would have an immediate adverse effect on our business and operating results. This could potentially cause us to cease operations and result in a complete loss of your investment in our common stock.

Complying with numerous statutes and regulations pertaining to our business is an expensive and time-consuming process, and any failure to comply could result in substantial penalties.

Our operations are subject to other extensive federal, state, local, and foreign laws and regulations, all of which are subject to change. These laws and regulations currently include, among others:

- the Federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which established comprehensive federal standards with respect to the privacy and security of protected health information and requirements for the use of certain standardized electronic transactions, and amendments made in 2013 to HIPAA under the Health Information Technology for Economic and Clinical Health Act, or HITECH, which strengthen and expand HIPAA privacy and security compliance requirements, increase penalties for violators, extend enforcement authority to state attorneys general, and impose requirements for breach notification;

- Medicare billing and payment regulations applicable to clinical laboratories, including requirements to have an active CLIA certificate;

- the Federal Anti-kickback Statute (and state equivalents), which prohibits knowingly and willfully offering, paying, soliciting, or receiving remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing, arranging for, or recommending of an item or service that is reimbursable, in whole or in part, by a federal healthcare program;

- the Eliminating Kickbacks in Recovery Act of 2018, which prohibits the solicitation, receipt, payment or offering of any remuneration in return for referring a patient or patronage to a recovery home, clinical treatment facility, or laboratory for services covered by both government and private payers;

- the Federal Stark physician self-referral law (and state equivalents), which prohibits a physician from making a referral for certain designated health services covered by the Medicare program, including laboratory and pathology services, if the physician or an immediate family member has a financial relationship with the entity providing the designated health services, unless the financial relationship falls within an applicable exception to the prohibition;

- the Federal Civil Monetary Penalties Law, which prohibits, among other things, the offering or transfer of remuneration to a Medicare or state health care program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state health care program, unless an exception applies;

- the Federal False Claims Act, which imposes liability on any person or entity who knowingly presents, or causes to be presented, a false, fictitious, or fraudulent claim for payment to the federal government;

- the Physician Payments Sunshine Act, enacted as part of the ACA, which imposes annual reporting requirements on manufacturers of certain devices, drugs and biologics for certain payments and transfers of value by them and in some cases their distributors to physicians, as defined by such law, and teaching hospitals;

- other federal and state fraud and abuse laws, such as anti-kickback laws, prohibitions on self-referral, fee-splitting restrictions, prohibitions on the provision of products at no or discounted cost to induce physician or patient adoption, and false claims acts, which may extend to services reimbursable by any third-party payer, including private insurers;

- the prohibition on reassignment of Medicare claims, which, subject to certain exceptions, precludes the reassignment of Medicare claims to any other party;

- the Protecting Access to Medicare Act of 2014, which requires us to report private payer rates and test volumes for specific CPT codes on a triennial basis and imposes penalties for failures to report, omissions, or misrepresentations;

- the No Surprises Act and its implementing regulations (effective January 1, 2022), which prohibit an out-of-network provider from billing a patient at an amount in excess of the in-network cost sharing for services furnished with respect to a visit at certain in-network health care facilities, as well as various state laws restricting balance billing of patients;

- the rules regarding billing for diagnostic tests reimbursable by the Medicare program, which prohibit a physician or other supplier from marking up the price of the technical component or professional component of a diagnostic test ordered by the physician or other supplier and supervised or performed by a physician who does not “share a practice” with the billing physician or supplier;

- state laws that prohibit other specified practices related to billing such as billing physicians for testing that they order, waiving co-insurance, co-payments, deductibles, and other amounts owed by patients, and billing a state Medicaid program at a price that is higher than what is charged to other payers;

- the Foreign Corrupt Practices Act of 1977, and other similar laws, which apply to our international activities;

- unclaimed property (escheat) laws and regulations, which may require us to turn over to governmental authorities the property of others held by us that has been unclaimed for a specified period of time; and

- enforcing our intellectual property rights.

We have adopted policies and procedures designed to comply with applicable laws and regulations. In the ordinary course of our business, we conduct internal reviews of our compliance with these laws. Our compliance with some of these laws and regulations is also subject to governmental review. The growth of our business and sales organization and our expansion outside of the United States may increase the potential of violating these laws or our internal policies and procedures. We believe that we are in material compliance with all statutory and regulatory requirements, but there is a risk that one or more government agencies could take a contrary position.

In recent years U.S. Attorneys’ Offices have increased scrutiny of the healthcare industry, as have Congress, the Department of Justice, the Department of Health and Human Services’ Office of the Inspector General and the Department of Defense. These bodies have all issued subpoenas and other requests for information to conduct investigations of, and commenced civil and criminal litigation against, healthcare companies based on financial arrangements with health care providers, regulatory compliance, product promotional practices and documentation, and coding and billing practices. Whistleblowers have filed numerous qui tam lawsuits against healthcare companies under the federal and state False Claims Acts in recent years, in part because the whistleblower can receive a portion of the government’s recovery under such suits.

These laws and regulations are complex and are subject to interpretation by the courts and by government agencies. If one or more such agencies alleges that we may be in violation of any of these requirements, regardless of the outcome, it could damage our reputation and adversely affect important business relationships with third parties, including managed care organizations and other commercial third-party payers. Any action brought against us for violation of these or other laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management’s attention from the operation of our business. If our operations are found to be in violation of any of these laws and regulations, we may be subject to any applicable penalty associated with the violation, including civil and criminal

penalties, damages and fines, we could be required to refund payments received by us, and we could be required to curtail or cease our operations. Any of the foregoing consequences could seriously harm our business and our financial results.

If we use hazardous materials in a manner that causes contamination or injury, we could be liable for resulting damages.

We are subject to federal, state and local laws, rules and regulations governing the use, discharge, storage, handling and disposal of biological material, chemicals and waste. We cannot eliminate the risk of accidental contamination or injury to employees or third parties from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for any resulting damages, remediation costs and any related penalties or fines, and any liability could exceed our resources or any applicable insurance coverage we may have. The cost of compliance with these laws and regulations may become significant, and our failure to comply may result in substantial fines or other consequences, and either could negatively affect our operating results.

International expansion of our business exposes us to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the United States.

Our business strategy includes international expansion in select countries, and may include developing and maintaining physician outreach and education capabilities outside of the United States, establishing agreements with laboratories, and expanding our relationships with international payers. Doing business internationally involves a number of risks, including:

- multiple, conflicting and changing laws and regulations such as tax laws, privacy laws, export and import restrictions, employment laws, regulatory requirements and other governmental approvals, permits and licenses;
- failure by us to obtain regulatory approvals where required for the use of our solutions in various countries;
- complexities associated with managing multiple payer reimbursement regimes, government payers or patient self-pay systems;
- logistics and regulations associated with shipping tissue samples, including infrastructure conditions and transportation delays;
- challenges associated with establishing laboratory partners, including proper sample collection techniques, management of supplies, sample logistics, billing and promotional activities;
- limits on our ability to penetrate international markets if we are not able to process tests locally;
- financial risks, such as longer payment cycles, difficulty in collecting from payers, the effect of local and regional financial crises, and exposure to foreign currency exchange rate fluctuations;
- natural disasters, political and economic instability, including wars, terrorism, and political unrest, outbreak of disease, including COVID-19, boycotts, curtailment of trade and other business restrictions; and
- regulatory and compliance risks that relate to maintaining accurate information and control over activities that may fall within the purview of the Foreign Corrupt Practices Act of 1977, including both its books and records provisions and its anti-bribery provisions.

Any of these factors could significantly harm our future international expansion and operations and, consequently, our revenue and results of operations.

Our reliance on distributors for sales of our products outside of the United States, and on clinical laboratories for delivery of Prosigna testing services, could limit or prevent us from selling our products and impact our revenue.

We have established distribution agreements for the nCounter Analysis System for diagnostic use and related diagnostic kit products in certain countries where we do not sell directly. We intend to continue to grow our business internationally, and to do so we must attract additional distributors and retain existing distributors to maximize the commercial opportunity for our products. There is no guarantee that we will be successful in attracting or retaining desirable sales and distribution partners or that we will be able to enter into such arrangements on favorable terms. Distributors may not commit the necessary resources to market and sell our products to the level of our expectations or may choose to favor marketing the products of our competitors.

If current or future distributors do not perform adequately, or we are unable to enter into effective arrangements with distributors in particular geographic areas, we may not realize long-term international revenue growth.

Similarly, we or our distributors have entered into agreements with clinical laboratories globally to provide Prosigna testing services. We do not provide testing services directly and, thus, we are reliant on these clinical laboratories to actively promote and sell Prosigna testing services. These clinical laboratories may take longer than anticipated to begin offering Prosigna testing services and may not commit the necessary resources to market and sell Prosigna testing services to the level of our expectations. Furthermore, we intend to contract with additional clinical laboratories to offer Prosigna testing services, including physician-owned laboratories, and we may be unsuccessful in attracting and contracting with new clinical laboratory providers. If current or future Prosigna testing service providers do not perform adequately, or we are unable to enter into contracts with additional clinical laboratories to provide Prosigna testing services, we may not be successful selling Prosigna and our future revenue prospects may be adversely affected.

If we are sued for product liability or errors and omissions liability, we could face substantial liabilities that exceed our resources.

The marketing, sale and use of our current or future tests could lead to product liability claims if someone were to allege that the tests failed to perform as they were designed. We may also be subject to liability for errors in the results we provide to physicians or for a misunderstanding of, or inappropriate reliance upon, the information we provide. Our Afirma classifiers are performed on FNA samples that are diagnosed as indeterminate by standard cytopathology review. We report results as benign or suspicious to the prescribing physician. Under certain circumstances, we might report a result as benign that later proves to have been malignant. This could be the result of the physician having poor nodule sampling in collecting the FNA, performing the FNA on a different nodule than the one that is malignant or failure of the classifier to perform as intended. We may also be subject to similar types of claims related to our Percepta, Envisia, Prosigna and Decipher urology tests, as well as tests we may develop or acquire in the future. A product liability or errors and omissions liability claim could result in substantial damages and be costly and time consuming for us to defend. Although we maintain product liability and errors and omissions insurance, we cannot assure you that our insurance would fully protect us from the financial impact of defending against these types of claims or any judgments, fines or settlement costs arising out of any such claims. Any product liability or errors and omissions liability claim brought against us, with or without merit, could increase our insurance rates or prevent us from securing insurance coverage in the future. Additionally, any product liability lawsuit could cause injury to our reputation or cause us to suspend sales of our products and solutions. The occurrence of any of these events could have an adverse effect on our business and results of operations.

Our business is subject to the risk of disruptions caused by pandemics, political events, war, terrorism, earthquakes, fire, power outages, floods, and other catastrophic events.

War, terrorism, geopolitical uncertainties, trade restrictions, public health issues, natural disasters and other catastrophic events may cause damage or disruption to the economy and commerce on a global, regional or country-specific basis, and could disrupt supply or delivery of, or demand for, our products. For example, the COVID-19 outbreak has had, and we expect will continue to have, a negative effect on consumer confidence and spending, and other impacts, which could adversely affect our business.

If a catastrophe strikes any of our laboratories or if any of our laboratories becomes inoperable for any other reason, we will be unable to perform our testing services and our business will be harmed.

We perform all of the Afirma, Percepta and Envisia genomic classifier testing at our laboratory in South San Francisco, California, near major earthquake faults known for seismic activity and in a region affected by wildfires. We perform our urology tests in our laboratory in San Diego, California. Our laboratory in Austin, Texas accepts and stores the majority of our Afirma FNA samples pending transfer to our California laboratory for genomic test processing. The laboratories and equipment we use to perform our tests would be costly to replace and could require substantial lead time to replace and qualify for use if they became inoperable. Either of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, flooding and power outages, which may render it difficult or impossible for us to perform our testing services for some period of time or to receive and store samples. The inability to perform our tests for even a short period of time may result in the loss of customers or harm our reputation, and we may be unable to regain those customers in the future. Although we maintain insurance for damage to our property and the disruption of our business, this insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, if at all.

Our inability to raise additional capital on acceptable terms in the future may limit our ability to develop and commercialize new solutions and technologies and expand our operations.

We expect continued capital expenditures and operating losses over the next few years as we expand our infrastructure, commercial operations and research and development activities. We may seek to raise additional capital through equity offerings, debt financings, collaborations or licensing arrangements. Additional funding may not be available to us on acceptable terms, or at all. If we raise funds by issuing equity securities, dilution to our stockholders could result. Any equity securities issued also may provide for rights, preferences or privileges senior to those of holders of our common stock. The terms of debt securities issued or borrowings could impose significant restrictions on our operations. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights, and other operating restrictions that could adversely affect our ability to conduct our business. Our Loan and Security Agreement imposes restrictions on our operations, increases our fixed payment obligations, and has restrictive covenants. In addition, the issuance of additional equity securities by us, or the possibility of such issuance, may cause the market price of our common stock to decline. In the event that we enter into collaborations or licensing arrangements to raise capital, we may be required to accept unfavorable terms. These agreements may require that we relinquish or license to a third-party on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves, or reserve certain opportunities for future potential arrangements when we might be able to achieve more favorable terms. The trading prices for our common stock and other biotechnology companies have been highly volatile as a result of the COVID-19 pandemic, which may reduce our ability to access capital on favorable terms or at all. In addition, a recession, depression or other sustained adverse market event resulting from the spread of COVID-19 could materially and adversely affect our business and the value of our common stock. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of or eliminate one or more research and development programs or selling and marketing initiatives. In addition, we may have to work with a partner on one or more of our products or development programs, which could lower the economic value of those programs to our company.

Security breaches, loss of data and other disruptions to us or our third-party service providers could compromise sensitive information related to our business or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.

In the ordinary course of our business, we and our third-party service providers collect and store sensitive data, including legally protected health information, personally identifiable information about our patients, credit card information, intellectual property, and our proprietary business and financial information. We manage and maintain our applications and data utilizing a combination of on-site systems, managed data center systems and cloud-based data center systems. We face a number of risks related to our protection of, and our service providers' protection of, this critical information, including loss of access, inappropriate disclosure and inappropriate access, as well as risks associated with our ability to identify and audit such events. System failures or outages, including any potential disruptions due to significantly increased global demand on certain cloud based systems during the COVID-19 pandemic, could compromise our ability to perform these functions in a timely manner, which could harm our ability to conduct business or delay our financial reporting. Such failures could materially adversely affect our operating results and financial condition.

The secure processing, storage, maintenance and transmission of this critical information is vital to our operations and business strategy, and we devote significant resources to protecting such information. Although we take measures to protect sensitive information from unauthorized access or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or otherwise breached due to employee error, malfeasance or other activities. While we are not aware of any such attack or breach, if such event would occur and cause interruptions in our operations, our networks would be compromised and the information we store on those networks could be accessed by unauthorized parties, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under federal, state, and international laws that protect the privacy of personal information, such as HIPAA, and regulatory penalties. Unauthorized access, loss or dissemination could also disrupt our operations, including our ability to process tests, provide test results, bill payers or patients, process claims and appeals, provide customer assistance services, conduct research and development activities, collect, process and prepare company financial information, provide information about our tests and other patient and physician education and outreach efforts through our website, manage the administrative aspects of our business and damage our reputation, any of which could adversely affect our business.

In addition, the interpretation and application of consumer, health-related and data protection laws in the United States, Europe and elsewhere are often uncertain, contradictory and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices. If so, this could result in government-imposed fines or orders requiring that we change our practices, which could adversely affect our business. Certain health-related and data protection requirements have been modified during the Public Health Emergency, or PHE, under section 319 of the Public Health Service Act first declared January 31, 2020, which was most recently extended effective April 15, 2021. We cannot predict when the PHE

declaration will be lifted. In addition, we are subject to various state laws, including the California Consumer Privacy Act, or CCPA, which was enacted in California in 2018 and components of which went into effect on January 1, 2020. The CCPA, among other things, requires covered companies to provide disclosures to California consumers concerning the collection and sale of personal information, and gives such consumers the right to opt-out of certain sales of personal information. Amendments to the CCPA have been made since its enactment, and it remains unclear what, if any, further amendments will be made to this legislation or how it will be interpreted. We cannot yet predict the impact of the CCPA on our business or operations, but it may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply.

Recent developments in Europe have created compliance uncertainty regarding the processing of personal data from Europe. For example, the General Data Protection Regulation, or GDPR, which became effective in the European Union on May 25, 2018, applies to our activities conducted from an establishment in the EU or related to products and services that we offer to European Union users. The GDPR creates new compliance obligations applicable to our business, which could cause us to change our business practices, and increases financial penalties for noncompliance (including possible fines of up to 4% of global annual turnover for the preceding financial year or €20 million (whichever is higher) for the most serious infringements). On July 16, 2020, the Court of Justice of the European Union issued a decision invalidating outright the EU-US Privacy Shield framework which companies rely on to transfer data from the European Union to the United States. As a result, we may need to modify the way we treat such information.

If we cannot license rights to use technologies on reasonable terms, we may not be able to commercialize new products in the future.

In the future, we may license third-party technology to develop or commercialize new products. In return for the use of a third-party's technology, we may agree to pay the licensor royalties based on sales of our solutions. Royalties are a component of cost of revenue and affect the margins on our solutions. We may also need to negotiate licenses to patents and patent applications after introducing a commercial product. Our business may suffer if we are unable to enter into the necessary licenses on acceptable terms, or at all, if any necessary licenses are subsequently terminated, if the licensors fail to abide by the terms of the license or fail to prevent infringement by third parties, or if the licensed patents or other rights are found to be invalid or unenforceable.

If we are unable to protect our intellectual property effectively, our business would be harmed.

We rely on patent protection as well as trademark, copyright, trade secret and other intellectual property rights protection and contractual restrictions to protect our proprietary technologies, all of which provide limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. If we fail to protect our intellectual property, third parties may be able to compete more effectively against us and we may incur substantial litigation costs in our attempts to recover or restrict use of our intellectual property.

We apply for and in-license patents covering our products and technologies and uses thereof, as we deem appropriate, however we may fail to apply for patents on important products and technologies in a timely fashion or at all, or we may fail to apply for patents in potentially relevant jurisdictions. Our issued patents expire between 2021 and 2038 and are related to methods used in thyroid diagnostics, lung diagnostics, breast cancer diagnostics, urological diagnostics and the nCounter Analysis System.

It is possible that none of our pending patent applications will result in issued patents in a timely fashion or at all, and even if patents are granted, they may not provide a basis for intellectual property protection of commercially viable products, may not provide us with any competitive advantages, or may be challenged and invalidated by third parties. It is possible that others will design around our current or future patented technologies. We may not be successful in defending any challenges made against our patents or patent applications. Any successful third-party challenge to our patents could result in the unenforceability or invalidity of such patents and increased competition to our business. The outcome of patent litigation can be uncertain and any attempt by us to enforce our patent rights against others may not be successful, or, if successful, may take substantial time and result in substantial cost, and may divert our efforts and attention from other aspects of our business.

The patent positions of life sciences companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in such companies' patents has emerged to date in the United States or elsewhere. Courts frequently render opinions in the biotechnology field that may affect the patentability of certain inventions or discoveries, including opinions that may affect the patentability of methods for analyzing or comparing nucleic acids.

In particular, the patent positions of companies engaged in the development and commercialization of genomic diagnostic tests are particularly uncertain. Various courts, including the U.S. Supreme Court, have rendered decisions that affect the scope of patentability of certain inventions or discoveries relating to certain diagnostic tests and related methods. These decisions state, among other things, that patent claims that recite laws of nature (for example, the relationship between blood levels of certain metabolites and the likelihood that a dosage of a specific drug will be ineffective or cause harm) are not themselves patentable. What constitutes a law of nature is uncertain, and it is possible that certain aspects of genomic diagnostics tests would be considered natural laws. Accordingly, the evolving case law in the United States may adversely affect our ability to obtain patents and may facilitate third-party challenges to any owned and licensed patents.

The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States, and we may encounter difficulties protecting and defending such rights in foreign jurisdictions. The legal systems of many other countries do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the infringement of our patents in such countries. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

Changes in either the patent laws or in interpretations of patent laws in the United States or other countries may diminish the value of our intellectual property. We cannot predict the breadth of claims that may be allowed or enforced in our patents or in third-party patents. We may not develop additional proprietary products, methods and technologies that are patentable.

In addition to pursuing patents on our technology, we take steps to protect our intellectual property and proprietary technology by entering into agreements, including confidentiality agreements, non-disclosure agreements and intellectual property assignment agreements, with our employees, consultants, academic institutions, corporate partners and, when needed, our advisors. Such agreements may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements, and we may not be able to prevent such unauthorized disclosure. If we are required to assert our rights against such party, it could result in significant cost and distraction.

Monitoring unauthorized disclosure is difficult, and we do not know whether the steps we have taken to prevent such disclosure are, or will be, adequate. If we were to enforce a claim that a third-party had illegally obtained and was using our trade secrets, it would be expensive and time consuming, and the outcome would be unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets.

We may also be subject to claims that our employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers, or to claims that we have improperly used or obtained such trade secrets. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights and face increased competition to our business. A loss of key research personnel work product could hamper or prevent our ability to commercialize potential products, which could harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Further, competitors could attempt to replicate some or all of the competitive advantages we derive from our development efforts, willfully infringe our intellectual property rights, design around our protected technology or develop their own competitive technologies that fall outside of our intellectual property rights. Others may independently develop similar or alternative products and technologies or replicate any of our products and technologies. If our intellectual property does not adequately protect us against competitors' products and methods, our competitive position could be adversely affected, as could our business.

We have not registered certain of our trademarks in all of our potential geographic markets. If we apply to register these trademarks, our applications may not be allowed for registration in a timely fashion or at all, and our registered trademarks may not be maintained or enforced. In addition, opposition or cancellation proceedings may be filed against our trademark applications and registrations, and our trademarks may not survive such proceedings. If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would. If some other business in one of these markets already owns a trademark that is confusingly similar to one of our trademarks, we may be prohibited from entering that market under our trademark unless we re-brand our product in that location. Similarly, if we develop a new product line, there is no guaranty that one of our existing trademarks will be available as the brand for that new product line. Under those circumstances, we may incur the cost of developing a new trademark for this new product line.

To the extent our intellectual property offers inadequate protection, or is found to be invalid or unenforceable, we would be exposed to a greater risk of direct competition. If our intellectual property does not provide adequate coverage of our competitors' products, our competitive position could be adversely affected, as could our business. Both the patent application process and the process of managing patent disputes can be time consuming and expensive.

We may be involved in litigation related to intellectual property, which could be time-intensive and costly and may adversely affect our business, operating results or financial condition.

We may receive notices of claims of direct or indirect infringement or misappropriation or misuse of other parties' proprietary rights from time to time. Some of these claims may lead to litigation. We cannot assure you that we will prevail in such actions, or that other actions alleging misappropriation or misuse by us of third-party trade secrets, infringement by us of third-party patents and trademarks or other rights, or the validity of our patents, trademarks or other rights, will not be asserted or prosecuted against us.

We might not have been the first to make the inventions covered by each of our pending patent applications and we might not have been the first to file patent applications for these inventions. To determine the priority of these inventions, we may have to participate in interference proceedings, derivation proceedings, or other post-grant proceedings declared by the U.S. Patent and Trademark Office that could result in substantial cost to us. No assurance can be given that other patent applications will not have priority over our patent applications. In addition, recent changes to the patent laws of the United States allow for various post-grant opposition proceedings that have not been extensively tested, and their outcome is therefore uncertain. Furthermore, if third parties bring these proceedings against our patents, we could experience significant costs and management distraction.

Litigation may be necessary for us to enforce our patent and proprietary rights or to determine the scope, coverage and validity of the proprietary rights of others. The outcome of any litigation or other proceeding is inherently uncertain and might not be favorable to us, and we might not be able to obtain licenses to technology that we require on acceptable terms or at all. Further, we could encounter delays in product introductions, or interruptions in product sales, as we develop alternative methods or products. In addition, if we resort to legal proceedings to enforce our intellectual property rights or to determine the validity, scope and coverage of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, even if we were to prevail. Any litigation that may be necessary in the future could result in substantial costs and diversion of resources and could have a material adverse effect on our business, operating results or financial condition.

As we move into new markets and applications for our products, incumbent participants in such markets may assert their patents and other proprietary rights against us as a means of slowing our entry into such markets or as a means to extract substantial license and royalty payments from us. Our competitors and others may now and, in the future, have significantly larger and more mature patent portfolios than we currently have. In addition, future litigation may involve patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents may provide little or no deterrence or protection. Therefore, our commercial success may depend in part on our non-infringement of the patents or proprietary rights of third parties. Numerous significant intellectual property issues have been litigated, and will likely continue to be litigated, between existing and new participants in our existing and targeted markets and competitors may assert that our products infringe their intellectual property rights as part of a business strategy to impede our successful entry into or growth in those markets. Third parties may assert that we are employing their proprietary technology without authorization. In addition, our competitors and others may have patents or may in the future obtain patents and claim that making, having made, using, selling, offering to sell or importing our products infringes these patents. We could incur substantial costs and divert the attention of our management and technical personnel in defending against any of these claims. Parties making claims against us may be able to obtain injunctive or other relief, which could block our ability to develop, commercialize and sell products, and could result in the award of substantial damages against us. In the event of a successful claim of infringement against us, we may be required to pay damages and ongoing royalties, and obtain one or more licenses from third parties, or be prohibited from selling certain products. We may not be able to obtain these licenses on acceptable terms, if at all. We could incur substantial costs related to royalty payments for licenses obtained from third parties, which could negatively affect our financial results. In addition, we could encounter delays in product introductions while we attempt to develop alternative methods or products to avoid infringing third-party patents or proprietary rights. Defense of any lawsuit or failure to obtain any of these licenses could prevent us from commercializing products, and the prohibition of sale of any of our products could materially affect our business and our ability to gain market acceptance for our products. With respect to trademarks, infringement litigation or threats of infringement litigation may require us to re-brand our product in order to enter into the new mark.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, during the course of this kind of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock.

In addition, our agreements with some of our customers, suppliers or other entities with whom we do business require us to defend or indemnify these parties to the extent they become involved in infringement claims, including the types of claims described above. We could also voluntarily agree to defend or indemnify third parties in instances where we are not obligated to do so if we determine it would be important to our business relationships. If we are required or agree to defend or indemnify third parties in connection with any infringement claims, we could incur significant costs and expenses that could adversely affect our business, operating results, or financial condition.

Our ability to use our net operating loss carryforwards may be limited and may result in increased future tax liability to us.

We have incurred net losses since our inception and may never achieve profitability. As of December 31, 2020, we had net operating loss, or NOL, carryforwards of approximately $282.9 million, $63.0 million and $72.2 million available to reduce future taxable income, if any, for federal, California and other state income tax purposes, respectively. With the acquisition of Decipher Biosciences, Inc in March 2021, we acquired additional federal, California and other state NOL carryforwards of approximately $94.8 million, $25.5 million and $29.8 million, respectively. The U.S. federal NOL carryforwards will begin to expire in 2026 while for state purposes, the NOL carryforwards begin to expire in 2028. These NOL carryforwards could expire unused and be unavailable to offset future income tax liabilities. Under the Tax Cuts and Jobs Acts, or Tax Act, which was enacted in December 2017, federal NOLs incurred in tax years beginning after December 31, 2017 may be carried forward indefinitely, but the deductibility of such federal NOLs is limited. It is uncertain if and to what extent various states will conform to the newly enacted federal tax law.

To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire. We may be limited in the portion of NOL carryforwards that we can use in the future to offset taxable income for U.S. federal and state income tax purposes, and federal tax credits to offset federal tax liabilities. Sections 382 and 383 of Internal Revenue Code limit the use of NOLs and tax credits after a cumulative change in corporate ownership of more than 50% occurs within a three-year period. The limitation could prevent a corporation from using some or all its NOL and tax credits before they expire within their normal 20-year lifespan, as it places a formula limit of how much NOL and tax credits a loss corporation can use in a tax year. In the event we have undergone an ownership change under Section 382 of the Internal Revenue Code, if we earn net taxable income, our ability to use our pre-change NOL carryforwards to offset U.S. federal taxable income may become subject to limitations, which could potentially result in increased future tax liability to us.

On March 27, 2020, the CARES Act was signed into law. The CARES Act changes certain provisions of the 2017 Tax Act. Under the CARES Act, NOLs arising in taxable years beginning after December 31, 2017 and before January 1, 2021 may be carried back to each of the five taxable years preceding the tax year of such loss, but NOLs arising in taxable years beginning after December 31, 2020 may not be carried back. In addition, the CARES Act eliminates the limitation on the deduction of NOLs to 80% of current year taxable income for taxable years beginning before January 1, 2021, and increases the amount of interest expense that may be deducted to 50% of adjusted taxable income for taxable years beginning in 2019 or 2020. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the Tax Act, as modified by the CARES Act, is uncertain and our business, financial conditions, results of operations and growth prospects could be materially and adversely affected. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, as modified by the CARES Act. The impact of the Tax Act, as modified by the CARES Act, on holders of our common stock is also uncertain and could be adverse.

Impairment in the value of our goodwill or other intangible assets could have a material adverse effect on our operating results and financial condition.

We record goodwill and intangible assets at fair value upon the acquisition of a business. Goodwill represents the excess of amounts paid for acquiring businesses over the fair value of the net assets acquired. Goodwill and indefinite-lived intangible assets are evaluated for impairment annually, or more frequently if conditions warrant, by comparing the carrying value of a reporting unit to its estimated fair value. Intangible assets with definite lives are reviewed for impairment when events or circumstances indicate that their carrying value may not be recoverable. Declines in operating results, divestitures, sustained market declines and other factors that impact the fair value of our reporting unit could result in an impairment of goodwill or

intangible assets and, in turn, a charge to net income. Any such charges could have a material adverse effect on our results of operations or financial condition.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported operating results.

U.S. GAAP is subject to interpretation by the Financial Accounting Standards Board, the Securities and Exchange Commission, or the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

Our condensed consolidated financial statements are subject to change and if our estimates or judgments relating to our critical accounting policies prove to be incorrect, our operating results could be adversely affected.

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our condensed consolidated financial statements and related notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report on Form 10-Q. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. In addition, when we acquire businesses, we make judgments about how best to account for their revenue, assets and liabilities in our condensed consolidated financial statements. These judgments may be based on limited information, estimates and various assumptions, which we may revisit as we more fully integrate such businesses into our company. Critical accounting policies and estimates used in preparing our consolidated financial statements include those related to: revenue recognition; write-down of supplies; the useful lives of property and equipment; the recoverability of long-lived assets; the incremental borrowing rate for leases; the estimation of the fair value of intangible assets and contingent consideration; variable interest entity assessment; impairment of equity investment, at cost; stock options; income tax uncertainties, including a valuation allowance for deferred tax assets; reserve on accounts receivable and contingencies. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our common stock.

Risks Related to our Pending Acquisition of HalioDx

Our pending acquisition of HalioDx presents risks and we will need to successfully integrate the HalioDx business to realize the financial and commercial goals that we currently anticipate.

On July 13, 2021, we entered into a Securities Purchase and Contribution Agreement, or SPA, for the acquisition of HalioDx SAS, a French société par actions simplifiée, or HalioDx, for a purchase price of €260 million in total consideration to HalioDx securityholders, consisting of approximately €147 million in cash and up to approximately €113 million in shares of Veracyte common stock, subject to customary purchase price adjustments, or the Acquisition.

Although we believe that the Acquisition will result in numerous benefits to our business and facilitate our further international expansion, we may fail to realize such benefits for a variety of reasons, including the following:

- failure to successfully manage relationships with customers, distributors and suppliers;
- failure of customers to accept new products or to continue as customers of the combined company;
- loss of one or more of the key customers that HalioDx relies upon for a majority of its revenue;
- failure of development activities on behalf of a HalioDx customer where HalioDx bears development risk resulting in a refund of development fees;
- failure to transition manufacturing of the test kits for the nCounter, currently produced by NanoString, to HalioDx’s manufacturing facility in Marseille, France;
- failure to increase our manufacturing or service capacity and develop and maintain operation of our manufacturing or service capability;
- anticipated accretion to our gross margins as a result of transitioning manufacturing of test kits to HalioDx;

- potential incompatibility of technologies and systems;
- potential difficulties integrating and harmonizing financial reporting systems or costs of integrating exceeding estimates;
- the loss of key employees;
- disagreements with the employee French work council;
- failure to effectively coordinate sales and marketing efforts to communicate the capabilities of the combined company; and
- failure to combine product offerings and product lines quickly and effectively.

Due to legal restrictions, we and HalioDx have conducted, and until the completion of the Acquisition will conduct, only limited planning regarding the integration of the two companies following the Acquisition and will not determine the exact nature in which the two companies will be combined until after the Acquisition has been completed. Completion of the Acquisition is subject to satisfaction of a number of conditions, including the receipt of certain regulatory approvals for which the timing cannot be predicted. The actual integration may result in additional and unforeseen expenses or delays. If the combined company is not able to successfully integrate HalioDx's business and operations, or if there are delays in combining the businesses, the anticipated benefits of the Acquisition may not be realized fully or at all or may take longer to realize than expected.

Doing business internationally at the scale of HalioDx creates operational risk for our business.

Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and consumes significant management resources. If we fail to coordinate and manage these activities effectively for any reason, including the risks noted below, our business, financial condition, or results of operations could be adversely affected.

The Acquisition increases the following risks and challenges associated with conducting business globally, where we expect a growing proportion of our business to be located:

- longer payment cycles and difficulties in collecting accounts receivable outside of the United States;
- longer sales cycles due to the volume of transactions taking place through public tenders;
- challenges in staffing and managing foreign operations;
- tariffs and other trade barriers;
- lack of consistency, and unexpected changes, in legislative or regulatory requirements of foreign countries into which we sell our products;
- increased risk of governmental and regulatory scrutiny and investigations;
- the burden of complying with a wide variety of foreign laws, regulations, and legal standards;
- import and export requirements, tariffs, taxes, and other trade barriers;
- possible enactment of laws regarding the management of and access to data and public networks and websites;
- potential negative impact of a global health crisis, such as the outbreak of a serious infectious disease, to our commercial or manufacturing operations, including the loss of productivity from our own workforce and consequences of any restrictions on the movement of people or materials;
- possible future limitations on foreign-owned businesses;
- significant taxes; and
- other factors beyond our control, including political, social and economic instability, and security concerns in general.

Additionally, we must comply with complex foreign and U.S. laws and regulations, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and other local laws prohibiting corrupt payments to governmental officials, anti-competition regulations and sanctions imposed by the U.S. Office of Foreign Assets Control and other similar laws and regulations. Violations of these laws and regulations could result in fines and penalties, criminal sanctions, restrictions on our business conduct and on our ability to offer our products in one or more countries, and could also materially affect our brand, our ability to attract and retain employees, our international operations, our business and our operating results. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate our policies, or that our policies will be adopted or enforceable in all jurisdictions.

As we continue to expand our business into multiple international markets, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Any of these risks could harm our international operations and negatively impact our sales, adversely affecting our business, results of operations, financial condition and growth prospects.

We are exposed to risks associated with transactions denominated in foreign currency, including the acquisition of HalioDx.

Changes in the value of the relevant currencies may affect the cost of certain items required in our operations and contractual agreements, including the pending acquisition of HalioDx. Changes in currency exchange rates may also affect the relative prices at which we are able to sell products in the same market. Our revenues from international customers may be negatively impacted as increases in the U.S. dollar relative to our international customers local currency could make our products more expensive, impacting our ability to compete. Our costs of materials from international suppliers may increase if, in order to continue doing business with us, they raise their prices as the value of the U.S. dollar decreases relative to their local currency. Foreign policies and actions regarding currency valuation could result in actions by the United States and other countries to offset the effects of such fluctuations. Recent global financial conditions have led to a high level of volatility in foreign currency exchange rates and that level of volatility may continue, which could adversely affect our business, financial condition, or results of operations.

The announcement and pendency of the Acquisition could cause disruptions in the businesses of Veracyte and HalioDx, which could have an adverse effect on their respective business and financial results, and consequently on the combined company.

We and HalioDx have operated and, until the completion of the Acquisition, will continue to operate independently. Uncertainty about the effect of the Acquisition on employees, customers, distributors and suppliers may have an adverse effect on us and HalioDx and consequently on the combined company. These uncertainties may impair our and HalioDx's ability to retain and motivate key personnel and could cause customers, distributors, suppliers and others with whom each company deals to seek to change existing business relationships which may materially and adversely affect their respective businesses. Furthermore, this disruption could adversely affect the combined company's ability to maintain relationships with customers, distributors, suppliers and employees after the Acquisition or to achieve the anticipated benefits of the Acquisition. Moreover, integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of us and HalioDx. Each of these events could adversely affect HalioDx in the near term and the combined company, if the Acquisition is completed.

Failure to complete the Acquisition could negatively impact our stock price and future business and financial results.

If the Acquisition is not completed, our ongoing business may be adversely affected and we will be subject to a number of risks, including the following:

- We may be required to pay HalioDx a termination fee of $1 million if the Acquisition is terminated as a result of that French foreign investment authorization is not obtained;
- We will be required to pay certain costs relating to the Acquisition, such as legal, accounting, financial advisor and printing fees whether or not the Acquisition is completed; and
- Matters relating to the Acquisition (including integration planning) may require substantial commitments of time and resources by our management, which could otherwise have been devoted to other opportunities that may have been beneficial to us,

in each case, without realizing any of the benefits of having completed the Acquisition. If the Acquisition is not completed, these risks may materialize and may adversely affect our business, financial results and stock price.

Because the market price of our common stock will fluctuate, the number of shares of common shares that will be issued in the Acquisition will not be known until the closing of the Acquisition; Resale of shares may cause fluctuations in market price of Veracyte stock.

The Acquisition purchase price includes up to approximately €113 million in shares of our common stock, subject to customary purchase price adjustments. The number of our shares to be issued will be based on a 10-day volume-weighted average trading price of our shares prior to the closing date of the Acquisition, or Closing Date, and the SPA requires us to register the resale of such share consideration, if any, within two business days of the Closing Date. The price of the our

common stock to be issued in the Acquisition could be considerably higher or lower than they were at the time the Acquisition consideration was negotiated so the number of shares to be issued by us and the resulting dilution to existing shareholders is uncertain. Stock price changes may result from a variety of factors, including changes in the respective businesses operations and prospects of us and HalioDx, changes in general market and economic conditions, and regulatory considerations. Many of these factors are beyond the control of us or HalioDx.

Upon registration for resale of the acquisition shares, the recipients of the shares will be permitted to sell such shares without restriction. The sale of such shares may impact the market price of our common stock.

Risks Related to Being a Public Company

We will continue to incur increased costs and demands on management as a result of compliance with laws and regulations applicable to public companies, which could harm our operating results.

As a public company, we will continue to incur significant legal, accounting, consulting and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. In addition, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Act of 2010, as well as rules implemented by the SEC, and The Nasdaq Stock Market LLC, impose a number of requirements on public companies, including with respect to corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance and disclosure obligations. Moreover, these rules and regulations have and will continue to increase our legal, accounting and financial compliance costs and make some activities more complex, time-consuming and costly. We also expect that it will continue to be expensive for us to maintain director and officer liability insurance.

If we are unable to implement and maintain effective internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our reported financial information and the market price of our common stock may be negatively affected.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act of 2002 requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on our internal controls on an annual basis. If we have material weaknesses in our internal control over financial reporting, we may not detect errors on a timely basis and our consolidated financial statements may be materially misstated. We will need to maintain and enhance the systems, processes and documentation necessary to comply with Section 404 of the Sarbanes-Oxley Act as we grow, and we will require additional management and staff resources to do so. Additionally, even if we conclude our internal controls are effective for a given period, we may in the future identify one or more material weaknesses in our internal controls, in which case our management will be unable to conclude that our internal control over financial reporting is effective. We are also required to include an attestation report from our independent registered public accounting firm on the effectiveness of our internal control over financial reporting annually. Further, our recent and pending acquisitions of Decipher Biosciences and HalioDx, respectively, both of which were previously private companies and were not subject to audits of internal controls, require or will require us to incorporate additional controls to such businesses, which may be difficult, costly and time-consuming. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented or reviewed.

If we are unable to conclude that our internal control over financial reporting is effective, or if our auditors were to express an adverse opinion on the effectiveness of our internal control over financial reporting because we had one or more material weaknesses, investors could lose confidence in the accuracy and completeness of our financial disclosures, which could cause the price of our common stock to decline. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our reported operating results and harm our reputation. Internal control deficiencies could also result in a restatement of our financial results.

Risks Related to Our Common Stock

Our stock price may be volatile, and you may not be able to sell shares of our common stock at or above the price you paid.

The trading price of our common stock is likely to continue to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include:

- actual or anticipated variations in our and our competitors' results of operations;

- the global macroeconomic impact of the current COVID-19 outbreak;
- announcements by us or our competitors of new products, commercial relationships or capital commitments;
- changes in reimbursement by current or potential payers, including governmental payers;
- issuance of new securities analysts' reports or changed recommendations for our stock;
- fluctuations in our revenue, due in part to the way in which we recognize revenue;
- actual or anticipated changes in regulatory oversight of our products;
- developments or disputes concerning our intellectual property or other proprietary rights;
- commencement of, or our involvement in, litigation;
- announced or completed acquisitions of businesses or technologies by us or our competitors, including the effect of additional equity we or our competitors issue as consideration for such acquisitions;
- any major change in our management; and
- general economic conditions and slow or negative growth of our markets.

In addition, the stock market in general, and the market for stock of life sciences companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may cause the trading volume of our stock to decrease. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

If securities or industry analysts issue an adverse opinion regarding our stock or do not publish research or reports about our company, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that equity research analysts publish about us, our business and our competitors. We do not control these analysts or the content and opinions or financial models included in their reports. Securities analysts may elect not to provide research coverage of our company, and such lack of research coverage may adversely affect the market price of our common stock. The price of our common stock could also decline if one or more equity research analysts downgrade our common stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business. If one or more equity research analysts cease coverage of our company, we could lose visibility in the market, which in turn could cause our stock price to decline.

Anti-takeover provisions in our charter documents and under Delaware law could discourage, delay or prevent a change in control and may affect the trading price of our common stock.

Provisions in our restated certificate of incorporation and our amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, up to 5.0 million shares of undesignated preferred stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, our chairman of the board, or our chief executive officer;

- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered terms;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may, except as otherwise required by law, be filled only by a majority of directors then in office, even if less than a quorum;
- provide that the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended;
- specify that no stockholder is permitted to cumulate votes at any election of directors; and
- require a super-majority of votes to amend certain of the above-mentioned provisions.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 generally prohibits us from engaging in a business combination with an interested stockholder subject to certain exceptions.

We have never paid dividends on our capital stock, and we do not anticipate paying dividends in the foreseeable future.

We have never paid dividends on any of our capital stock and currently intend to retain any future earnings to fund the growth of our business. In addition, our Loan and Security Agreement restricts our ability to pay cash dividends on our common stock and we may also enter into credit agreements or other borrowing arrangements in the future that will restrict our ability to declare or pay cash dividends on our common stock. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for the foreseeable future.

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1	Employment Agreement, dated as of May 28, 2021, between Bonnie Anderson and the Registrant					X
10.2	Employment Agreement, dated as of May 7, 2021, between Marc Stapley and the Registrant					X
10.3	Change in Control and Severance Agreement, effective June 1, 2021 between Marc Stapley and the Registrant					X
10.4	Memorandum of Understanding between the Shareholders of HalioDx and the Registrant					X
10.5	Securities Purchase and Contribution Agreement between the Shareholders of HalioDx and the Registrant					X
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. § 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)					X
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. § 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL					X
101.SCH	Inline XBRL Taxonomy Extension Schema					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)					X

* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act or deemed to be incorporated by reference into any filing under the Exchange Act or the Securities Act except to the extent that the registrant specifically incorporates it by reference.

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.

Date: July 29, 2021

VERACYTE, INC.

By: /s/ Rebecca Chambers

Rebecca Chambers
Chief Financial Officer

May 28, 2021

Ms. Bonnie Anderson
Delivered by hand or via email

Dear Bonnie:

Veracyte, Inc. (the "***Company***") is pleased to offer you this letter agreement (this "***Agreement***") setting forth the terms and conditions of your transition to, and employment as, Executive Chairman of the Company.

1. **Position**. Effective as of June 1, 2021 (the "***Transition Date***") you will cease to be the Chief Executive Officer of the Company and will serve as the Company's Executive Chairman ("***Executive Chairman***"), reporting to the Company's Board of Directors (the "***Board***").

   You will be expected to devote your full working time and attention to the business of the Company, and while you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that could create an actual or potential business or fiduciary conflict of interest with the Company. Notwithstanding the foregoing, you may continue service as a member of the board of directors of Bruker Corporation and as a trustee emeritus of the Keck Graduate Institute of Applied Life Sciences and manage personal investments, participate in civic, charitable, and academic activities (including serving on the boards and committees of such organizations), provided that such activities do not at the time the activity or activities commence or thereafter (i) create an actual or potential business or fiduciary conflict of interest or (ii) individually or in the aggregate, interfere materially with the performance of your duties to the Company, and you comply with applicable Company policies.

   As of the Transition Date, you will remain on the Board, and for so long as you serve as Executive Chairman, subject to the requirements of applicable law (including, without limitation, any rules or regulations of any exchange on which the common stock of the Company is listed), the Board and/or the Nominating and Corporate Governance Committee of the Board will nominate you for re-election to the Board at each annual meeting at which you are subject to re-election. If your position as Executive Chairman is terminated by you or the Company for any reason, you agree to promptly resign from the Board and any committee thereof, unless requested otherwise by the Board.

2. **Term**. Subject to the terms of this Agreement, this Agreement will remain in effect from the Transition Date until terminated by you or the Company.

3. **Cash Compensation**.

   a. **Base Salary**. During the remainder of fiscal year 2021, the Company will continue to pay you your current base salary (the "***Base Salary***") at the annualized rate of Six Hundred Fifty Thousand Dollars ($650,000.00) per year. Payment of your Base Salary shall be

less applicable withholding taxes and payable in accordance with the Company's standard payroll schedule.

b. **Annual Bonus**. You will remain eligible for an annual target bonus applicable to fiscal 2021 of 100% of your Base Salary under the Company's incentive bonus plan ("***Target Bonus***" and the Company's incentive bonus plan, the "***Company Incentive Plan***"), with the actual bonus amount awarded to you (the "***Actual Bonus***") based upon the achievement of Company and individual performance objectives established by the Compensation Committee of the Board (the "***Compensation Committee***") or the Board. To receive payment of any Actual Bonus, you must be employed by the Company on the last day of the period to which such bonus relates and at the time bonuses are paid, except as otherwise provided in Section 8 of this Agreement.

4. **Benefits**. You will continue to be entitled to participate in all employee retirement, welfare, insurance and benefit programs of the Company as are in effect from time to time and in which other senior executives of the Company are eligible to participate, on the same terms as such other senior executives. Also, you will continue to be eligible for paid time off and Company-paid holidays in accordance with the Company's established policies. These and other policies are explained fully in the Company's employee handbook. You will continue to be eligible for payments or benefits under the Amended and Restated Change of Control and Severance Agreement between you and the Company, dated July 1, 2019 (the "***Severance Agreement***"), but solely as such Severance Agreement is modified by the terms of Section 8 of this Agreement.

5. **Equity Awards**. Your stock options to purchase common stock of the Company, restricted stock units, performance-based restricted stock units and any other Company equity compensation awards (your "***Equity Awards***") will continue to vest pursuant to the terms and conditions of the respective award agreements and the Company's 2013 Stock Incentive Plan or any other applicable Company equity incentive plan, subject to your continued service as an employee, director or consultant of the Company. For the avoidance of doubt, during your service as Executive Chairman and during your service as a non-employee member of the Board, either such service shall be deemed to constitute "Service" under your performance-based restricted stock unit awards.

During your employment as Executive Chairman, you will be subject to the Company's stock ownership guidelines based on an ownership level of three times (3x) your annual base salary as Executive Chairman. Should you cease to be Executive Chairman, but remain a member of the Board, you will be subject to the Company's stock ownership guidelines based on the ownership level required of all other non-employee Board members, which is currently three times (3x) the annual cash retainer payable to a non-employee Board member.

6. **Compensation for Fiscal Year 2022 and After**. The Board (or the Compensation Committee) intends to determine your compensation for fiscal year 2022 (and any subsequent year, as applicable), including your Base Salary, Target Bonus and eligibility for long-term equity incentive awards, at the same time it reviews executive officer compensation for fiscal year 2022 (and any subsequent year, as applicable) in accordance with standard practices. The determination by the Board (or the Compensation Committee) of your fiscal year 2022 (and any subsequent year, as applicable) compensation will be based, in part, on the extent and level of your then-current and expected involvement in the business, including the percentage of working time dedicated to the Company.

7. **Board Compensation**. You acknowledge that for so long as you are employed as Executive Chairman (or in any other employment position with the Company), you will not receive any cash or equity compensation as a non-employee member of the Board. Should you cease to be Executive Chairman (or any other employment position with the Company), but remain a non-employee member of the Board, you will be entitled to receive the annual cash and equity

compensation payable to non-employee directors generally, but you would not receive an initial three-year equity incentive grant.

8. Effect of Termination of Employment as Executive Chairman and/or as Services as a Member of the Board and Change of Control.

a. Conclusion of Services as CEO. You agree and acknowledge that your transition from the position of Chief Executive Officer ("***CEO***") of the Company to the position of Executive Chairman, including, but not limited to, any adjustment in the terms and conditions of your employment (including entry into this Agreement) shall not constitute grounds for you to terminate your employment for Good Reason (as defined in the Severance Agreement) under the Severance Agreement and will not be considered an involuntary or protected termination under this Agreement, the Severance Agreement or any other agreement, plan, program or arrangement of the Company, which means you will not be eligible to receive severance or equity acceleration benefits in connection with this transition. As of the Transition Date and solely with respect to Section 3(a) of the Severance Agreement, the definition of Good Reason in the Severance Agreement is modified by removing Section 6(g)(i) of the Severance Agreement such that Good Reason may not be triggered by a material reduction of your authorities, duties or responsibilities. In addition, you acknowledge that modifications to your compensation in fiscal year 2022 or any subsequent year based on the extent and level of your then-current and expected involvement in the business, including the percentage of working time dedicated to the Company, as contemplated by Section 6 above will not constitute grounds for you to terminate your employment for Good Reason pursuant to Section 6(g)(ii) of the Severance Agreement.

b. Termination as Executive Chairman Absent a Change of Control.

i. **Termination as Executive Chairman without Cause or for Good Reason Absent a Change of Control during Fiscal 2021.** If, on or prior to December 31, 2021, either (i) the Company terminates your employment as Executive Chairman without Cause (as defined in the Severance Agreement) or (ii) you terminate your employment as Executive Chairman for Good Reason (as defined below), in each case outside of the Change of Control Period (as defined in the Severance Agreement) and provided that you deliver to the Company a signed general release of claims in favor of the Company in a form acceptable to the Company; provided, however, such general release of claims shall not extend to, and will have no effect upon, (i) Accrued Compensation (as defined below), (ii) your rights to indemnification by the Company, and (iii) continued coverage by the Company's director's and officer's insurance (the "***Release***") and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, you shall be entitled to the termination benefits set forth in Section 3(a) of the Severance Agreement.

ii. **Termination as Executive Chairman without Cause or for Good Reason Absent a Change of Control during Fiscal 2022.** As of January 1, 2022 through December 31, 2022, Section 3(a) of the Severance Agreement is amended to eliminate subsection 3(a)(v) (Accelerated Vesting of Equity Awards) such that, if the Company terminates your employment without Cause or you resign for Good Reason outside of the Change of Control Period, and provided that you deliver to the Company a signed Release and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, you will be entitled to only the termination benefits set forth in Section 3(a)(ii) (Continuing Salary Payments), 3(a)(iii) (Bonus) with such pro-rated bonus amount calculated based on the bonus amount as determined as of the end of the performance period as provided in such subsection

3(a)(iii), 3(a)(iv) (COBRA Continuation Coverage) and 3(a)(vi) (Extended Post-Termination Exercise Period) of the Severance Agreement.

iii. **Termination as Executive Chairman without Cause or for Good Reason Absent a Change of Control during Fiscal 2023.** As of January 1, 2023 through December 31, 2023, Section 3(a) of the Severance Agreement is amended to eliminate subsection 3(a)(v) (Accelerated Vesting of Equity Awards) and is further amended such that, if the Company terminates your employment without Cause or you resign for Good Reason outside of the Change of Control Period, and provided that you deliver to the Company a signed Release and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, you will be entitled to the termination benefits set forth in Section 3(a)(ii) (Continuing Salary Payments), but such salary payments shall continue for only six months, 3(a)(iii) (Bonus), but such pro-rated bonus amount shall be calculated based on 50% of the bonus amount as determined as of the end of the performance period as provided in such subsection 3(a)(iii), 3(a)(iv) (COBRA Continuation Coverage), but such continuation coverage shall continue for only six months and 3(a)(vi) (Extended Post-Termination Exercise Period) as set forth in subsection 3(a)(vi) the Severance Agreement without change.

iv. **Termination as Executive Chairman Absent a Change of Control after Fiscal 2023.** As of January 1, 2024, Section 3(a) is eliminated in its entirety from the Severance Agreement such that if, after December 31, 2023, your employment with the Company terminates for any reason outside of the Change of Control Period, you will no longer be entitled to any termination benefits under the Severance Agreement or any other agreement, plan, program or arrangement of the Company.

c. **Termination as Executive Chairman in Connection with a Change of Control during Fiscal 2021 and After**. If either (i) the Company or its successor, as the case may be, terminates your employment as Executive Chairman without Cause or (ii) you terminate your employment as Executive Chairman for Good Reason, as Good Reason is defined in the Severance Agreement without giving effect to the modification of Good Reason in Section 8(b)(i) of this Agreement, in each case during the Change of Control Period and provided that you deliver to the Company a signed Release and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, you shall be entitled to the termination benefits set forth in Section 3(b) of the Severance Agreement.

d. **Change of Control While Serving as Non-Employee Member of the Board**. In the event a Change of Control (as defined below) occurs and at such time you are serving as a non-employee Board member, but are no longer serving as Executive Chairman, then you shall be entitled to immediate acceleration of all of the then-unvested shares subject to your Equity Awards provided that any performance-based Equity Awards will accelerate assuming the performance criteria had been achieved at target levels for the relevant performance period(s) unless provided otherwise in the applicable performance-based equity award agreement.

e. **Non-Assumption of Equity Awards upon a Change of Control**. If your then-outstanding Equity Awards are not assumed, continued or substituted in a Change of Control, then the vesting of such Equity Awards will accelerate in full immediately prior to the Change of Control, provided that any performance-based Equity Award will accelerate assuming the performance criteria had been achieved at target levels for the relevant performance period(s) unless provided otherwise in the applicable performance-based equity award agreement.

f. **Any Termination**. Upon termination of your employment at any time for any reason, you will be paid: (i) any earned but unpaid Base Salary, (ii) other unpaid and then-vested amounts, including any amount payable to you under the specific terms of any agreements, plans or awards, including insurance and health and benefit plans in which you participate and (iii) reimbursement for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company in accordance with applicable Company policies and guidelines, in each case as of the effective date of such termination of employment (the "***Accrued Compensation***"). To the extent that you remain on the Board following any such termination, your Equity Awards will continue to vest during your Board service pursuant to the terms of this Agreement and the terms of such Equity Awards.

Except as provided under Section 8(d) above, in the event you resign from the Board, are not re-nominated or re-elected to the Board, or you are removed from the Board, you will be paid only the Accrued Compensation with respect to the termination of your Board service.

9. Definitions. As used in this Agreement, and as an amendment to such term in the Severance Agreement, the term "Change of Control" has the following meaning:

Change of Control means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the United States Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then outstanding voting securities; (ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or (iv) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding the foregoing, a transaction will not be deemed a Change of Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

10. Expenses and Reimbursement under Company Policies. The Company will, in accordance with applicable Company policies and guidelines, reimburse you for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company.

11. Tax Matters.

a. Tax Advice. You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board related to tax liabilities arising from your compensation.

b. Withholding. All forms of compensation referred to in this Agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

c. Parachute Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "***Code***"), and (ii) but for this Section, would be subject to the excise tax imposed by Section 4999 of the Code, then, your severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

d. Section 409A. To the extent (i) any payments to which you become entitled under this Agreement, or any agreement or plan referenced herein, in connection with your termination of service as Executive Chairman with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) you are deemed at the time of such termination of service as Executive Chairman to be a "specified" employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your "separation from service" (as such term is at the time defined in regulations under Section 409A of the Code) with the Company; or (ii) the date of your death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to you or your beneficiary in one lump sum (without interest).

Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement), and each installment thereof, are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, any reference herein to a termination of your employment is intended to constitute a "separation from service" within the meaning of Section 409A of the Code, and Section 1.409A-1(h) of the regulations promulgated thereunder, and shall be so construed.

12. At Will Employment. In accordance with the law, employment with the Company is "at-will", and may be terminated at any time by you or the Company, with or without cause and with or without notice, subject to the terms of Section 8 of this Agreement. Any contrary representations that may have been made to you are superseded by this Agreement. This is the full and complete agreement between you and the Company on this term. Although your compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your service as Executive Chairman may only be changed in an express written agreement by you and an officer of the Company specifically authorized by the Board.

13. Confidentiality; Arbitration; Company Policies. You will continue to be bound by and comply fully with your At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement with the Company (the "***Confidentiality Agreement***"). At all times during your employment or services to the Company, you agree to abide by the Company's employment policies and procedures, as such policies and procedures are in effect.

14. Indemnification. You will continue to be named as an insured on the director and officer liability insurance policy currently maintained by the Company, or as may be maintained by the Company from time to time, and will continue to be subject to indemnification as required by the Company's Bylaws and the Indemnification Agreement previously entered into between you and the Company.

15. Compensation Recoupment. All amounts payable to you hereunder shall be subject to recoupment pursuant to any compensation recoupment and forfeiture policy adopted by the Board or any committee thereof or as required by law during the term of your service as Executive Chairman with the Company that is applicable generally to executive officers of the Company.

16. Entire Agreement. This Agreement, the Severance Agreement (as amended by this Agreement) and the Confidentiality Agreement, represent the entire agreement between the parties concerning the subject matter herein (and expressly supersede any prior agreements that you may have entered into regarding your employment as Executive Chairman of the Company).

17. Miscellaneous.

a. Successors. This Agreement is binding on and may be enforced by the Company and its successors and permitted assigns and is binding on and may be enforced by you and your heirs and legal representatives. Any successor to the Company or substantially all of its business (whether by purchase, merger, consolidation or otherwise) will in advance assume in writing and be bound by all of the Company's obligations under this Agreement and shall be the only permitted assignee.

b. **Amendment or Waiver**. No provision of this Agreement will be amended, modified or waived except in writing signed by you and an officer of the Company specifically authorized by the Board. No waiver by either party of any breach of this Agreement by the other party will be considered a waiver of any other breach of this Agreement.

c. **Severability**. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

d. **Governing Law**. This Agreement will be governed by the laws of the State of California without reference to conflict of laws provisions.

e. **Survival**. The provisions of this Agreement shall survive the termination of your service as Executive Chairman for any reason to the extent necessary to enable the parties to enforce their respective rights under this Agreement.

[Signature Page to Agreement Follows]

Please sign and date this Agreement, and return it to me if you wish to accept service as Executive Chairman of the Company under the terms described above.

Thank you,

/s/ James H. Erlinger III
James H. Erlinger III
Executive Vice President and General Counsel

I, the undersigned, hereby accept and agree to the terms and conditions of my service as Executive Chairman with the Company as set forth in this Agreement.

By: /s/ Bonnie Anderson
Bonnie Anderson

Date: May 28, 2021

May 7, 2021

Mr. Marc Stapley
Delivered by hand or via email

Dear Marc:

Veracyte, Inc.(the "***Company***") is pleased to offer you employment on the terms and conditions set forth in this letter agreement (this "***Agreement***").

1. **Position.** Effective as of June 1, 2021 (the "***Start Date***"), you will be appointed as the Company's Chief Executive Officer ("***CEO***") reporting to the Company's Board of Directors (the "***Board***"). You will have all of the duties, responsibilities and authority commensurate with the position of Chief Executive Officer, including those set forth in the Company's Bylaws with respect to the Company's Chief Executive Officer.

   You will be expected to devote your full working time and attention to the business of the Company, and while you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that could create an actual or potential business or fiduciary conflict of interest with the Company. Notwithstanding the foregoing, you may manage personal investments, participate in civic, charitable, and academic activities (including serving on the boards and committees of such organizations), provided that such activities do not at the time the activity or activities commence or thereafter (i) create an actual or potential business or fiduciary conflict of interest or (ii) individually or in the aggregate, interfere materially with the performance of your duties to the Company, and you comply with applicable Company policies.

   You will be appointed to the Board effective as of June 8, 2021, and for so long as you serve as the CEO, subject to the requirements of applicable law (including, without limitation, any rules or regulations of any exchange on which the common stock of the Company is listed), the Board and/or the Nominating and Corporate Governance Committee of the Board will nominate you for re-election to the Board at each annual meeting at which you are subject to re-election. If your position as CEO is terminated by you or the Company for any reason, you agree to promptly resign from the Board and any committee thereof, unless requested otherwise by the Board.

   Your principal place of employment shall be the Company's offices located in San Diego, California. You shall be provided with office space and administrative support commensurate with your position as CEO of the Company.

2. **Base Salary.** The Company will pay you an initial base salary (the "***Base Salary***") at the annualized rate of Six Hundred Thousand Dollars ($600,000) per year. Payment of your Base Salary shall be payable in accordance with the Company's standard payroll schedule. Your Base Salary will be pro-rated for any partial years of employment. Your Base Salary will be periodically reviewed as a part of the Company's regular review of compensation.

3. **Annual Bonus.** You will initially be eligible for an annual target bonus of 100% of your Base Salary under the Company's incentive bonus plan ("***Target Bonus***" and the Company's incentive bonus plan, the "***Company Incentive Plan***"), with the actual bonus amount awarded to you (the "***Actual Bonus***") based upon the achievement of Company and individual performance objectives established by the Compensation Committee of the Board or the Board. Your Actual Bonus for fiscal year 2021 will be pro-rated based upon the number of days you are employed as CEO during such year. To receive payment of any Actual Bonus, you must be employed by the Company on the last day of the period to which such bonus relates and at the time bonuses are paid, except as otherwise provided in the Severance Agreement (as defined below).

4. **Employee Benefits.** You will be entitled to participate in all employee retirement, welfare, insurance, and benefit programs of the Company as are in effect from time to time and in which other senior executives of the Company are eligible to participate, on the same terms as such other senior executives.

   Also, you will be eligible for paid time off and company paid holidays in accordance with the Company's established policies. These and other policies are explained fully in the Company's employee handbook, which will be provided to you upon joining the Company.

5. **Equity.** On your Start Date (the "***Grant Date***"), you will be granted the RSU, Option and PSU (each as defined below) as follows:

   (a) Restricted Stock Units. On the Grant Date, the Company will grant you an award of restricted stock units to acquire such number of shares of the Company's common stock equal to Two Million Dollars ($2,000,000) divided by the average daily closing price of the Company's common stock on the Nasdaq Global Market for the thirty trading days ending on the day immediately prior to the Grant Date, rounded up to the nearest whole share (the "***RSU***") under the Company's 2013 Stock Incentive Plan, as amended (the "***2013 Plan***"). The RSU will vest as to 1/4 of the total shares subject to the RSU on June 2, 2022, and in equal quarterly installments over the following twelve quarters, in each case subject to your continued Service (as defined in the 2013 Plan) through each applicable vesting date except as set forth in the Severance Agreement. The RSU will be subject to the terms and conditions set forth in the applicable award agreement between you and the Company, the 2013 Plan and the Severance Agreement.

   (b) Stock Options. On the Grant Date, the Company will grant you a stock option to purchase such number of shares of the Company's common stock equal to Three Million Dollars ($3,000,000) divided by: (i) the average daily closing price of the Company's common stock on the Nasdaq Global Market for the thirty trading days ending on the day immediately prior to the Grant Date, multiplied by (ii) the applicable Black-Scholes ratio as determined by the Company's finance department, rounded up to the nearest whole share (the "***Option***") under the 2013 Plan. The Option shall be granted with an exercise price equal to the closing price of the Company's common stock on the Nasdaq Global Market on the Grant Date. The Option will vest as to 1/4 of the total shares subject to the Option on the one year anniversary of your Start Date and as to 1/48 of the total shares subject to the Option over the following thirty-six months, in each case subject to your continued Service through the applicable vesting date except as set forth in the Severance Agreement. The Option shall be an incentive stock option to the maximum extent permitted by Section 422 of the Internal Revenue Code of 1986, as amended. The Option will be further subject to the terms and conditions set forth in the applicable award agreement between you and the Company, the 2013 Plan and the Severance Agreement.

   (c) Performance-Based Stock Units. On the Grant Date, the Company will grant you an award of performance-based restricted stock units to acquire such "target" number of shares of the Company's common stock equal to One Million Dollars ($1,000,000) divided by the average daily closing price of the Company's common stock on the Nasdaq Global Market for the

thirty trading days ending on the day immediately prior to the Grant Date, rounded up to the nearest whole share (the "***PSU***") under the 2013 Plan. The PSU will be subject to the same terms and conditions, including performance metrics and vesting requirements, as the PSUs granted to certain of the Company's executive officers in February 2021 (the "***2021 PSUs***"). The PSU will be further subject to the terms and conditions set forth in the applicable award agreement between you and the Company, the 2013 Plan and the Severance Agreement.

(d) Non-Assumption upon a Change of Control. If the RSU, Option or PSU are not assumed, continued or substituted in a Change of Control (as defined in the Severance Agreement), then the vesting of the RSU and the Option will accelerate in full immediately prior to the Change of Control, and the PSU will be treated in the same manner as the 2021 PSUs. Any other unvested equity grants you may hold at the time of a Change of Control will accelerate as set forth in such equity grants or the applicable plan document. Your Severance Agreement also provides for acceleration of your equity awards upon certain events pursuant to the terms set forth therein.

6. Severance. You will enter into the Company's Change of Control and Severance Agreement to be provided concurrently herewith (the "***Severance Agreement***").

7. Expenses and Reimbursement under Company Policies. The Company will, in accordance with applicable Company policies and guidelines, reimburse you for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company.

8. Tax Matters.

(a) Tax Advice. You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board related to tax liabilities arising from your compensation.

(b) Withholding. All forms of compensation referred to in this Agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

9. Work Authorization; Background Check. In accordance with federal immigration law, you will be required to provide the Company documentary evidence of your identity and eligibility for employment in the United States. This documentation must be provided to the Company within three business days of your date of hire, or the Company may terminate its employment relationship with you. In addition, your offer of employment is contingent upon a successfully completed background report.

10. At-Will Employment. In accordance with the law, employment with the Company is "at-will", and may be terminated at any time by you or the Company, with or without cause and with or without notice, subject to the Severance Agreement. Any contrary representations that may have been made to you are superseded by this Agreement. This is the full and complete agreement between you and the Company on this term. Although your compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your service as CEO may only be changed in an express written agreement signed by you and the Chairman of the Board.

11. Confidentiality; Arbitration; Company Policies. Employment with the Company is contingent upon your signature of, and compliance with, its At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "***Confidentiality Agreement***") which is

provided with this Agreement. At all times during your employment, you agree to abide by the Company's employment policies and procedures, as such policies and procedures are in effect.

12. Indemnification. You and the Company will enter into the form of indemnification agreement provided to other similarly situated officers and directors of the Company. In addition, you will be named as an insured on the director and officer liability insurance policy currently maintained by the Company, or as may be maintained by the Company from time to time.

13. Compensation Recoupment. All amounts payable to you hereunder shall be subject to recoupment pursuant to any compensation recoupment and forfeiture policy adopted by the Board or any committee thereof or as required by law during the term of your service as CEO with the Company that is applicable generally to executive officers of the Company.

14. Entire Agreement. This Agreement, together with the Severance Agreement and the Confidentiality Agreement, set forth the terms of your employment with the Company, and supersedes any prior representations or agreements including, but not limited to, any representations made during your recruitment, interviews or pre-employment negotiations, whether written or oral. This Agreement including, but not limited to, its at-will employment provision, may not be modified or amended except by written agreement signed by an authorized officer of the Company and you.

15. Miscellaneous.

(a) Successors. This Agreement is binding on and may be enforced by the Company and its successors and permitted assigns and is binding on and may be enforced by you and your heirs and legal representatives. Any successor to the Company or substantially all of its business (whether by purchase, merger, consolidation or otherwise) will in advance assume in writing and be bound by all of the Company's obligations under this Agreement and shall be the only permitted assignee.

(b) Waiver. No provision of this Agreement will be modified or waived except in writing signed by you and the Chairman of the Board. No waiver by either party of any breach of this Agreement by the other party will be considered a waiver of any other breach of this Agreement.

(c) Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

(d) Governing Law. This Agreement will be governed by the laws of the State of California without reference to conflict of laws provisions.

(e) Survival. The provisions of this Agreement shall survive the termination of your service as CEO for any reason to the extent necessary to enable the parties to enforce their respective rights under this Agreement.

[Signature Page to Agreement Follows]

To accept the Company's offer, please sign and date this Agreement in the space provided below and return it to the Company.

Sincerely,

Veracyte, Inc.
a Delaware corporation

By: /s/ Bonnie Anderson

Name: Bonnie Anderson
Title: Chairman of the Board of Directors

I agree to the terms and conditions in this Agreement

Date: May 7, 2021

By: /s/ Marc Stapley
Marc Stapley

[Signature Page to Agreement]

VERACYTE, INC.

CHANGE OF CONTROL AND SEVERANCE AGREEMENT

This Change of Control and Severance Agreement (the "***Agreement***") is made and entered into by and between Marc Stapley ("***Executive***") and Veracyte, Inc., a Delaware corporation (the "***Company***"), effective as of June 1, 2021 (the "***Effective Date***").

RECITALS

1. The Board of Directors of the Company (the "***Board***") believes that it is in the best interests of the Company and its stockholders (i) to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat, or occurrence of a Change of Control and (ii) to provide Executive with an incentive to continue Executive's employment prior to a Change of Control and to motivate Executive to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

2. The Board believes that it is imperative to provide Executive with certain severance benefits upon Executive's termination of employment under certain circumstances. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with the Company notwithstanding the possibility of a Change of Control.

3. Certain capitalized terms used in the Agreement are defined in Section 6 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will have an initial term of four (4) years commencing on the Effective Date (the "***Initial Term***"). On the fourth anniversary of the Effective Date, this Agreement will renew automatically for additional one (1) year terms (each an "***Additional Term***"), unless either party provides the other party with written notice of non-renewal at least sixty (60) days prior to the date of automatic renewal. Notwithstanding the foregoing provisions of this paragraph, if a Change of Control occurs when there are fewer than twelve (12) months remaining during the Initial Term or an Additional Term, the term of this Agreement will extend automatically through the date that is twelve (12) months following the effective date of the Change of Control. If Executive becomes entitled to benefits under Section 3 during the term of this Agreement, the Agreement will not terminate until all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and will continue to be at-will, as defined under applicable law. As an at-will employee, either the Company or the Executive may terminate the employment relationship at any time, with or without Cause.

3. Severance Benefits.

(a) Termination without Cause or Resignation for Good Reason Unrelated to a Change of Control. If the Company terminates Executive's employment with the Company without Cause (excluding death or Disability) or if Executive resigns from such employment for Good Reason, and such termination occurs outside of the Change of Control Period, then subject to Section 4, Executive will receive the following:

(i) Accrued Compensation. The Company will pay Executive all accrued but unpaid vacation, expense reimbursements, wages, and other benefits due to Executive under any Company-provided plans, policies, and arrangements.

(ii) Continuing Severance Payments. Executive will be paid continuing payments of severance pay at a rate equal to Executive's base salary rate, as then in effect, for twelve (12) months from the date of such termination of employment to be paid periodically in accordance with the Company's normal payroll policies.

(iii) Bonus. Executive will be entitled to receive the award Executive would have otherwise received had Executive remained employed by the Company through the end of the applicable performance period (and through the date of payment if continued employment through such date would be required to earn the bonus), but without the Board or any committee of the Board exercising any negative discretion to reduce the amount of the award, pro-rated by multiplying such bonus amount by a fraction, the numerator of which shall be the number of days from and including the first day of the relevant performance period through and including the date of Executive's termination, and the denominator of which shall be the number of days in the performance period. The amount will be paid in a lump sum payment in cash at the same time awards are otherwise paid to other senior executives participating in that or a similar incentive plan or arrangement.

(iv) Continuation Coverage. If Executive elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***") within the time period prescribed pursuant to COBRA for Executive and Executive's eligible dependents, then the Company will reimburse Executive for the COBRA premiums for such coverage (at the coverage levels in effect immediately prior to Executive's termination) until the earlier of (A) a period of twelve (12) months from the date of termination or (B) the date upon which Executive and/or Executive's eligible dependents become covered under similar plans. The reimbursements will be made by the Company to Executive consistent with the Company's normal expense reimbursement policy. Notwithstanding the first sentence of this Section 3(a)(iv), if the Company determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to Executive a taxable monthly payment, payable on the last day of a given month, in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's group health coverage in effect on the termination of employment date (which amount will be based on the premium for the first month of COBRA coverage), which payments will be made regardless of whether Executive elects COBRA continuation coverage and will commence on the month following Executive's termination of employment and will end on the earlier of (x) the date upon which Executive obtains other employment or (y) the date the Company has paid an amount equal to twelve (12) payments. For the avoidance of doubt, the taxable payments in lieu of COBRA reimbursements may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

(b) Termination without Cause or Resignation for Good Reason in Connection with a Change of Control. If the Company terminates Executive's employment with the Company without Cause (excluding death or Disability) or if Executive resigns from such employment for Good Reason, and, in each case, such termination occurs during the Change of Control Period, then subject to Section 4, Executive will receive the following:

(i) Accrued Compensation. The Company will pay Executive all accrued but unpaid vacation, expense reimbursements, wages, and other benefits due to Executive under any Company-provided plans, policies, and arrangements.

(ii) Severance Payment. Executive will receive a lump-sum payment (less applicable withholding taxes) equal to twenty-four (24) months of Executive's annual base salary as in effect immediately prior to Executive's termination date or, if greater, at the level in effect immediately prior

to the Change of Control. For the avoidance of doubt, if (x) Executive incurred a termination prior to a Change of Control that qualifies Executive for severance payments under Section 3(a)(ii); and (y) a Change of Control occurs within the two (2)-month period following Executive's termination of employment that qualifies Executive for the superior benefits under this Section 3(b)(ii), then Executive shall be entitled to a lump-sum payment of the amount calculated under this Section 3(b)(ii), *less* amounts already paid under Section 3(a)(ii) and such amount lump-sum amount shall be payable upon the later of: (A) the Change of Control, (B) the date the Release (as defined below) is effective and irrevocable; or (C) such later date required by Section 4(c).

(iii) Bonus Payment. Executive will receive a lump-sum payment equal to two hundred percent (200%) of the higher of (A) the greater of (x) Executive's target bonus for the fiscal year in which the Change of Control occurs (as in effect immediately prior to the Change of Control) or (y) Executive's target bonus as in effect for the fiscal year in which Executive's termination of employment occurs, or (B) Executive's actual bonus for performance during the calendar year prior to the calendar year during which the termination of employment occurs. For avoidance of doubt, the amount paid to Executive pursuant to this Section 3(b)(iii) will not be prorated based on the actual amount of time Executive is employed by the Company during the fiscal year (or the relevant performance period if something different than a fiscal year) during which the termination occurs.

(iv) Continuation Coverage. If Executive elects continuation coverage pursuant to COBRA within the time period prescribed pursuant to COBRA for Executive and Executive's eligible dependents, then the Company will reimburse Executive for the COBRA premiums for such coverage (at the coverage levels in effect immediately prior to Executive's termination) until the earlier of (A) a period of twenty-four (24) months from the date of termination or (B) the date upon which Executive and/or Executive's eligible dependents become covered under similar plans. The reimbursements will be made by the Company to Executive consistent with the Company's normal expense reimbursement policy. Notwithstanding the first sentence of this Section 3(b)(iv), if the Company determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to Executive a taxable monthly payment, payable on the last day of a given month, in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue Executive's group health coverage in effect on the termination of employment date (which amount will be based on the premium for the first month of COBRA coverage), which payments will be made regardless of whether Executive elects COBRA continuation coverage and will commence on the month following Executive's termination of employment and will end on the earlier of (x) the date upon which Executive obtains other employment or (y) the date the Company has paid an amount equal to twenty-four (24) payments. For the avoidance of doubt, the taxable payments in lieu of COBRA reimbursements may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to all applicable tax withholdings.

(v) Accelerated Vesting of Equity Awards. One hundred percent (100%) of Executive's then-outstanding and unvested Equity Awards will become vested in full. If, however, an outstanding Equity Award is to vest and/or the amount of the award to vest is to be determined based on the achievement of performance criteria, then the Equity Award will vest as to one hundred percent (100%) of the amount of the Equity Award assuming the performance criteria had been achieved at target levels for the relevant performance period(s). For the avoidance of doubt, the PSU (as defined in Executive's employment offer letter dated on or about the date hereof) shall accelerate as to (i) 100% of the Earned PSUs (as defined in the PSU award agreement and determined based on actual achievement of the applicable metrics) that remain subject to time-based vesting if the Change of Control occurs after the end of an applicable performance period and as to (ii) 100% of the CIC Unvested Time-Based PSUs (as defined in the PSU award agreement and determined based on full achievement of the applicable metrics) if the Change of Control occurs before the end of an applicable performance period.

(c) Voluntary Resignation; Termination for Cause. If Executive's employment with the Company terminates (i) voluntarily by Executive (other than for Good Reason) or (ii) for Cause by the

Company, then Executive will not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans and practices or pursuant to other written agreements with the Company.

(d) Disability; Death. If the Company terminates Executive's employment as a result of Executive's Disability, or Executive's employment terminates due to Executive's death, then Executive will not be entitled to receive any other severance or other benefits, except for those (if any) as may then be established under the Company's then existing written severance and benefits plans and practices or pursuant to other written agreements with the Company.

(e) Exclusive Remedy. In the event of a termination of Executive's employment as set forth in Section 3(a) or (b) of this Agreement, the provisions of Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company otherwise may be entitled, whether at law, tort or contract, in equity, or under this Agreement (other than the payment of accrued but unpaid wages, as required by law, and any unreimbursed reimbursable expenses). Executive will be entitled to no benefits, compensation or other payments or rights upon a termination of employment other than those benefits expressly set forth in Section 3 of this Agreement.

4. Conditions to Receipt of Severance.

(a) Release of Claims Agreement. The receipt of any severance payments or benefits (other than the accrued benefits set forth in either Sections 3(a)(i) or 3(b)(i)) pursuant to this Agreement is subject to Executive signing and not revoking a separation agreement and release of claims in substantially the form attached hereto as Exhibit A (the "***Release***"), which must become effective and irrevocable no later than the sixtieth (60th) day following Executive's termination of employment (the "***Release Deadline***"). If the Release does not become effective and irrevocable by the Release Deadline, Executive will forfeit any right to severance payments or benefits under this Agreement. In no event will severance payments or benefits be paid or provided until the Release actually becomes effective and irrevocable.

(b) Confidential Information and Invention Assignment Agreements. Executive's receipt of any payments or benefits under Section 3 (other than the accrued benefits set forth in either Sections 3(a)(i) or 3(b)(i)) will be subject to Executive continuing to comply with the terms of the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement dated on or about the Effective Date, between the Company and Executive, as such agreement may be amended from time to time.

(c) Section 409A.

(i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Section 409A of the Code, and the final regulations and any guidance promulgated thereunder ("***Section 409A***") (together, the "***Deferred Payments***") will be paid or otherwise provided until Executive has a "separation from service" within the meaning of Section 409A. Similarly, no severance payable to Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Executive has a "separation from service" within the meaning of Section 409A.

(ii) It is intended that none of the severance payments under this Agreement will constitute Deferred Payments but rather will be exempt from Section 409A as a payment that would fall within the "short-term deferral period" as described in Section 4(c)(iv) below or resulting from an involuntary separation from service as described in Section 4(c)(v) below. Any severance payments or benefits under this Agreement will be paid on, or, in the case of installments, will commence on, the sixty- first (61st) day following Executive's separation from service, or, if later, such time as required by Section

4(c)(iii). Except as required by Section 4(c)(iii), any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence will be paid to Executive on the sixty-first (61st) day following Executive's separation from service and the remaining payments will be made as provided in this Agreement.

(iii) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the Deferred Payments, if any, that are payable within the first six (6) months following Executive's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following Executive's separation from service, but before the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment under Section 1.409A-2(b)(2) of the Treasury Regulations.

(iv) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of clause (i) above.

(v) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of clause (i) above.

(vi) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition before actual payment to Executive under Section 409A.

5. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) but for this Section 5, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's benefits under Section 3 will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction in severance and other benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction will occur in the following order: (i) reduction of cash payments; (ii) cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G), (iii) cancellation of accelerated vesting of equity awards; (iv) reduction of employee benefits. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of Executive's equity awards.

Unless the Company and Executive otherwise agree in writing, any determination required under this Section 5 will be made in writing by the Company's independent public accountants immediately prior to a Change of Control or such other person or entity to which the parties mutually agree (the "***Firm***"), whose determination will be conclusive and binding upon Executive and the Company. For purposes of making the calculations required by this Section 5, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section. The Company will bear all costs the Firm may incur in connection with any calculations contemplated by this Section 5.

6. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Cause. "***Cause***" will mean:

(i) The willful or grossly negligent failure of the Executive to substantially perform his or her duties as an employee of the Company;

(ii) Executive's commission of a gross misconduct which is injurious to the Company;

(iii) Executive's breach of a material provision of any agreement between Executive and the Company;

(iv) Executive's material and willful violation of a federal or state law or regulation applicable to the business of the Company;

(v) Executive's misappropriation or embezzlement of Company funds or Executive's act of fraud or dishonesty upon the Company; or

(vi) Executive's conviction of, or plea of nolo contendere, to a felony (other than motor vehicle offenses the effect of which do not materially impair Executive's performance of Executive's duties for the Company).

The Company will not terminate Executive's employment for Cause without first providing Executive with written notice specifically identifying the acts or omissions constituting the grounds for a Cause termination and, with respect to clauses (i), (iii) and (iv), a reasonable opportunity to cure (to the extent curable) for a period of not less than ten (10) business days following such notice.

The determination as to whether Executive is being terminated for Cause will be made in good faith by the Board and will be final and binding on Executive. The foregoing definition does not in any way limit the Company's ability to terminate Executive's employment relationship at any time as provided in Section 2 above, and the term "Company" will be interpreted to include any subsidiary, parent, affiliate or successor thereto, if applicable.

(b) Change of Control. "***Change of Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the United States Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then outstanding voting securities;

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election;

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

(iv) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets.

Notwithstanding the foregoing, a transaction will not be deemed a Change of Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change of Control if: (i) its sole purpose is to change the state of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(c) Change of Control Period. "***Change of Control Period***" will mean the period beginning two (2) months prior to, and ending twelve (12) months following, a Change of Control.

(d) Code. "***Code***" will mean the Internal Revenue Code of 1986, as amended.

(e) Disability. "***Disability***" will mean that Executive has been unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. Alternatively, Executive will be deemed disabled if determined to be totally disabled by the Social Security Administration. Termination resulting from Disability may only be effected after at least thirty (30) days' written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of Executive's duties hereunder before the termination of Executive's employment becomes effective, the notice of intent to terminate based on Disability will automatically be deemed to have been revoked.

(f) Equity Awards. "***Equity Awards***" will mean Executive's outstanding stock options, stock appreciation rights, restricted stock units, performance shares, performance stock units and any other Company equity compensation awards.

(g) Good Reason. "***Good Reason***" will mean termination of employment within forty-five (45) days following the expiration of any cure period (discussed below) following the occurrence of one or more of the following, without Executive's express written consent:

(i) a material reduction of Executive's authorities, duties or responsibilities relative to Executive's authorities, duties or responsibilities in effect immediately prior to such reduction;

(ii) a material reduction in Executive's base salary and/or target bonus opportunity, other than a reduction applicable to similarly situated employees generally that does not adversely affect Executive to a greater extent than other similarly situated employees;

(iii) the relocation of Executive's principal place of performing his or her duties as an employee of the Company by more than fifty (50) miles; or

(iv) a successor of the Company as set forth in Section 7(a) hereof does not assume this Agreement.

In order for an event to qualify as Good Reason, Executive must not terminate employment with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety (90) days of the initial existence of the grounds for "Good Reason' and a reasonable cure period of not less than thirty (30) days following the end of such notice.

For purposes of the "Good Reason" definition, the term "Company" will be interpreted to include any subsidiary, parent, affiliate or successor thereto, if applicable.

(h) Section 409A Limit. "***Section 409A Limit***" will mean two (2) times the lesser of: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Executive's taxable year preceding the Executive's taxable year of Executive's termination of employment as determined under, and with such adjustments as are set forth in, Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's employment is terminated.

7. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when sent electronically or personally delivered when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or when delivered by a private courier service such as UPS, DHL or Federal Express that has tracking capability. In the case of Executive, notices will be sent to the e-mail address or addressed to Executive at the home address, in either case which Executive most recently communicated to the Company in writing. In the case of the Company, electronic notices will be sent to the e-mail address of the Chairman of the Board of Directors and the General Counsel and mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its Board of Directors and General Counsel.

(b) Notice of Termination. Any termination by the Company for Cause or by Executive for Good Reason will be communicated by a notice of termination to the other party hereto given in accordance with Section 8(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances

claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than ninety (90) days after the giving of such notice).

9. Resignation. Upon the termination of Executive's employment for any reason, Executive will be deemed to have resigned from all officer and/or director positions held at the Company and its affiliates voluntarily, without any further required action by Executive, as of the end of Executive's employment and Executive, at the Board's request, will execute any documents reasonably necessary to reflect Executive's resignation.

10. Arbitration. Executive is subject to and agrees to abide by the arbitration terms in the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement, and the Company and Executive agree that any dispute under this Agreement be governed by such arbitration provisions.

11. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any such payment be reduced by any earnings that Executive may receive from any other source.

(b) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof. No waiver, alteration, or modification of any of the provisions of this Agreement will be binding unless in writing and signed by duly authorized representatives of the parties hereto and which specifically mention this Agreement.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions). Any claims or legal actions by one party against the other arising out of the relationship between the parties contemplated herein (whether or not arising under this Agreement) will be commenced or maintained in any state or federal court located in the jurisdiction where Executive resides, and Executive and the Company hereby submit to the jurisdiction and venue of any such court.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision hereof, which will remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income, employment and other taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized director or officer, as of the day and year set forth below.

COMPANY

VERACYTE, INC.

By: /s/ Bonnie Anderson

Title: CEO & Chairman

Dated: May 7, 2021

EXECUTIVE

By: /s/ Marc Stapley

Title: CEO

Dated: May 7, 2021

[signature page of the Change of Control and Severance Agreement]

EXHIBIT A

FORM OF RELEASE OF CLAIMS

This release of claims (this "***Agreement***") is made by and between Veracyte, Inc. (the "***Company***"), and [●] ("***Executive***"). The Company and Executive are sometimes collectively referred to herein as the "***Parties***" and individually referred to as a "***Party***."

RECITALS

WHEREAS, Executive signed an At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement with the Company on [●] (the "***Confidentiality Agreement***");

WHEREAS, Executive signed an Amended and Restated Change of Control and Severance Agreement with the Company on [●] (the "***Severance Agreement***"), which, among other things, provides for certain severance benefits to be paid to Executive by the Company upon the termination of Executive's employment;

WHEREAS, Executive was employed by the Company until [●], when Executive's employment was terminated ("***Termination Date***");

WHEREAS, in accordance with Section 4 of the Severance Agreement between the Company and Executive, Executive has agreed to enter into and not revoke a standard release of claims in favor of the Company as a condition to receiving the severance benefits described in the Severance Agreement; and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that Executive may have against the Company and any of the Releasees (as defined below), including, but not limited to, any and all claims arising out of or in any way related to Executive's employment relationship with the Company and the termination of that relationship.

NOW THEREFORE, for good and valuable consideration, including the mutual promises and covenants made herein, the Company and Executive hereby agree as follows:

COVENANTS

1. Termination. Executive's employment with the Company terminated on the Termination Date.

2. Payment of Salary and Receipt of All Benefits. Executive acknowledges and represents that, other than the consideration to be paid in accordance with the terms and conditions of the Severance Agreement, the Company has paid or provided all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, draws, stock, stock options or other equity awards (including restricted stock unit awards), vesting, and any and all other benefits and compensation due to Executive and that no other reimbursements or compensation are owed to Executive.

3. Release of Claims. Executive agrees that the consideration to be paid in accordance with the terms and conditions of the Severance Agreement represents settlement in full of all outstanding obligations owed to Executive by the Company and its current and former officers, directors, employees, agents, investors, attorneys, stockholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "***Releasees***"). Executive, on Executive's own behalf and on behalf of Executive's respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue,

any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation the following:

(a) any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the [California Family Rights Act]; [the California Labor Code]; [the California Workers' Compensation Act]; and [the California Fair Employment and Housing Act][1];

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this Section 3 (the "***Release***") will be and remain in effect in all respects as a complete general release as to the matters released. The Release does not extend to any severance obligations due Executive under the Severance Agreement. The Release does not release claims that cannot be released as a matter of law. Executive represents that Executive has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section 3. Nothing in this Agreement waives Executive's rights to indemnification or any payments under any fiduciary insurance policy, if any, provided by any act or agreement of the Company, state or federal law or policy of insurance.

[1] References to California statutes will only be included in this Agreement if Executive resides in California at the time Executive's employment relationship is terminated. Otherwise, statutes specific to the state in which Executive resides at the time of termination will be substituted.

4. Protected Rights. Executive understands that nothing in Section 3 above, or otherwise in this Agreement, limits Executive's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local government agency or commission ("***Government Agencies***"). Executive further understands that this Agreement does not limit Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit Executive's right to receive an award for information provided to any Government Agencies.

5. Acknowledgment of Waiver of Claims under ADEA. Executive acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 ("***ADEA***") and that this waiver and release is knowing and voluntary. Executive agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Executive acknowledges that the consideration given for this waiver and release Agreement is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that Executive has been advised by this writing that (a) Executive should consult with an attorney ***prior*** to executing this Agreement; (b) Executive has at least 21 days within which to consider this Agreement; (c) Executive has 7 days following the execution of this Agreement by the parties to revoke the Agreement; (d) this Agreement will not be effective until the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and delivers it to the Company in less than the 21-day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Executive acknowledges and understands that revocation must be accomplished by a written notification to the General Counsel of the Company that is received prior to the Effective Date.

6. [California Civil Code Section 1542. Executive acknowledges that Executive has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Executive, being aware of California Civil Code Section 1542, agrees to expressly waive any rights Executive may have thereunder, as well as under any other statute or common law principles of similar effect.

OR

Unknown Claims. Executive acknowledges that Executive has been advised to consult with legal counsel and that Executive is familiar with the principle that a general release does not extend to claims that the releaser does not know or suspect to exist in his or her favor at the time of executing the release, which, if known by him or her, must have materially affected his or her settlement with the releasee. Executive, being aware of this principle, agrees to expressly waive any rights Executive may have to that effect, as well as under any other statute or common law principles of similar effect.][2]

[2] If Executive resides in California at the time Executive's employment relationship is terminated, the first provision - "California Civil Code Section 1542" - will be included in this Agreement, otherwise the second provision - "Unknown Claims" - will be used.

7. No Pending or Future Lawsuits. Executive represents that Executive has no lawsuits, claims, or actions pending in Executive's name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Executive also represents that Executive does not intend to bring any claims on Executive's own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

8. Sufficiency of Consideration. Executive hereby acknowledges and agrees that Executive has received good and sufficient consideration for every promise, duty, release, obligation, agreement and right contained in this Release.

9. Confidential Information. Executive reaffirms and agrees to observe and abide by the terms of the Confidentiality Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, which agreement will continue in force; *provided, however*, that: (a) as to any provisions regarding competition contained in the Confidentiality Agreement that conflict with the provisions regarding competition contained in the Severance Agreement, the provisions of the Severance Agreement will control; (b) as to any provisions regarding solicitation of employees contained in the Confidentiality Agreement that conflict with the provisions regarding solicitation of employees contained in this Agreement, the provisions of this Agreement will control.

10. Return of Company Property; Passwords and Password-protected Documents. Executive confirms that Executive has returned to the Company in good working order all keys, files, records (and copies thereof), equipment (including, but not limited to, computer hardware, software and printers, wireless handheld devices, cellular phones and pagers), access or credit cards, Company identification, and any other Company-owned property in Executive's possession or control. Executive further confirms that Executive has cancelled all accounts for Executive's benefit, if any, in the Company's name, including, but not limited to, credit cards, telephone charge cards, cellular phone and/or pager accounts and computer accounts. Executive also confirms that Executive has delivered all passwords in use by Executive at the time of Executive's termination, a list of any documents that Executive created or of which Executive is otherwise aware that are password-protected, along with the password(s) necessary to access such password-protected documents.

11. No Cooperation. Executive agrees that Executive will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or as related directly to the ADEA waiver in this Agreement. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Executive will state no more than that Executive cannot provide any such counsel or assistance.

12. Nondisparagement. Executive agrees that Executive will not in any way, directly or indirectly, do or say anything at any time which disparages the Company, its business interests or reputation, or that of any of the other Released Parties.

13. No Admission of Liability. Executive understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Executive. No action taken by the Company hereto, either previously or in connection with this Agreement, will be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Executive or to any third party.

14. Solicitation of Employees. Executive agrees that for a period of 12 months immediately following the Effective Date of this Agreement, Executive will not directly or indirectly (a) solicit, induce, recruit or encourage any of the Company's employees to leave their employment at the Company or (b)

attempt to solicit, induce, recruit or encourage, either for Executive or for any other person or entity, any of the Company's employees to leave their employment.

15. Costs. The Parties will each bear their own costs, attorneys' fees and other fees incurred in connection with the preparation of this Agreement.

16. Arbitration. Except for any claim for injunctive relief arising out of a breach of a party's obligations to protect the other's proprietary information, the Parties agree to arbitrate, in San Mateo County, California through JAMS, any and all disputes or claims arising out of or related to the validity, enforceability, interpretation, performance or breach of this Agreement, whether sounding in tort, contract, statutory violation or otherwise, or involving the construction or application or any of the terms, provisions, or conditions of this Agreement. Any arbitration may be initiated by a written demand to the other Party. The arbitrator's decision shall be final, binding, and conclusive. The Parties further agree that this Agreement is intended to be strictly construed to provide for arbitration as the sole and exclusive means for resolution of all disputes hereunder to the fullest extent permitted by law. The Parties expressly waive any entitlement to have such controversies decided by a court or a jury.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Executive represents and warrants that Executive has the capacity to act on Executive's own behalf and on behalf of all who might claim through Executive to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Executive represents that Executive has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Executive has relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

19. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement will continue in full force and effect without said provision or portion of provision.

20. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Executive concerning the subject matter of this Agreement and Executive's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Executive's relationship with the Company, with the exception of the Severance Agreement, the Confidentiality Agreement, and Executive's written equity compensation agreements with the Company.

21. No Oral Modification. This Agreement may only be amended in writing signed by Executive and the Chairman of the Board of Directors of the Company.

22. Governing Law. This Agreement will be governed by the laws of the State of California, without regard for choice-of- law provisions. Executive consents to personal and exclusive jurisdiction and venue in the State of California.[3]

23. Effective Date. Executive understands that this Agreement will be null and void if not executed by Executive within 21 days. Each Party has seven days after that Party signs this Agreement to

[3] References to California will only be included in this Agreement if Executive resides in California at the time Executive's employment relationship is terminated.

revoke it. This Agreement will become effective on the eighth (8th) day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "***Effective Date***").

24. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

25. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees. Executive expressly acknowledges that:

(a) Executive has read this Agreement;

(b) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel;

(c) Executive understands the terms and consequences of this Agreement and of the releases it contains; and

(d) Executive is fully aware of the legal and binding effect of this Agreement.

* * * * *

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

COMPANY

VERACYTE, INC.

By: __

Name: __

Title: ____

Dated: ____

EXECUTIVE

[●], an individual

__

(Signature)

Dated: __

[signature page of the Release Agreement]

MEMORANDUM OF UNDERSTANDING

by and among

Veracyte, Inc.

and

MI 3 SA

SHAM Innovation Santé

BNP Paribas Développement

Sofipaca

FPCI PSIM

FIP Amundi France Développement 2015

FIP Amundi France Développement 4

Quest for Growth

Philis

Vincent Fert

Stéphane Debono

Tabodar

Corinne Danan

Fabienne Hermitte

Jerome Galon

June 1, 2021

MEMORANDUM OF UNDERSTANDING dated June 1, 2021 (the **Agreement**)
AMONG

(1) **Veracyte, Inc.**, a Delaware corporation, whose registered office is located at 6000 Shoreline Court, Suite 300, South San Francisco, CA 94080;

(the **Buyer**)

(2) **MI 3 SA**, a *société anonyme* organized under the laws of Luxembourg, whose registered office is at 3 boulevard Royal, L-2449 Luxembourg, registered with the Trade and Companies Registry under number B 163 536 RCS Luxembourg;

(3) **SHAM Innovation Santé**, a *societé par actions simplifiée* organized under the laws of France, whose registered office is at 18, rue Edouard Rochet, 69088 Lyon, registered with the Trade and Companies Registry under number 801 985 995 RCS Lyon;

(4) **BNP Paribas Développement**, a *société anonyme* organized under the laws of France, whose registered office is at 1, boulevard Haussmann, 75009 Paris, registered with the Trade and Companies Registry under number 348 540 592 RCS Paris;

(5) **Sofipaca**, a *société anonyme* organized under the laws of France, whose registered office is at 25 chemin des Trois Cyprès, 13097 Aix-en-Provence, registered with the Trade and Companies Registry under number 327 785 614 RCS Aix-en-Provence;

(6) **FPCI PSIM**, a *fonds professionnel de capital investissement* organized under the laws of France, represented by Bpifrance Investissement, a *société par actions simplifiée* organized under the laws of France whose registered office is at 27/31 avenue du Général Leclerc, 94710 Maisons-Alfort, registered with the Trade and Companies Registry under number 433 975 224 RCS Créteil;

(7) **FIP Amundi France Développement 2015**, a *fonds d'investissement de proximité* organized under the laws of France, represented by Amundi Private Equity Funds, a *société anonyme* organized under the laws of France whose registered office is at 90 boulevard Pasteur, 75015 Paris, registered with the Trade and Companies Registry under number 422 333 575 RCS Paris;

(8) **FIP Amundi France Développement 4**, a *fonds d'investissement de proximité* organized under the laws of France, represented by Amundi Private Equity Funds, a *société anonyme* organized under the laws of France whose registered office is at 90 boulevard Pasteur, 75015 Paris, registered with the Trade and Companies Registry under number 422 333 575 RCS Paris;

(9) **Quest for Growth**, a *société anonyme d'investissement public sous forme privée* organized under the laws of Belgium, whose registered office is at Lei 19/3, 3000 Leuven (Belgium), registered with the Trade and Companies Registry under number 0463.541.422 RCS Leuven, represented by Capricorn Partners;

(10) **Philis**, a *société à responsabilité limitée* organized under the laws of France, whose registered office is located at 16, rue Georges Saint Martin, 13007 Marseille, registered with the Trade and Companies Registry under number 533 408 282 RCS Marseille;

(11) **Vincent Fert**, a French citizen, born on April 13, 1959 at Nyons and residing at 16 rue Saint Martin, 13007 Marseille;

(12) **Stéphane Debono,** a French citizen, born on July 30, 1975 at Castres and residing at 21 impasse d'Or, 13010 Marseille;

(13) **Tabodar**, a *société par actions simplifiée* organized under the laws of France, whose registered office is located 4, avenue du Stade de Coubertin, 92100 Boulogne-Billancourt, registered with the Trade and Companies Registry under number 804 938 108 RCS Nanterre;

(14) **Corinne Danan,** a French citizen, born on August 11, 1961 at Boulogne-Billancourt and residing at 4 avenue du stade de Coubertin, 92100 Boulogne-Billancourt;

(15) **Fabienne Hermitte,** a French citizen, born on February 10, 1972 at Toulon and residing at 9 chemin du Cantounet, 13600 Ceyreste;

(16) **Jerome Galon,** a French citizen, born on February 6, 1967 at Besançon and residing at 23 boulevard Suchet, 75016 Paris;

(the above Parties from (10) to (16), acting severally but not jointly (*conjointement et non solidairement*), being hereinafter referred to individually as the **Management Shareholder** and collectively as the **Management Shareholders**; it being further specified that Philis and Vincent Fert are acting severally and jointly (*conjointement et solidairement*) and Tabodar and Corinne Danan are acting severally and jointly (*conjointement et solidairement*))

(the above Parties from (2) to (9), acting severally but not jointly (*conjointement et non solidairement*) and the Management Shareholders, acting severally but not jointly (*conjointement et non solidairement*), being hereinafter referred to individually as a **Shareholder** and collectively as the **Shareholders**)

Buyer and the Shareholders are hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**". The Shareholders are acting together severally (*conjointement mais non solidairement*).

PREAMBLE

(a) The Shareholders and Buyer are contemplating to enter into a securities purchase and contribution agreement substantially in the form of the draft attached hereto under Schedule 1 (the **SPA**) relating to the proposed acquisition by Buyer of 100% of the share capital and voting rights of HalioDx, a *société par actions simplifiée* incorporated in France whose registered office is Parc Scientifique de Luminy, 163 avenue de Luminy, Luminy Biotech Entreprises, 13288 Marseilles (9ème), registered with the Trade and Companies Registry under number 805 269 271 RCS Marseilles (the **Company**) (the **Proposed Acquisition**).

(b) The Parties acknowledge that before the Shareholders are in a position to take any decision to sell the Company, and Buyer to acquire the Company and consummate the Proposed Acquisition, the works' council (*comité social et économique*) of the Company (the **Works' Council**) must be informed and consulted in connection with the Proposed Acquisition (the **Consultation Process**).

(c) Capitalized terms used in this memorandum of understanding (the **Agreement**) and not defined herein, if any, shall have the respective meanings given to them in the SPA. The provisions of Clauses 13 (*Sellers Representative*), 17 (*Entire Agreement*), 18 (*Waiver and Variation*), 19 *(Severability*), 21 (*Notices*), 22 (*Costs*) of the SPA shall be incorporated in this Agreement as if set out herein and shall apply *mutatis mutandis* as if references in those articles to the "Agreement", "Parties", the "date hereof" (or similar expressions), "Sellers" or "Sellers Representative" were respectively to this Agreement, the parties hereto, the date hereof, the Shareholders and the Shareholders Representative.

1. CONSULTATION PROCESS

(a) *Initiation of the Consultation Process*. The Management Shareholders agree and undertake to cause the Consultation Process to be initiated promptly after the date hereof and in any event to hold a first meeting of the Works' Council no later than ten Business Days after the date hereof and to use their best efforts to obtain an opinion from the Works' Council in relation to the Proposed Acquisition in accordance with applicable Laws as soon as reasonably practicable following the date on which the Consultation Process has been initiated.

(b) *Completion of the Consultation Process*. For the purpose of this Agreement, the Consultation Process shall be deemed completed on the earlier of (i) the date of the meeting during which, following its information and consultation in accordance with the French Labor Code, the Works' Council will have delivered an express opinion regarding the Proposed Acquisition or (ii) failing an express opinion from the Works' Council, the date on which the Works' Council will be deemed to have rendered a final opinion pursuant to applicable Laws (the **Consultation Completion Date**).

(c) *Cooperation with Buyer.* The Management Shareholders undertake to keep Buyer regularly informed of the status of the Consultation Process and to promptly provide Buyer with a true copy of the final opinion delivered by the Works' Council or, if such document does not exist at that time, a written statement under the Works' Council's chairman's liability confirming that an opinion has been issued and the content of said opinion. In particular, the Management Shareholders undertake to:

(i) keep Buyer informed in a timely manner of the progress of the Consultation Process and of any material issues arising therefrom;

(ii) permit Buyer to review in advance any material written correspondence, notices and other communications (including the information document provided to the Works' Council and any supporting materials) relating to Buyer and/or its future plans further to the Proposed Acquisition to be furnished or made available to the Works' Council;

(iii) take into account in good faith any reasonable comments that Buyer may make with respect to any such correspondence, notices and other communications and obtain Buyer's prior written consent (not to be unreasonably withheld or delayed) to any items relating to Buyer;

(iv) support in all respects the Proposed Acquisition throughout the Consultation Process; and

(v) refrain from making any commitment or representation to the Works' Council, including any commitment to proceed with modifications to any existing rights or obligations of the Company vis a vis their employees, modifications to the terms of the SPA or to the future business or operations of the Group, in each case, without the prior written consent of the Buyer.

(d) *Cooperation with the Shareholders*. Buyer undertakes to co-operate with the Shareholders, with respect to the Consultation Process (including by providing the Shareholders and the Company with any document or information, which the Shareholders or the Works' Council would reasonably request).

(e) The Parties will consult with each other and consider in good faith any issues and proposals in relation to the Proposed Acquisition that may be raised as part of the Consultation Process, provided however that neither Buyer nor the Shareholders shall be obliged to agree to any modification hereto or to the SPA or the transactions contemplated thereby.

2. EXECUTION OF THE SPA

(a) Subject to paragraph (b) below, the Buyer hereby irrevocably undertakes to execute and deliver the SPA within ten Business Days after the date on which the Consultation Completion Date has been notified to the Buyer by the Sellers Representative, together with an original copy of the SPA executed by all the shareholders of the Company, and under these circumstances to be bound to acquire the Transferred Securities in accordance with the terms thereof (*promesse unilatérale d'achat*), unless this Agreement is terminated in accordance with its terms prior to such date. In the event the Works' Council has delivered an opinion against or objecting the Proposed Acquisition (a **Negative Opinion**), the Shareholders and Buyer shall discuss in good faith to address the concerns expressed by the Works' Council and give due consideration to any recommendations made by the Works' Council in the Negative Opinion. Notwithstanding the generality of the foregoing, the Parties acknowledge and agree that no Person is under any obligation to agree to have any such concerns or recommendation made by the Works' Councils in its Negative Opinion (if any) or otherwise addressed or reflected in the SPA.

(b) *Conditions to execution of the SPA.* Notwithstanding anything to the contrary herein or otherwise, the obligations of the Buyer to execute and deliver the SPA is subject to there being no Authority enjoining (or seeking to enjoin) or prohibiting (or seeking to prohibit) or restraining (or seeking to restrain) the execution and delivery of the SPA by any Person.

3. EXCLUSIVITY UNDERTAKING AND OTHER OBLIGATIONS

3.1 Exclusivity

(a) As from the date hereof and until the earlier to occur of the (i) execution and delivery of the SPA by Buyer and all the shareholders of the Company (or failure by Buyer to execute and deliver the SPA in accordance with the terms of Clause 2(a)) and (ii) the end of a six-month period following the date hereof (the **Exclusivity Period**), the Shareholders shall not, directly or indirectly, including through their respective directors, executives, employees or advisors:

(i) initiate or follow up any discussions or negotiations, or enter into any contract, with any person other than Buyer or its Affiliates, or solicit or encourage any third party, to acquire all or part of the share capital of any Group Companies and/or all or part of their assets, or to proceed with the merger, spin-off, contribution, business combination or any similar transaction involving any Group Company (a **Competing Proposal**); or

(ii) furnish any information or afford access to the business, financial position, properties, assets or the books and records of the Group Companies to any person or entity other than Buyer in connection with a Competing Proposal;

(iii) or more generally undertake any action which may jeopardize the completion of the Proposed Transaction.

it being agreed, for the avoidance of doubt, that nothing in the foregoing paragraph shall prevent the Shareholders during this Exclusivity Period from contacting, entering and/or pursuing their discussions with any manager, director, office or employee of the Group in respect with their management incentive package or investment in the Group only in connection with the Proposed Acquisition.

(b) The Shareholders Representative represents and warrants that, prior to the date hereof, neither the Shareholders nor any of their Affiliates have entered into any binding arrangement or agreement, whether or not conditional, with any third party to effect any Competing Proposal.

3.2 Interim Period

Until this Agreement has been terminated pursuant to its terms, as from the date hereof, the Parties agree to comply with the provisions of Clause 6.1 (*Conduct of Business up to Completion*) of the SPA, as if such provisions were set out in this Agreement.

4. REGULATORY AUTHORIZATIONS

(a) Buyer shall initiate the process to obtain the Foreign Investment Authorization, as soon as possible after the date hereof.

(b) As from the date hereof, the Shareholders and Buyer shall comply with the provisions of Clause 4.3 the SPA as if such provisions had been set forth in full in this Agreement, mutatis mutandis, and any reference therein to "this Agreement" or to "the date hereof" (or a similar expression) shall be deemed to include a reference to this Agreement or the date hereof, respectively.

5. REPRESENTATIONS & WARRANTIES

Buyer hereby gives the representations and warranties to the Shareholders provided in Clauses 9.1 (*Organization; Authority*), 9.4 (*No Conflict of Violation*) and 9.5 *(Consent and Approvals*) of the SPA and the Shareholders hereby give the representations and warranties to Buyer provided in sections 1.1 (*Organization*), 1.2 (*Authorization*), 1.3 (*Conflict or Violation*) and 1.4 (*Consents and Approvals*) of Exhibit B of the SPA, as if such provisions were set out herein and any reference therein to "this Agreement", "the date hereof" (or a similar expression) or "Seller(s)" shall be deemed to include a reference to this Agreement, the date hereof or the Shareholder(s), respectively.

6. ANNOUNCEMENT - CONFIDENTIALITY

(a) Buyer and the Shareholders shall agree on the content and timing of circulation of the press release (or as many as they may further agree to in writing), which will be made after the date hereof.

(b) Save for such press release or as may be required by Law, each Party agrees that this Agreement as well as its existence, contents and any information disclosed in connection with the matters contemplated herein fall under the mutual confidentiality agreement dated as of 18 May 2020 and thus are strictly confidential and shall not be disclosed to any person whatsoever without the prior written consent of the other Party hereto.

7. DURATION AND TERMINATION

(a) *Automatic Termination*. Unless otherwise provided herein, this Agreement shall terminate automatically upon the earlier of: (i) the execution of the SPA by all of the Parties hereto and any other shareholder of the Company, (ii) the eleventh Business Day following the Completion Consultation Date absent the notification to the Buyer by the Sellers Representative, together with an original copy of the SPA executed by all the shareholders of the Company and (iii) the expiry of a period of three months as from the date hereof.

(b) *Termination by Mutual Consent*. This Agreement may be terminated by mutual consent of Buyer and the Shareholders Representative on behalf of the Shareholders.

(c) *Termination by either Party*. Buyer or the Shareholders may further decide to terminate this Agreement, by sending a notice to the Shareholders Representative or to Buyer, as applicable, at any time after the date on which:

(i) the conditions precedent set forth in Clause 4.1 of the SPA are no longer capable of being satisfied or waived on or before the Longstop Date (subject to paragraph (ii) immediately below with respect to the condition precedent set forth in Clause 4.1(c) of the SPA); or

(ii) any required Authority decides to deny the Foreign Investment Authorization; it being specified that, in such a case, the Buyer shall pay on demand to the Shareholders a break-up fee of 1,000,000 euros, within five (5) Business Days following the receipt of the notice delivered pursuant to this Clause 7(c), in the proportion for each Shareholder and to the bank accounts to be specified by the Shareholders Representative. In order to satisfy Buyer's internal policies, such notice shall include a copy of the SPA executed by all the shareholders of the Company, it being however acknowledged that, in such a case, the SPA shall have no force and effect. The Buyer acknowledges that such break-up fee is not a penalty (*clause pénale*), and hereby waives any claim in connection with the amount thereof. Such break-up fee shall be due without prejudice to any other rights or remedies that the Sellers may have against Buyer with respect to any breach by the Buyer under this Agreement (for the avoidance of doubt, upon execution of the SPA, the foregoing commitment to pay a break-up fee shall cease to apply, without prejudice to any break-up fee that may otherwise be due by the Buyer pursuant to Clause 5.1(a)(iv) of the SPA); or

(iii) any Authority of competent jurisdiction has permanently enjoined or prohibited the consummation of the Proposed Acquisition pursuant to a final and non-appealable order or decision.

(d) *Effect of Termination*. Upon any termination of this Agreement, this Agreement shall become void and each Party shall cease to be bound by the obligations applicable to it under this Agreement, provided that nothing herein shall release the liability of a Party to the other hereunder for any antecedent breach of its obligations hereunder and save for the provisions of Clause 3.1 (*Exclusivity*) which shall survive any termination of this Agreement unless such termination occurs under the circumstances set out in paragraph (b) and (c) above and the provisions of Clauses 6 (*Announcement and Confidentiality*), 7 (*Duration and Termination*) and 9 (*Governing Law*) which shall survive any termination of this Agreement.

(e) Buyer confirms and agrees that its obligations under this *promesse unilatérale d'achat*, in particular its undertaking to execute and deliver the SPA, are governed by article 1124 of the French Civil Code, as a result of which Buyer has irrevocably given its consent to execute and deliver the SPA and acquire the Transferred Securities in accordance with the terms thereof, and subject to the conditions set out herein and in the SPA.

8. ASSIGNMENT - ADHERENCE

(a) This Agreement is personal to the Parties hereto. Accordingly, this Agreement and the benefits hereof may not be assigned by Buyer or the Shareholders or otherwise transferred to any other person without the prior consent of the other party.

(b) Notwithstanding the foregoing, Buyer shall be entitled to assign its rights and obligations under this Agreement (in whole or in part) without the prior consent of any other party hereto to any direct or indirect wholly owned subsidiary of Buyer, provided that (i) notwithstanding any such assignment, Buyer shall remain liable for all of its obligations under this Agreement and under

the SPA unless a prior discharge from the Shareholders Representative has been formally obtained, (ii) the assignment and the identity of the assignee shall be notified in writing to the Shareholders Representative as soon as practicable, (iii) such assignment shall have no adverse consequences for the Shareholders and shall not substantially affect the terms of this Agreement or the SPA (in particular with respect to the Foreign Investment Authorization or the Stock Portion of the Provisional Consideration which shall remain Veracyte, Inc. Common Stock) and (iv) the results of KYC performed by the Shareholders (with respect to which Buyer shall cooperate in relation thereto) in respect of such assignee are reasonably satisfactory to the Shareholders. In such case, any permitted assignee shall, in writing, acknowledge to the other Party that it assumes performance of such rights or obligation and shall adhere to this Agreement and shall be referred to as the Buyer.

9. GOVERNING LAW

(a) This Agreement and any contractual or non-contractual obligation arising out of or in connection with this Agreement shall be governed by, and construed in accordance with, French law.

(b) Each party further irrevocably waives (i) any right it may have under article 1186 of the French Civil Code to claim that this Agreement has lapsed as a result of any other contract contributing to the completion of the Proposed Acquisition having terminated, lapsed or being ineffective for any reason whatsoever, and (ii) any right it may have under article 1195 of the French Civil Code and fully assumes any risk which may arise from any of the unforeseeable circumstances referred to under such article, and accordingly no termination, lapse or variation of this Agreement shall be permitted on the grounds of such provisions of the French Civil Code.

(c) Each of the Parties expressly agree that this *promesse unilatérale d'achat* is subject to specific performance (*exécution en nature*) in accordance with the provisions of article 1221 of the French Civil Code (all Parties to this Agreement acknowledge that such specific performance is not impossible and will not create any clear disproportion between its cost for the defaulting Party and its interest for the non-defaulting Party).

(d) All disputes arising out of or in connection with this Agreement (including without limitation with respect to the existence, validity, performance, termination and interpretation of this Agreement and any non-contractual obligation arising out of or in connection with this Agreement) shall be submitted to the exclusive jurisdiction of the Commercial Court of Paris.

[rest of the page intentionally left blank – signature pages follow]

/s/ Bonnie Anderson

Veracyte, Inc.
By: Bonnie Anderson
Chairman and CEO

/s/ Philippe Dhamelincourt

M.I.3 S.A
By: Philippe Dhamelincourt

/s/ Vincent Fert

Philis
By: Vincent Fert

/s/ Luc Pascal

BNP Paribas Développement
By: Luc Pascal

/s/ Vincent Fert

Vincent Fert

/s/ Olivier Martinez

FPCI PSIM
By: Bpifrance Investissement, represented by Olivier Martinez

/s/ Corinne Danan

Tabodar
By: Corinne Danan

/s/ Jos B. Peeters Chairman Executive Committee

Quest For Growth SA
By: Capricorn Partners NV, represented by Jos B. Peeters

/s/ Corinne Danan

Corinne Danan

/s/ Romain Rouge

FIP Amundi France Développement 2015
By: Amundi Private Equity Funds, represented by Romain Rouge

/s/ Stéphane Debono

Stéphane Debono

/s/ Romain Rouge

FIP Amundi France Développement 4
By: Amundi Private Equity Funds, represented by Romain Rouge

/s/ Fabienne Hermitte

Fabienne Hermitte

/s/ Bervin Bouani

SHAM Innovation Santé
By: Turenne Capital, represented by Bervin Bouani

/s/ Jérôme Galon

Jérôme Galon

/s/ Florence Politi

Sofipaca
By: Florence Politi

SCHEDULE 1

SPA

SECURITIES PURCHASE AND CONTRIBUTION AGREEMENT

by and among

VERACYTE, INC.

and

MI 3 SA

SHAM Innovation Santé

BNP Paribas Développement

Sofipaca

FPCI PSIM

FIP Amundi France Développement 2015

FIP Amundi France Développement 4

Quest for Growth

Philis

Vincent Fert

Stéphane Debono

Tabodar

Corinne Danan

Fabienne Hermitte

Jerome Galon

Employees Sellers

Dated as of [●], 2021

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CLAUSE PAGE

THIS AGREEMENT is made on [*date*]

BETWEEN

(1) **MI 3 SA**, a *société anonyme* organized under the laws of Luxembourg, whose registered office is at 3 boulevard Royal, L-2449 Luxembourg, registered with the Trade and Companies Registry under number B 163 536 RCS Luxembourg;

(2) **SHAM Innovation Santé**, a *societé par actions simplifiée* organized under the laws of France, whose registered office is at 18, rue Edouard Rochet, 69088 Lyon, registered with the Trade and Companies Registry under number 801 985 995 RCS Lyon;

(3) **BNP Paribas Développement**, a *société anonyme* organized under the laws of France, whose registered office is at 1, boulevard Haussmann, 75009 Paris, registered with the Trade and Companies Registry under number 348 540 592 RCS Paris;

(4) **Sofipaca**, a *société anonyme* organized under the laws of France, whose registered office is at 25 chemin des Trois Cyprès, 13097 Aix-en-Provence, registered with the Trade and Companies Registry under number 327 785 614 RCS Aix-en-Provence;

(5) **FPCI PSIM**, a *fonds professionnel de capital investissement* organized under the laws of France, represented by Bpifrance Investissement, a *société par actions simplifiée* organized under the laws of France whose registered office is at 27/31 avenue du Général Leclerc, 94710 Maisons-Alfort, registered with the Trade and Companies Registry under number 433 975 224 RCS Créteil;

(6) **FIP Amundi France development 2015**, a *fonds d'investissement de proximité* organized under the laws of France, represented by Amundi Private Equity Funds, a *société anonyme* organized under the laws of France whose registered office is at 90 boulevard Pasteur, 75015 Paris, registered with the Trade and Companies Registry under number 422 333 575 RCS Paris;

(7) **FIP Amundi France development 4**, a *fonds d'investissement de proximité* organized under the laws of France, represented by Amundi Private Equity Funds, a *société anonyme* organized under the laws of France whose registered office is at 90 boulevard Pasteur, 75015 Paris, registered with the Trade and Companies Registry under number 422 333 575 RCS Paris;

(8) **Quest for Growth**, a *société anonyme d'investissement public sous forme privée* organized under the laws of Belgium, whose registered office is at Lei 19/3, 3000 Leuven (Belgium), registered with the Trade and Companies Registry under number 0463.541.422 RCS Leuven, represented by Capricorn Partners;

(the above Parties from (1) to (8), acting severally but not jointly (*conjointement et non solidairement*) being hereinafter referred to individually as the **Institutional Seller** and collectively as the **Institutional Sellers**)

(9) **Philis**, a *société à responsabilité limitée* organized under the laws of France, whose registered office is located at 16, rue Georges Saint Martin, 13007 Marseille, registered with the Trade and Companies Registry under number 533 408 282 RCS Marseille;

(10) **Vincent Fert**, a French citizen, born on April 13, 1959 at Nyons and residing at 16 rue Saint Martin, 13007 Marseille;

(11) **Stéphane Debono,** a French citizen, born on July 30, 1975 at Castres and residing at 21 impasse d'Or, 13010 Marseille;

(12) **Tabodar**, a *société par actions simplifiée* organized under the laws of France, whose registered office is located 4, avenue du Stade de Coubertin, 92100 Boulogne-Billancourt, registered with the Trade and Companies Registry under number 804 938 108 RCS Nanterre;

(13) **Corinne Danan,** a French citizen, born on August 11, 1961 at Boulogne-Billancourt and residing at 4 avenue du stade de Coubertin, 92100 Boulogne-Billancourt;

(14) **Fabienne Hermitte,** a French citizen, born on February 10, 1972 at Toulon and residing at 9 chemin du Cantounet, 13600 Ceyreste;

(15) **Jerome Galon,** a French citizen, born on February 6, 1967 at Besançon and residing at 23 boulevard Suchet, 75016 Paris;

(16) the individuals listed in Exhibit C (the **Employees Sellers**);

(the above Parties from (9) to (15), acting severally but not jointly (*conjointement et non solidairement*), being hereinafter referred to individually as the **Management Seller** and collectively as the **Management Sellers**; it being further specified that Philis and Vincent Fert are acting severally and jointly (*conjointement et solidairement*) and Tabodar and Corinne Danan are acting severally and jointly (*conjointement et solidairement*))

(the Institutional Sellers, the Management Sellers and the Employees Sellers, acting severally but not jointly (*conjointement et non solidairement*), being hereinafter referred to individually as a **Seller** and collectively as the **Sellers**)

(17) **VERACYTE, INC.**, a Delaware corporation, located at 6000 Shoreline Court, Suite 300, South San Francisco, CA 94080;

(the **Buyer**),

In the presence of

(18) HalioDx SAS, a French *société par actions simplifiée*, whose registered office is at Parc Scientifique de Luminy, 163 avenue de Luminy, Luminy Biotech Entreprises, 13288 Marseille 9ème, registered with the Trade and Companies Registry under number 805 269 271 RCS Marseille,

(the **Company**)

WHEREAS

(A) On the date hereof, the Sellers as per the breakdown set out in Schedule 1 (*Allocation of the Securities and Consideration*) own the following Securities (the **Transferred Securities**):

(i) 161,819 ordinary shares;

(ii) 62,564 warrants (*BSA ratchet*).

On the date hereof, the Transferred Securities represent 100% of the issued and outstanding share capital and voting rights of the Company.

(B) The Company, directly and through its Subsidiary is engaged in the business of biopharma clinical development, including clinical trial assay and companion diagnostics development, immuno-oncology diagnostic testing, and In Vitro Diagnostic (IVD) industry services including manufacturing and contract "CLIA" testing (the **Business**).

(C) The Buyer, together with its legal, tax, financial, accounting and other advisors, has conducted an independent legal, tax, financial, operating and accounting due diligence review of the Company and its Subsidiary through (i) the analysis of the documentation made available to it and to its advisors in an electronic "data-room" hosted by IntraLinks opened from February [ ], 2021 to [ ], the content of which is included in a pen-drive delivered by Intralinks to the Buyer, the Sellers' Representative and each of the Management Sellers as soon as practicable after the date hereof, (ii) the related Q&A process through the electronic "data room" and (iii) discussions that took place with the management of the Company during meetings held on [ ] (together (i), (ii) and (iii), the **Data-Room**).

(D) On [ ], Buyer delivered to the Sellers a binding and irrevocable put option pursuant to which it has undertaken to acquire from the Sellers the Transferred Securities under the terms of this Agreement. Prior to the date of this Agreement, the works council (*Comité social et économique*) of the Company has been duly informed and consulted in accordance with applicable Laws and has rendered its opinion about the Transaction.

(E) The Parties have therefore decided to enter into this securities sale agreement (the **Agreement**), which sets forth the terms and conditions pursuant to which Buyer shall acquire the Transferred Securities from the Sellers, and the Sellers shall sell such Transferred Securities to Buyer on the Closing Date.

IT IS AGREED THAT

1. CONTRIBUTION AND PURCHASE AND SALE

1.1 Contribution and purchase and sale of the Transferred Securities

(a) In accordance with the terms and subject to the conditions set out in this Agreement, each Seller shall sell and contribute to Buyer and Buyer shall acquire the Transferred Securities set forth against each Seller's name in Schedule 1 by way of sale or contribution, as the case may be, with effect from Closing, free from all Encumbrances, together with all rights attaching to such Transferred Securities as at Closing (including all dividends and distributions declared, paid or made in respect of such Transferred Securities on or after the Closing Date).

(b) Without prejudice to any other rights and remedies Buyer may have, Buyer shall not be obliged to complete the acquisition by way of purchase or contribution, as the case may be, of any of the Transferred Securities unless the acquisition by way of purchase or contribution, as the case may be, of all of the Transferred Securities is completed simultaneously.

(c) The Parties expressly agree that the transfer of ownership of the Transferred Securities shall only be deemed to have occurred on the Closing Date, subject to Closing.

(d) All Sellers hereby irrevocably and unconditionally waive all of their rights under (i) the existing shareholders' agreement dated 28 November 2017 and entered among the Institutional Sellers and the Management Sellers at Company level (the **Shareholders' Agreement**) and (ii) the existing simplified shareholders' agreements entered among the Institutional Sellers, the Management Sellers and each Employee Seller at Company level to the benefit of Buyer, in connection with the Transaction and hereby agree to terminate the Shareholders' Agreement and the existing simplified shareholders' agreements on the Closing Date.

1.2 Free Shares/options

(a) The employee listed in Schedule 1 holds 622 Free Shares 2018, which shall vest on July 6, 2021. In the event such vesting date occurs prior to the Closing Date, all Parties hereby agree that such employee shall adhere to this Agreement in capacity of Employee Seller in order to sell the underlying ordinary shares resulting from the exercise of his Free Shares 2018 so vested to the Buyer as part of the Transaction, by entering into a deed of adherence, so that the relevant employee will become an Employee Seller and his ordinary shares be Transferred Securities under this Agreement.

(b) Between the date hereof and the Closing Date, the Management Sellers shall (i) cause the Company to amend the Free Share 2018 Plan to refer for all holders of Free Shares 2018 to the execution of a simplified shareholders' agreement in the form of the current draft amended to be entered into (subject to Closing) with the Buyer (the **Amended SSHA**), (ii) use all best efforts to cause each holder of Free Shares 2018 to execute the Amended SSHA and (iii) use all best efforts to cause each holder of Free Shares 2018 (other than the Founders) to enter into a put option agreement with Buyer granting him/her the right to sell his/her Free Shares 2018 to Buyer, exercisable upon failure by the Buyer to exercise its call option under the Amended SSHA, for a price determined on the basis of the principles set forth in Schedule 3, the other terms of which shall be negotiated in good faith between the Parties as soon as reasonably practicable after the date hereof (the **Put Option**).

(c) Between the date hereof and the Closing Date, each of the Founders, with respect to his/her Free Shares 2018, and Buyer undertake to enter into a put and call option agreement (the **Put & Call Option Agreement**) substantially in the form set out in Exhibit E.

(d) Each Option, that is vested unexpired, unexercised and outstanding immediately prior to the Closing Date (each, a **Vested Option**) shall be terminated and cancelled at the Closing Date pursuant to the terms and conditions of the Option Payment Agreement (as defined below) entered into prior to or on the same date and effective contingent upon Closing, and no Vested Option shall be substituted with any equivalent option or right to purchase or otherwise acquire any capital stock or other securities of the Buyer. Upon cancellation thereof, each Vested Option shall be converted into and represent the right to receive from the Buyer, subject to the execution, no later than on the Closing Date, of an option payment agreement substantially in the form set out in Schedule 1.2(d) (an **Option Payment Agreement**) between the holder thereof, the Company and the Buyer, an amount in cash, without interest, with respect to each ordinary share underlying such Vested Option, equal to (x) the Provisional Consideration payable per Transferred Security less (y) EUR 295.68, converted into USD as set forth in the Option Payment Agreement (the **Vested Option Payments**). The amount of cash each holder of a Vested Option is entitled to receive for such Vested Options shall be rounded down to the nearest whole cent, and further will be reduced by any applicable payroll, income tax or other withholding Taxes and paid without interest.

(e) The employee listed in Schedule 1 holds 300 Options, which shall vest on July 6, 2021 and become exercisable as from such date. In the event such employee exercises his Options prior to the Closing Date, all Parties hereby agree that such employee shall adhere to this Agreement in capacity of Employee Seller in order to sell the underlying ordinary shares resulting from the exercise of his Options to the Buyer as part of the Transaction, by entering into a deed of adherence, so that the relevant employee will become a Employee Seller and his ordinary shares be Transferred Securities under this Agreement.

(f) At the Closing Date, each Option that is unvested unexpired, unexercised and outstanding immediately prior to the Closing Date (each, an **Unvested Option**) held by a Continuing Employee (as defined below) shall be terminated and cancelled at the Closing Date pursuant to the terms and conditions of the Option Payment Agreement entered into prior to or on the same date and effective contingent upon Closing, and no Unvested Option shall be substituted with any equivalent option or right to purchase or otherwise acquire any capital stock or other securities of the Buyer. Upon cancellation thereof each Unvested Option shall be converted into and represent the opportunity to receive from Buyer, subject to the execution, no later than on the Closing Date, of an Option Payment Agreement between the holder thereof, the Company and Buyer, an amount in cash from the Buyer, without interest, with respect to each ordinary share underlying such Unvested Option, equal to (x) the Provisional Consideration payable per Transferred Security less (y) EUR 295.68, converted into USD as set forth in the Option Payment Agreement (the **Unvested Option Payments**). The amount of Unvested Option Payments each holder of an Unvested Option who is a Continuing Employee is entitled to receive for such Unvested Option shall be computed after aggregating cash amounts for all Unvested Options held by such holder and then rounded down to the nearest whole cent. The Unvested Option Payments shall be subject to substantially the same restrictions and vesting arrangements that were applicable to such Unvested Options immediately prior to or at the Closing Date as specifically set forth in the Option Payment Agreement. Therefore, the Unvested Option Payments shall not automatically be payable by the Buyer at the Closing Date, and shall instead become payable by the Buyer on the date that such Unvested Options would have become vested and exercisable under the vesting schedule in place for such Unvested Options as set forth in the Option Payment Agreement. The Buyer may in its discretion make all such Unvested Option Payments on the next practicable payroll date after the vesting date (and in all events no later than the 15th day of the calendar month immediately following the calendar month in which such Unvested Option Payment would have become vested under the original vesting schedule), and in its discretion may make such payments through a paying agent authorized by the Buyer to administer such payments on the Buyer's behalf or through the Buyer's (or the HalioDx Inc.'s) payroll system and in accordance with standard payroll practices (including withholding for applicable Taxes). All Unvested Option Payments shall be subject to any required payroll, income tax or other withholding Taxes and shall be paid without interest. No Unvested Option Payment, or right thereto, may be pledged, encumbered, sold, assigned or transferred (including any transfer by operation of law),

by any holder, other than the Buyer, or be taken or reached by any legal or equitable process in satisfaction of any liability of such holder, prior to the distribution to such holder of such Unvested Option Payment in accordance with this Agreement.

2. CONSIDERATION

2.1 The Provisional Consideration and the final consideration

(a) Subject to the provisions of Section 2.2, the aggregate purchase price for the transfer of all Transferred Securities (it being specified that the warrants are transferred for free together with the ordinary shares to which they are attached) shall be equal to the product of the Transferred Percentage and:

(i) € 260,000,000 (the **Enterprise Value**),

(ii) plus the Estimated Net Cash Amount,

(iii) minus, if the Target Working Capital Amount exceeds the Estimated Working Capital Amount, the positive difference in excess of € 500,000 between the Target Working Capital Amount and Estimated Working Capital Amount, or plus, if the Estimated Working Capital Amount exceeds the Target Working Capital Amount, the positive difference in excess of € 500,000 between the Estimated Working Capital Amount and the Target Working Capital Amount,

(the resulting amount from sub-paragraphs (i), (ii) and (iii) being referred to hereinafter as the **Provisional Consideration**),

(iv) plus or minus the adjustment set out in paragraph (b)

(v) plus the portion of the PPP Loan Amount that has irrevocably been forgiven after Closing and on or prior the 90th calendar day after Closing by the applicable governmental entity or the PPP Lender, and

(vi) plus the amount of any unconditional grant or subsidy committed in writing by the *Provence-Alpes-Côte d'Azur* region to the benefit of the Company on or before the Closing date (the **PACA Amount**) to the extent such PACA Amount has been received by the Company after Closing and on or prior the 90th calendar day after Closing

(the Provisional Consideration so adjusted being referred to hereinafter as the **Final Consideration**).

(b) Following Closing, the Provisional Consideration shall be adjusted as follows, provided that the Parties shall comply with the requirements set out in Schedule 5 (Accounting Definitions and Principles) to calculate such adjustments:

(i) there shall be deducted an amount, if any, by which the Estimated Net Cash Amount exceeds the Net Cash Amount; and

(ii) there shall be added an amount, if any, by which the Net Cash Amount exceeds the Estimated Net Cash Amount;

(iii) there shall be deducted, if the Target Working Capital Amount exceeds the Working Capital Amount, the positive difference in excess of € 500,000 between the Target Working Capital Amount and Working Capital Amount, or there shall be added, if the Working Capital Amount exceeds the Target Working Capital Amount, the positive difference in excess of € 500,000 between the Working Capital Amount and the Target Working Capital Amount ; and

(iv) there shall be added the amount, if any, deducted pursuant to Section 2.1(a)(iii), or there shall be deducted the amount, if any, added pursuant to Section 2.1(a)(iii).

The difference between the Final Consideration and the Provisional consideration is hereafter referred to as the **Adjustment Amount**.

(c) Buyer and the Sellers agree to treat the Adjustment Amount as an adjustment to the Provisional Consideration for all Tax purposes except to the extent otherwise required by applicable Laws, and accordingly, the Final Consideration shall, subject to any further adjustment pursuant to Section 11, be adopted for all Tax reporting purposes.

2.2 HOLDBACK AMOUNT

(a) The Buyer, the Founders and the Estate Vehicles agree that at Closing, Buyer shall retain and holdback from the allocable Cash Portion of the Provisional Consideration due to each Founder and the Estate Vehicles an aggregate amount equal to (the **Holdback Amount**):

M = (0.2*(X + Y) - Y) * PC

Where:

M means the Holdback Amount;

X means the number of Transferred Securities held by the relevant Founder and his/her Estate Vehicle;

Y means the number of Free Shares 2018 held by the relevant Founder;

PC means the Provisional Consideration per Security.

(b) Buyer shall pay to each Founder and his/her Estate Vehicle, as the case may be, their respective Holdback Amount if and when the Second Contingent Consideration in relation to their Free Shares 2018 becomes due and payable under the Put & Call Option Agreement.

(c) Each Founder confirms that: (a) they have received appropriate legal advice in respect of this Agreement; (b) this provision is a negotiated primary (and not secondary) obligation and not a penalty; (c) this provision is justifiable and not unconscionable; and (d) this provision is appropriate to protect the legitimate interest of Buyer and was critical in the value assigned to the Securities.

3. PAYMENT OF THE CONSIDERATION

3.1 Cash and Stock Consideration

(a) The Provisional Consideration shall be paid:

(i) with respect to Founders and Estate Vehicles, 60% in cash and 40% in newly issued Buyer Common Stock on the basis of the Closing Stock Price; and

(ii) with respect to Sellers others than the Founders and Estate Vehicles, 55% in cash and 45% in newly issued Buyer Common Stock on the basis of the Closing Stock Price;

provided that, for each Seller, where the calculation of the above percentages of Provisional Consideration to be received in Buyer Common Stock based on the Closing Stock Price in consideration for his/her/its contributed Transferred Securities do not result in a round number of Buyer Common Stock allocable to such Seller (*e.g.*, 354.4), such numbers of Buyer Common Stock shall be rounded at the immediate less round number (*e.g.*, 354) and the difference (*e.g.*, 0.4) shall be, based on the Closing Stock Price, shall be a lump sum (*soulte*) paid in cash to such Seller.

(b) Notwithstanding the above, at any time from the date hereof but no later than three Business Days prior to Closing, Buyer (in its sole discretion) may elect to increase the portion of the Provisional Consideration being paid in cash (the **Cash Portion**) to all Sellers (and correlatively increase the number of sold Transferred Securities) and conversely to decrease the portion of the Provisional Consideration to be paid in Buyer Common Stock (the **Stock Portion**) to all Sellers (and correlatively decrease the number of contributed Transferred Securities) by delivery of a written notice to the Sellers Representative. For the avoidance of doubt, the Adjustment Amount, the Holdback Amount and the Escrow Amount shall be paid in cash.

(c) The portion of Transferred Securities transferred to Buyer in exchange of the Stock Portion qualifies as a contribution in kind (*apport en nature*) of such Transferred Securities to Buyer in consideration for newly issued Buyer Common Stock.

3.2 Escrow Amount

In order to at least partially satisfy the post-Closing payment of the Adjustment Amount by the Sellers pursuant to Section 3.5 hereof and the satisfaction of indemnification claims pursuant to Section 11 hereof, Buyer shall deposit with the Escrow Agent out of the Final Consideration an aggregate amount in cash equal to 10% of the Provisional Consideration which the Sellers other than the Founders and the Estate Vehicles are entitled to (the **Escrow Amount**), such amount to be placed into an escrow account established pursuant to the terms of the Escrow Agreement. The Escrow Amount shall be used and governed by this Agreement and the Escrow Agreement.

3.3 Pre-closing schedule

(a) For the purposes of determining the Provisional Consideration, the Sellers Representative shall provide Buyer no later than seven Business Days prior to Closing a written statement (the **Pre-Closing Schedule**) setting out (i) the Estimated Net Cash Amount and the Estimated Working Capital Amount and the resulting Provisional Consideration, determined in good faith by the Sellers Representative and accompanied by reasonably detailed schedules indicating the calculation; (ii) the number of Transferred Securities held by each Seller and, if relevant, an updated version of Schedule 1; (iii) the allocable percentage of the Final Consideration of each Seller; (iv) the Sellers' Costs; (v) the amount of the Closing Indebtedness to be repaid on the Closing Date pursuant to the payoff letters delivered in accordance with Section 3.4(d), (vi) the Vested Option Payments and Unvested Option Payments on a per person basis; and (vii) a draft funds flow memorandum in form and substance reasonably acceptable to Buyer setting forth payment instructions with respect to each payment to be made on Closing referred to in Section 3.4, including in particular all appropriate information regarding bank accounts of the Sellers and the holders of Vested Options for the purpose of receiving the Closing Payments, the Vested Option Payments and the Adjustment Amount (the **Funds Flow Memorandum**).

(b) Upon receipt of the Pre-Closing Schedule, Buyer shall have the right to notify the Sellers Representative of any observation it may have in good faith in this respect no later than four Business Days prior to the Closing Date, in which case the Sellers Representative and Buyer shall negotiate in good faith any changes to all or part of the Pre-Closing Schedule that may be appropriate (it being specified that, if the Sellers Representative and Buyer are unable to resolve their disagreement, the Pre-Closing Schedule as notified by the Sellers Representative pursuant to Section 3.3(a) shall prevail, all without prejudice to the post-Closing adjustment set forth in Section 3.5). For the avoidance of doubt, Buyer's failure to identify any questions or changes to the Pre-Closing Schedule, including the Provisional Consideration, shall not impact Buyer's rights to prepare the Closing Statement in accordance with Section 3.5.1.

(c) No later than three Business Days prior to Closing, Buyer shall provide the Sellers Representative with (i) the amount of the Closing Stock Price together with the corresponding Bloomberg supporting evidence; (ii) the number of contributed Transferred Securities and the amount of the Stock Portion of the Provisional Consideration; (iii) the number of sold Transferred Securities and the amount of the Cash Portion of the Provisional Consideration; and (iv) the amount of the Escrow Amount (the **Provisional Consideration Schedule**).

(d) No later than one Business Day after receipt of the Provisional Consideration Schedule, the Sellers Representative shall update the Pre-Closing Schedule using the information contained in the Provisional Consideration Schedule and provide Buyer with (i) the allocation of the contributed Transferred Securities, Stock Portion of the Provisional Consideration, sold Transferred Securities and Cash Portion of the Provisional Consideration among the Sellers; (ii) the allocation between the Sellers other than the Founders and the Estate Vehicles of the Escrow Amount to be deposited with the Escrow Agent on the Closing Date, and (iii) the final Funds Flow Memorandum.

(e) It is expressly agreed that the Sellers shall be solely responsible for the determination of the allocation of the Provisional Consideration per category of Transferred Securities and among the Sellers, and no liability whatsoever shall inure to Buyer or any of its respective Affiliates in respect of such determination and allocation.

3.4 Closing payments

At Closing, upon the terms and subject to the conditions set forth in this Agreement:

(a) Closing Payment In Cash to the Sellers. Buyer shall pay to the Sellers the Cash Portion of the Provisional Consideration less the Escrow Amount, less Holdback Amount, less the Sellers' Costs (the **Closing Payment In Cash**), to the Sellers in the proportion for each Seller set out in the updated Pre-Closing Schedule and to the bank accounts specified in the Funds Flow Memorandum;

(b) Closing Payment In Stock to the Sellers. Buyer shall deliver or cause to be delivered evidence of the book-entry notations representing a number of shares of Buyer Common Stock equal to the Stock Portion of the Provisional Consideration (the **Closing Payment In Stock**, together with the Closing Payment in Cash, the **Closing Payments**), to the Sellers in the proportion for each Seller set out in the updated Pre-Closing Schedule;

(c) Payment into the Escrow Account. Buyer shall deposit the Escrow Amount with the Escrow Agent to be placed into the Escrow Account.

(d) Payment of Closing Indebtedness. At Closing, Buyer shall pay, on behalf of the Company or the Subsidiary as applicable, any Indebtedness for borrowed money referred to in limbs (a) and (b) of the definition of Indebtedness that is incurred but unpaid as of the Closing and for which the Management Sellers have delivered to Buyer a payoff letter from the relevant creditor setting forth all amounts (in principal, interest, commissions, fees and accessories) due by the Company or the Subsidiary, as applicable, including, without limitation, all breakage costs or additional costs or penalties due in connection with the early repayment of such Indebtedness (the **Closing Indebtedness**), by wire transfer of immediately available funds to the bank account(s) specified in the relevant payoff letters and Funds Flow Memorandum (for the avoidance of doubt, the Closing Indebtedness shall not be deducted from the Closing Payment In Cash to be paid to the Sellers to the extent such amounts have been included in the Net Cash Amount, including the Estimated Net Cash Amount used to calculate the Provisional Consideration).

(e) Payment of Sellers' Costs. Buyer shall pay in cash the Sellers' Costs to the advisors identified in the Pre-Closing Schedule, in the proportion for each advisor set out in the updated Pre-Closing Schedule and to the bank accounts specified in the Funds Flow Memorandum.

(f) Payment to the holders of Vested Options. Buyer shall pay in cash to the Subsidiary an amount in cash per Vested Option equal to the Vested Option Payment payable to each holder of Vested Options having executed the Option Payment Agreement to the Subsidiary bank account specified in the Funds Flow Memorandum.

(g) PPP Loan. Except to the extent (i) the PPP Loan is irrevocably forgiven prior to Closing pursuant to the CARES Act and any other Applicable Law and not accounted for as Debt for the purpose of determining the Estimated Net Cash Amount, or (ii) the applicable Governmental Entity has informed the Company or the Subsidiary that the PPP is to be repaid as a result of the completion of the Transaction, Buyer shall deposit on the Closing Date the PPP Loan Amount with the Escrow Agent or such other escrow agent to be jointly designated by the Sellers Representative and Buyer to be placed into escrow and released in accordance with the provisions of Section 3.7 hereof and the corresponding escrow arrangements.

(h) PACA Amount. Buyer shall deposit on the Closing Date the PACA Amount with the Escrow Agent or such other escrow agent to be jointly designated by the Sellers Representative and Buyer to be placed into escrow and released in accordance with the provisions of Section 3.7 hereof and the corresponding escrow arrangements.

3.5 Payment of the Adjustment Amount

3.5.1 Closing Statement

(a) No later than 90 calendar days following the Closing Date, Buyer shall prepare and deliver to the Sellers Representative an unaudited statement (the **Closing Statement**) setting forth Buyer's good faith calculation of each of the (A) the Working Capital Amount and (B) the Net Cash Amount, including an explanation as to how such Working Capital Amount and Net Cash Amount have been calculated, along with Buyer's calculation of the Final Consideration and the Adjustment Amount (if any).

(b) If the Buyer fails to prepare and deliver to the Sellers Representative the Closing Statement within the 90 calendar days period provided for in Section 3.5.1(a) and if such failure has not been remedied within ten (10) Business Days following a formal notice to do so sent by the Sellers Representative, the Sellers Representative shall have the right to decide either: (i) that the post-Closing adjustment set forth in this Section shall not apply and that the Provisional Consideration shall be final and binding upon the Parties or (ii) cause the Third Party Expert to come up with its own determination of the Net Cash Amount and Working Capital Amount, prepared in accordance with the terms of this Agreement including the Accounting Definitions and Principles set forth in Schedule 5; provided however that the provisions of this paragraph 3.5.1(b) shall not apply if the failure to timely submit the Closing

Statement is due to facts or circumstances that are beyond the Buyer's control or that qualify as *force majeure*. For the avoidance of doubt, the provisions of Section 3.5.2(b) relating to the mission of the Third Party Expert shall apply to the Third Party Expert appointed pursuant to this paragraph.

3.5.2 Disputed Adjustment Amount

(a) If the Sellers Representative disagrees with the Adjustment Amount, the Sellers Representative shall notify Buyer of such disagreement in writing specifying in reasonable detail the particulars of such disagreement with reconciliation with the Closing Statement within 30 Business Days after the Sellers Representative's receipt of the Closing Statement (a **Notice of Disagreement**). In order to enable the Sellers Representative to review the Closing Statement and determine whether it agrees or disagrees with such Closing Statement, the Buyer shall procure that all books and records relating to the Group Companies used in the preparation of the Closing Statement are made available to the Sellers Representative and to its advisors during normal office working hours as the Sellers Representative may reasonably request to the extent such access does not interfere with the normal course of the business. If the Sellers Representative fails to provide a Notice of Disagreement within such time period, then the Final Consideration as set out in the Closing Statement shall be final and binding on the Parties and the Closing Statement shall be the Final Closing Statement.

(b) Buyer and the Sellers Representative shall use their reasonable efforts for a period of 15 Business Days after the Sellers Representative's delivery of the Notice of Disagreement (or such longer period as Buyer and the Sellers Representative shall mutually agree upon) to resolve any disagreements raised by the Sellers Representative with respect to the calculation of the Adjustment Amount. If, at the end of such period, Buyer and the Sellers Representative are unable to resolve such disagreements, Buyer and/or the Sellers Representative can refer the disagreement to the Third Party Expert. The Third Party Expert will consider only those items and amounts that Buyer and the Sellers Representative are unable to resolve (except in the case it has been appointed pursuant to Section 3.5.1(b)) and shall comply with the terms and definitions of this Agreement, including the Accounting Definitions and Principles set forth in Schedule 5. The Buyer shall procure that all books and records relating to the Group Companies are made available to the Third Party Expert during normal office working hours and, more generally, the Buyer and the Sellers shall reasonably assist and cooperate with the Third Party Expert with regard to its mission. The Third Party Expert shall comply with the adversarial principle and shall in particular (x) give the Sellers Representative and the Buyer a reasonable opportunity to provide written and oral submissions to it, (y) require that the Sellers Representative and the Buyer provide to each other a copy of any written submissions at the same time as they are made to the Third Party Expert, and (z) allow the Sellers Representative and the Buyer to be present while oral submissions are being made by other. The determination by such Third Party Expert shall be final, binding and conclusive on the Parties save in the event of a manifest error. Buyer and the Sellers Representative shall use their reasonable efforts to cause the Third Party Expert to make its determination within 30 Business Days of accepting its selection. The fees and expenses of the Third Party Expert shall be borne equally by Buyer and the Sellers (except in the case it has been appointed pursuant to Section 3.5.1(b), in which case, its fees and expenses shall be borne in full by the Buyer).

(c) Any determination under paragraph (b) above shall be deemed to be incorporated into the Closing Statement and, as adjusted by the alteration so determined (if any), shall constitute the **Final Closing Statement** for the purposes hereof.

(d) The Third Party Expert shall act as independent appraiser in accordance with the provisions of Clause 1592 of the French Civil Code.

3.5.3 Distribution of the Adjustment Amount

(a) Within seven Business Days as from the day on which the Final Closing Statement is issued in accordance with Section 3.5.2:

(i) if the Provisional Consideration exceeds the Final Consideration, then Buyer shall instruct the Escrow Agent to release a portion of the Escrow Amount corresponding to the portion of the Adjustment Amount allocable to the Sellers other than the Founders and the Estate Vehicles from the Escrow Account to Buyer on the basis of the Final Closing Statement, and if the Escrow Amount which is available to satisfy such portion of the adjustment to the Provisional Consideration is not sufficient, then the Sellers other than the Founders and the Estate Vehicles shall pay by wire transfer to Buyer's Bank Account the remaining unpaid portion of the Adjustment Amount allocable to the Sellers other than the Founders and the Estate Vehicles;

(ii) if the Final Consideration exceeds the Provisional Consideration, then Buyer shall pay the Adjustment Amount to the Sellers in the proportions set out for each of them in the updated Pre-Closing Schedule.

The share of the Adjustment Amount allocable to the Sellers other than the Management Sellers and the Employee Sellers shall be paid exclusively in cash, to the bank accounts specified in the Funds Flow Memorandum.

The share of the Adjustment Amount allocable to the Founders and the Estate Vehicles shall be paid in cash, up to 60% of its amount, to the bank accounts specified in the Funds Flow Memorandum, and in newly issued Buyer Common Stock, up to 40% of its amount, on the basis of the Price Adjustment Stock Price, provided that the provisions of the last paragraph of Section 3.1(a) shall apply *mutatis mutandis*.

The share of the Adjustment Amount allocable to the Employee Sellers and Management Sellers other than the Founders and the Estate Vehicles shall be paid in cash, up to 55% of its amount, to the bank accounts specified in the Funds Flow Memorandum, and in newly issued Buyer Common Stock, up to 45% of its amount, on the basis of the Price Adjustment Stock Price, provided that the provisions of the last paragraph of Section 3.1(a) shall apply *mutatis mutandis*.

3.6 Release of the Escrow Amount

On the date falling 18 months after the Closing Date (the **Release Date**), Buyer and the Sellers Representative shall instruct the Escrow Agent to distribute to the Sellers the amount credited to the Escrow Account on that date less (a) an amount equal to the Additional Tax Cap (as defined below) and (b) the amount that would be reasonably necessary in Buyer's good faith estimate to satisfy any pending indemnification Claim (including any Claim made in connection with a breach of the Tax Warranties prior to the Release Date) specified in any Claim Notice delivered to the Sellers Representative prior to the Release Date, in which case, within 15 Business Days following the final resolution of the corresponding indemnification Claims, Buyer and the Sellers Representative will instruct the Escrow Agent to distribute to the Sellers the corresponding portion of the remaining Escrow Amount, all in accordance with the provisions of the Escrow Agreement; it being further specified that, at the end of the 3-year period after the Closing Date, the amount of the Additional Tax Cap credited to the Escrow Account on that date shall be released to the Sellers (less the amount that would be reasonably necessary in Buyer's good faith estimate to satisfy any pending indemnification Claim made in connection with a breach of the Tax Warranties specified in any Claim Notice delivered to the Sellers Representative between the Release Date and that date, in which case, within 15 Business Days following the final resolution of the corresponding indemnification Claims, Buyer and the Sellers

Representative will instruct the Escrow Agent to distribute to the Sellers the corresponding portion of the remaining Escrow Amount, all in accordance with the provisions of the Escrow Agreement).

3.7 Payment of the PPP Loan and/or the PACA Loan

(a) If and to the extent the PPP Loan is irrevocably forgiven pursuant to the CARES Act and any other Applicable Law and written notice thereof from the applicable Authority or PPP Lender is provided to the Buyer after Closing and on or prior to the 90th calendar day after Closing, then Buyer will upon the receipt of a copy of such written notice, direct the Escrow Agent to pay the relevant portion of the PPP Loan Amount that is forgiven to the Sellers in accordance with their respective *pro rata* portion of Transferred Securities as set out in Exhibit D. If and to the extent the PPP Loan is not forgiven within 90 calendar days after Closing, then Buyer will direct the Escrow Agent to release the PPP Loan Amount to an account designated by Buyer.

(b) If and to the extent the PACA Amount has been received by the Company on or prior to the 90th calendar day after Closing, then Buyer will direct the Escrow Agent to pay the same amount to the Sellers in accordance with their respective *pro rata* portion of Transferred Securities as set out in Exhibit D. If and to the extent the PACA Amount has not been received by the Company on or prior to the 90th calendar day after Closing, Buyer will direct the Escrow Agent to release the PACA Amount to an account designated by Buyer.

3.8 Withholding

Buyer and the Escrow Agent shall be entitled to deduct and withhold from payments in cash or in kind due by them under this Agreement to any person, such amounts in cash or shares as Buyer or the Escrow Agent is required to deduct and withhold with respect to any such payments under any applicable Tax law or regulation. Any amount deducted or withheld in accordance therewith shall be treated for all purposes of this Agreement as having been delivered, paid or issued, as applicable, to such person in respect of which such deduction and withholding was made.

4. CONDITIONS TO CLOSING

The Conditions shall have no retroactive effect.

4.1 Conditions to the obligations of all Parties

Closing shall be subject to the following conditions being satisfied by the Long Stop Date:

(a) Listing. To the extent shares of Buyer Common Stock are included as part of the Final Consideration hereunder, the shares of Buyer Common Stock to be issued pursuant to this Agreement shall have been approved for listing (subject to official notice of issuance) on Nasdaq.

(b) Illegality. No enforceable order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of the Transaction on the terms contemplated herein shall be in effect, and no lawsuit shall have been filed by any Authority in a court of competent jurisdiction seeking any of the foregoing, and no applicable Law or order shall have been enacted, entered, enforced or deemed applicable to the Transaction that makes the consummation of the Transaction illegal.

(c) Foreign Investment Authorization. The Foreign Investment Authorization shall have been obtained and shall be in full force and effect.

4.2 Conditions to the obligations of Buyer

The obligations of Buyer to consummate the Transaction under this Agreement are further subject to the following conditions being satisfied (or waived in accordance with Section 4.3(e)) by the Long Stop Date:

(a) Representations and Warranties.

The Fundamental Warranties shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date with the same force and effect as if made on and as of such date, except, in each case, (x) for such inaccuracies which are *de minimis*, individually or in the aggregate or (y) for those representations and warranties which address matters only as of a particular date (which representations and warranties shall have been true and correct in all respects, subject to the qualifications as set forth in the preceding clause (x), as of such particular date).

(b) Employees. 100% of the Founders and Jérôme Galon and at least 80% of the Key Employees shall have remained continuously employed from the date of this Agreement through Closing, and Aurélie Catteau has executed the amendment to their Employment Agreement Amendments substantially in the form set forth in Schedule 6.4(a).

(c) Termination of the Company 401(k) Plan. Effective as of the day immediately preceding the Closing Date and contingent upon Closing, the Group Companies shall terminate any employee plan that is intended to constitute a 401(k) arrangement (the **Company 401(k) Plan**) (unless Buyer provides written notice to the Company no later than five Business Days prior to the Closing Date that such Company 401(k) Plan shall not be terminated). The Group Companies shall provide Buyer with evidence that such Company 401(k) Plan has been terminated pursuant to resolutions of the applicable Group Company's Board or any applicable committee thereof. The form and substance of such resolutions shall be subject to review and reasonable approval by Buyer. The Group Companies also shall take such other actions in furtherance of terminating such Company 401(k) Plan as Buyer may reasonably require. In the event that termination of the Company's 401(k) Plan would reasonably be anticipated to trigger liquidation charges, surrender charges or other fees then the Group Companies shall take such actions as are necessary to reasonably estimate the amount of such charges and/or fees and provide such estimate in writing to Buyer no later than 10 Business Days prior to the Closing Date. If the Company 401(k) Plan is terminated pursuant to this Section 4.2(c), then as soon as practicable following the Closing, Buyer shall permit all Continuing Employees who were eligible to participate in the Company 401(k) Plan immediately prior to the 401(k) termination to participate in Buyer's 401(k) plan and shall permit each such Continuing Employee to elect to transfer his or her account balance when distributed from the terminated Company 401(k) Plan to Buyer's 401(k) plan.

4.3 Cooperation

(a) General principle. The Sellers and Buyer shall use all reasonable endeavours (so far as lies within their respective powers), at their own cost, to procure that the Conditions are satisfied as soon as practicable and in any event no later than the Long Stop Date, and shall not, and shall procure that none of their respective Affiliates or Representatives shall take any action that could reasonably be expected to adversely affect the satisfaction of the Conditions. Each Party shall bear its own costs and expenses incurred in relation to the satisfaction of the Conditions.

(b) Upon any Party becoming aware that any of the Conditions have been satisfied, it shall promptly within two Business Days notify the other Parties of the satisfaction of such Condition. If at any time any Party becomes aware of any event, circumstance or condition that would be reasonably likely to prevent a Condition being satisfied it shall forthwith inform the other Parties.

(c) Foreign Investment Authorization. Buyer shall use its reasonable endeavours to obtain the Foreign Investment Authorization as soon as practicable and in any event no later than the Long Stop Date, and shall make, no later than fifteen (15) Business Days after the date hereof, all notifications and filings necessary to obtain the Foreign Investment Authorization, provided however that the Management Sellers agree, and have caused the Company and its Subsidiary to reasonably cooperate and provide as soon as possible following the date of this Agreement and upon Buyer's request all information, documents, data and other information which, based on Buyer's reasonable assessment, are required in order to prepare, submit, modify and supplement filings, notices or to respond to inquiries received in connection with, or to comply with any other necessary submissions with respect to, obtaining the Foreign Investment Authorization. The Buyer agrees with the Sellers to (x) provide the Sellers Representative with the reasonable opportunity to review and provide comments on drafts of any notifications, submissions and responses in relation to the Foreign Investment Authorization, (y) promptly send to the Sellers Representative all material notifications, submissions, responses and communications in relation thereto and (z) not participate in any meeting with the French Ministry of Economy without giving in advance the Sellers Representative the opportunity to attend such meeting (to the extent acceptable by the French Ministry of Economy), all to the extent only that to do so is reasonably practicable and would not entail the disclosure of commercially sensitive information or non-public material information of Buyer and its Affiliates.

(d) Waiver. Buyer may, to such extent as it thinks fit and is legally entitled to do so, waive the Conditions set out in Section 4.2 in whole or in part, by written notice to the Sellers Representative.

5. TERMINATION

5.1 Termination

(a) At any time prior to the Closing, this Agreement may be terminated:

(i) by mutual written consent of Buyer and the Sellers Representative on behalf of the Sellers;

(ii) by either Buyer or the Sellers, by written notice to the other, if after the date of this Agreement any Authority having competent jurisdiction shall have issued any order, decree or judgment that permanently prohibits or makes illegal the Closing, provided that such order, decree or judgment shall have become final and non-appealable;

(iii) by Buyer, by written notice to the Sellers Representative, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Sellers set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 4.2(a) not be satisfied, and such breaches have not been cured within 20 days after written notice thereof has been received by the Sellers Representative or are incapable of being cured by the Long Stop Date; and

(iv) by either Buyer or the Sellers Representative, by written notice to the other, if any of the Conditions set out in Section 4.1 are not satisfied by the Long Stop Date; it being specified that if the Foreign Investment Authorization is not obtained (for any reason whatsoever) or if the Condition set forth in Section 4.1(a) is not fulfilled on or prior the Long Stop Date, the Buyer shall pay on demand to the Sellers a break-up fee of 1,000,000 euros (the **Break Up Fee**), within five (5) Business Days following the receipt of the written notice delivered pursuant to this paragraph, in the proportion for each Seller set out in the updated Pre-Closing Schedule and to the bank accounts specified in the Funds Flow Memorandum. The Buyer acknowledges that the Break-Up Fee is not a penalty (*clause pénale*), and hereby waives any claim in connection with the amount thereof. The Break-Up Fee shall be due without prejudice to any other rights or remedies that the Sellers may have against Buyer with respect to any breach by the Buyer under this Agreement.

5.2 Effect of Termination

In the event of termination of this Agreement in accordance with this Section 5, this Agreement shall cease to have effect immediately except for the provisions of Sections 13, 14, 21, 22, and 24 and neither Party shall have any claim against any other Party, save for any claim arising from a breach of any of the undertakings under Section 4.

6. PRE-CLOSING COVENANTS

6.1 Conduct of Business up to Completion

(a) Conduct of business. Except to the extent expressly provided otherwise herein, required to comply with applicable Laws or as consented to in writing by Buyer, during the period from the date of this Agreement until the Closing Date, the Sellers, each within the limits of its respective power and authority within the Company, shall, and shall procure that each Group Company:

(i) conduct the Business in the ordinary course of business (except to the extent expressly provided otherwise herein or disclosed in Schedule 6.1 or as consented to in writing by Buyer);

(ii) (i) pay and perform all of its undisputed debts and other obligations (including Taxes and accounts payable) in the ordinary course of business, (ii) use commercially reasonable efforts, consistent with past practice and policies, to collect accounts receivable and not extend credit outside of the ordinary course of business, (iii) manage its cash assets and working capital (including the timing of collection of accounts receivable and of the payment of accounts payable and the management of inventory) in the ordinary course of business, (iv) sell the Company's products and services consistent with past practice as to discounting, license, incentive programs, reimbursement and revenue recognition and other terms, and (v) use its commercially reasonable efforts to preserve intact its present business organizations, keep available the services of its present officers and employees and preserve its relationships with customers, suppliers, distributors, licensors, licensees, and others having business dealings with it, to the end that its goodwill and ongoing businesses shall be unimpaired at the Closing;

(iii) assure that each of its Contracts (other than with Buyer) entered into after the date of this Agreement will not require the procurement of any consent, waiver or novation or provide for any change in the obligations of any Party thereto in connection with, or terminate as a result of the consummation of, the Transaction, and shall give reasonable advance notice to Buyer prior to allowing any Material Contract or right thereunder to lapse or terminate by its terms;

(iv) maintain each of its leased premises in accordance with the terms of the applicable lease;

(v) to the extent not otherwise required by this Section 6.1, promptly notify Buyer of (i) any change, occurrence or event not in the ordinary course of business, (ii) any change, occurrence or event that, individually or in the aggregate with any other changes, occurrences and events, results in, or would reasonably be expected to result in, a material breach by the Sellers of any of the Warranties or any of their respective covenants set forth in this Agreement, (iii) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the Transaction, or (iv) any failure to comply with or satisfy in any material respect any covenant, condition or agreement that, individually or in the aggregate with any other failure, would reasonably be expected to cause any of the applicable conditions to the Closing set forth in Section 4 not to be satisfied by the Long Stop Date, provided that, notwithstanding anything herein to the contrary, any failure of the Sellers to provide notice pursuant to this paragraph (vi) shall not constitute a breach of this Agreement.

(b) Restrictions on Conduct of Business.[1] Without limiting the generality of the foregoing, and except (x) as otherwise expressly permitted under this Agreement or disclosed in Schedule 6.1, (y) with the prior written consent of Buyer or (z) as immediately required to comply with applicable Laws or any Authority based on outside counsel's written opinion made available to the Buyer no later than 5 days before the decision is made, the Sellers, each within the limits of its respective power and authority within the Company, shall from the date of this Agreement until the Closing:

(i) not create any Encumbrance over, or sell or dispose of, the Securities or any interest in any share or loan capital or other security of any of the Group Companies;

(ii) procure that none of the Group Companies:

(A) creates, allots, issues, redeems or repurchases any share, loan capital or other security or grants any options over, or any other right in respect of, any share, loan capital or other security;

(B) enters into any transaction with any member of the Sellers Group;

(C) declares, makes or pays a dividend or other distribution (whether in cash, stock or in kind) or makes any reduction of its paid-up share capital, except to another Group Company

(D) approve a winding-up, merger, split-up, contribution or sale of any Group Company's business as a whole or of any of its divisions (*branche d'activité*) where such transaction involves a Third Party (other than any Group Company)

(E) increases its working capital requirement other than (i) in the ordinary and customary course of business and (ii) in accordance with past practices and applicable regulations;

[1] Note to draft: Subject to due diligence review and further discussions between the Parties.

(F) pays or agrees to pay fees and expenses to its advisors, the Sellers or the Sellers' advisors in connection with the Closing;

(G) creates, grants, issues or varies any Encumbrance over its shares, assets or undertaking (excluding any Encumbrances created, granted or issued by the Group Companies pursuant to or under the Indebtedness);

(H) makes any alteration to its Organizational Documents except for technical amendments;

(I) makes any changes to its accounting procedures or principles by reference to which its accounts are prepared or its accounting reference date (except as required by Laws);

(J) incurs any capital expenditure in excess of an aggregate amount equal to €200,000 or any capital expenditure on any individual item in excess of €100,000;

(K) borrows any money (other than by bank overdraft or similar facility in the ordinary course of business and within limits subsisting at the date of the Agreement) or enters into any foreign exchange contracts, interest rate swaps or other derivative instruments;

(L) enters into any joint venture, partnership or agreement or arrangement for the sharing of profits or assets;

(M) acquires (whether by one transaction of by a series of transactions) the whole, or a substantial or material part of the business, undertaking or assets of any other person;

(N) disposes of (whether by one transaction or by a series of transactions) the whole or any substantial or material part of its business, undertaking or any other of its material assets;

(O) enters into, makes a bid, proposal or offer likely to lead to, modifies or terminates any Material Contract;

(P) enters into or permit any amendment, supplement or waiver or other modification in respect to any loan or other financial facilities granted to a Group Company (except form another Group Company);

(Q) enters into any financial lease, lease hire or hire purchase agreement or agreement for payment on deferred terms, other than in the ordinary course of business;

(R) institutes, engages in or settles any legal proceedings (except in respect of debt collection in the ordinary course of business) for an amount greater than €75,000;

(S) does not modify or request the modification of any authorization or permits required for the conduct of its business as currently conducted, for its financing needs or for the holding and use of its assets, as currently held or used except in the ordinary course of business and consistent with past practices;

(T) engages or employs or makes any offer to employ any new persons other than those listed in Schedule 6.1 or to replace current employees on substantially the same terms;

(U) takes any steps, directly or indirectly, to terminate the contract of employment of any employee or corporate officer with an annual gross fixed compensation exceeding €120,000, or induce or attempt to induce any such employee and/or corporate officer to terminate his employment, other than for gross misconduct;

(V) makes any changes (other than those required by Law or the terms of an Employee Benefit Plan) to the terms and conditions of employment (including the provision of any contractual or non-contractual benefits) of directors, officers or any of the Key Employee of the Group (including the provision of any contractual or non-contractual benefits);

(W) makes any changes (other than those required by Law or the terms of an Employee Benefit Plan) to the terms and conditions of employment (including the provision of any contractual or non-contractual benefits) of employees other than directors and officers of the Group (including granting any increase in compensation, new options or other entitlements under existing schemes or benefits) where individually the total gross salary costs would be increased by 5%, and where the total gross salary costs of the Group would be increased in aggregate by 1%;

(X) enters into any collective agreement with respect to the workforce of the Group; or

(Y) enters into any agreement or arrangement (whether in writing or otherwise) to do any of the foregoing or allow or permit any of the foregoing.

(c) Subject to compliance with competition Laws during the period from the date hereof, and continuing until the earlier of the termination of this Agreement and the Closing Date, the Sellers, each within the limits of its respective power and authority within the Company, shall procure that each Group Company allows Buyer and its Representatives (as well as its and their advisors), upon reasonable notice and during working hours, access to its books and records, other than materials subject to any confidentiality restrictions in favour of Third-Party, and to the properties and the Group's management, where such access is reasonably required by Buyer for the purposes of the consummation of the Transaction and the actions contemplated by the Transaction Documents, provided that the Group Companies (and their management and employees) shall not be required to provide any access or disclose any information to the Buyer if such access or disclosure, would, in the Sellers Representative's sole discretion, acting reasonably:

(i) cause material harm to the Group Companies if the transactions contemplated under this Agreement are not consummated;

(ii) jeopardize any attorney-client or other legal privilege;

(iii) contravene any applicable Law; or

(iv) interfere unreasonably with the conduct of the business of the Group Companies.

(d) Subject to compliance with competition Laws, during the period from the date hereof and continuing until the earlier of the termination of this Agreement and the Closing Date, the Company shall confer from time to time as reasonably requested by Buyer with one or more Representatives of Buyer to discuss any material changes or developments in the operational matters of the Company and the Subsidiary and the general status of the ongoing Business.

(e) If at any time prior to or at Closing any Seller, any member of the Sellers' Group or any of the Group Companies becomes aware that any of the matters set out in paragraph (b) above has occurred, or there is a reasonable expectation that any of such matters might occur, the Management Sellers shall promptly (i) notify Buyer in sufficient detail to enable Buyer to make an accurate assessment of the situation (and for the avoidance of doubt, the delivery of such notice shall not limit or otherwise affect the remedies available to Buyer), and (ii) if requested by Buyer, use its reasonable endeavours to procure that the notified occurrence is prevented or remedied.

(f) For the purpose of any consent which shall be requested from Buyer pursuant to this Clause, it is specifically agreed that:

(i) Buyer hereby designates Brent Vetter who shall have full capacity and right to give any such consents on behalf of Buyer during the term of this Agreement;

(ii) the Sellers hereby designate Stéphane Debono who shall have full capacity and right to represent the Sellers in relation thereto and in particular, for the purposes of sending and receiving any notice to be made pursuant to this Clause;

(iii) if, at the end of a period of five Business Days from the receipt by Buyer of any such request for consent, Buyer has not notified Stéphane Debono of its objection to the proposed action, Buyer shall be deemed to have consented to such proposed action; and

(iv) any such consent shall not be unreasonably withheld or delayed by Buyer, taking into consideration the interest of the Group Companies.

6.2 third-party consents

(a) The Management Sellers shall, each within the limits of its respective power and authority, use their commercially reasonable efforts (which shall not require the Company or the Subsidiary to grant any material concession or make any material payment to any person or be under any obligation which may compromise any right, asset or benefit or to pay any amount or incur any liability in seeking such consents) to obtain, as soon as practicable prior to Closing, and deliver to Buyer at or prior to Closing, all consents, waivers or approvals required under each Material Contracts to be listed in Schedule 20 (*Material Contracts*) and any Contract entered into after the date of this Agreement that would have been required to be listed Schedule 20 (*Material Contracts*) if entered into prior to the date of this Agreement, in order to ensure that such Material Contracts will continue in force on the same terms and conditions further to Closing.

(b) The Management Sellers shall keep Buyer regularly informed of the status of the negotiation with INSERM *(Institut National de la Santé et de la Recherche Médicale*) in connection with the agreements currently in force within the Group, and of any material issues arising therefrom, and to take into account in good faith any reasonable comments that Buyer may make in this respect.

6.3 No Solicitation

(a) During the period from the date hereof and continuing until the earlier of the termination of this Agreement and the Closing Date, each of the Sellers and the Company shall not, and shall not authorize or permit the Subsidiary or any of their respective Representatives to, directly or indirectly, (i) solicit, initiate, seek, entertain, knowingly encourage, facilitate, support or induce the making, submission or announcement of any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (ii) enter into, participate in, maintain or continue any communications (except solely to provide written notice as to the existence of these provisions) or negotiations regarding, or deliver or make available to any person any non-public information with respect to, or take any other action regarding, any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (iii) agree to, accept, approve, endorse or recommend (or publicly propose or announce any intention or desire to agree to, accept, approve, endorse or recommend) any Acquisition Proposal, (iv) enter into any letter of intent or any other Contract contemplating or otherwise relating to, or that would reasonably be

expected to lead to, any Acquisition Proposal, (v) submit any Acquisition Proposal to the vote of any holder of Securities or (vi) enter into any other transaction or series of transactions not in the ordinary course of business, the consummation of which would impede, interfere with, prevent or delay, or would reasonably be expected to impede, interfere with, prevent or delay, the consummation of the Transaction. The Company shall, and shall cause the Subsidiary and their respective Representatives to, (A) immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any persons conducted prior to or on the date of this Agreement with respect to any Acquisition Proposal and (B) immediately revoke or withdraw access of any person (other than Buyer and its Representatives) to any data room (virtual or actual) containing any non-public information with respect to the Company or the Subsidiary in connection with an Acquisition Proposal and request from each person (other than Buyer and its Representatives) the prompt return or destruction of all non-public information with respect to the Company or the Subsidiary previously provided to such person in connection with an Acquisition Proposal.

(b) The Sellers Representative and/or the Company shall as soon as practicable notify Buyer orally and in writing after receipt by any Seller or the Company or the Subsidiary (or, to the knowledge of the Sellers Representative and/or the Company, by any of the Sellers', the Company's or the Subsidiary' Representatives) of: (i) any Acquisition Proposal, (ii) any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (iii) any other notice that any person is considering making an Acquisition Proposal or (iv) any request for non-public information relating to the Company or the Subsidiary or for access to any of the properties, books or records of the Company or the Subsidiary by any person or persons other than Buyer and its Representatives. Such notice shall describe, to the extent not confidential, (A) the material terms and conditions of such Acquisition Proposal, inquiry, expression of interest, proposal, offer, notice or request and (B) the identity of the person or group of persons making any such Acquisition Proposal, inquiry, expression of interest, proposal, offer, notice or request. The Sellers Representative and/or the Company shall keep Buyer promptly and fully informed, to the extent not confidential, of the status and details of, and any modification to, any such inquiry, expression of interest, proposal or offer and any correspondence or communications related thereto and shall provide to Buyer a true, correct and complete copy of such inquiry, expression of interest, proposal or offer and any amendments, correspondence and communications related thereto, if it is in writing.

6.4 Employees

(a) Between the date hereof and the Closing Date, the Management Sellers shall use reasonable efforts to cause the Key Employees listed on Schedule 6.4 and the employees who are not Key Employees listed in Schedule 6.4 to execute amendment(s) to their employment contract[2] (together the **Employment Agreement Amendments**), in each case substantially in the form set forth in Schedule 6.4(a).

[2] Assignment of IP, confidentiality and new *forfait-jours* clause unless the employee is not placed under *forfait-jours*.

(b) Between the date hereof and the Closing Date, the Management Sellers shall use reasonable efforts to cause the Continuing Employees to execute confirmatory assignments of Intellectual Property (the **US IP Assignment Agreements**), substantially in the form set forth in Schedule 6.4(b).

7. CLOSING

7.1 date and place of Closing

(a) Subject to Section 5, Closing shall take place remotely via exchange of documents and signatures (provided however that the up to date *registre de mouvements de titres* and *comptes d'actionnaires* will be physically handed over to Buyer's counsel in Paris).

(b) Subject to Section 5, Closing shall take place (i) on the first Business Day of the calendar month immediately following the calendar month during which the Conditions are all satisfied or waived in accordance with Section 4; provided that if the Conditions are all satisfied or waived in accordance with Section 4 on or prior to June 21, 2021, Closing shall take place on July 1, 2021; and provided further that if there are less than seven (7) Business Days remaining in the calendar month when the Conditions are all satisfied or waived in accordance with Section 4, then the Closing will occur on the first Business Day in the next following calendar month or (ii) at such other place and time as the Buyer and the Sellers Representative may agree (the **Closing Date**).

7.2 Deliveries at closing

7.2.1 Deliveries by the Sellers

(a) At Closing, the Sellers Representative shall deliver to Buyer or procure the delivery to Buyer of:

(i) originals of the up to date share transfer registers (*registre de mouvements de titres*), together with the up to date securityholder's individual accounts (*comptes individuels d'actionnaires*) for the Company, with entries made to record the transfer of the Transferred Securities to Buyer, free and clear of all Encumbrances, as of the Closing Date;

(ii) a share transfer form (*ordre de mouvement*) in respect of the Transferred Securities set forth against the name of each Seller in Schedule 1 into the name of Buyer, duly executed by the relevant Seller;

(iii) in respect of the Company and the Subsidiary, the resignation of each director or corporate officer or legal representative of such Group Company as listed in Schedule 7.2.1(a)(iii), it being specified that such resignation shall take effect unconditionally on Closing, shall include an irrevocable waiver by the relevant director or corporate officer or legal representative of any claim against the Group Companies in respect of their position and shall be in the Agreed Form set out in Schedule 6;

(iv) a written statement substantially in the form set out in Schedule 7 confirming that, on the Closing Date, the Sellers have no outstanding claims against any Group Company or any of their directors, corporate officers, legal representatives or employees and irrevocably waive any claims they may have against them following Closing, it being specified that such statement of release does not apply to any salary or other employment-related payments due to any Seller in their capacity as directors, corporate officers or employees of any Group Company;

(v) an original copy of the Escrow Agreement duly executed by the Sellers as provided in Section 3.2;

(vi) an original copy of the amendment of the Free Share 2018 Plan, the Amended SSHA, the Put Option and the Put & Call Option Agreement duly executed by the relevant holders of Free Shares 2018;

(vii) an original copy of the Employment Agreement Amendments duly executed by the Founders and those of the Key Employees who will have executed such Employment Agreement Amendment as referred to in Section 6.4(a);

(viii) copies of executed payoff letters referred to in Section 3.4(d) relating to any Indebtedness for borrowed money referred to in limbs (a) and (b) of the definition of Indebtedness outstanding as of immediately prior to Closing, it being specified that at Closing, the amount of any Closing Indebtedness shall be repaid by Buyer in accordance with Section 3.4(d);

(ix) in relation to any Encumbrances to which the Company or any of the Group Companies is a party in connection with the Closing Indebtedness repaid at Closing and any Encumbrances relating to the Securities to which any person is a party and any instruments and any covenants connected therewith a discharge or release in Agreed Form;

(x) all documentation and information reasonably required to comply with the Anti-Corruption Laws and the Anti-Money Laundering Laws requested by the Buyer reasonably in advance;

(xi) a copy of the resolutions as are referred to in paragraph (b);

(xii) an original copy of the Option Payment Agreement duly executed by each holder of Options listed in Schedule 1, Buyer and the Company; and

(xiii) evidence that prior notice has been given to the relevant landlord in accordance with the provisions of the lease agreement(s) listed in Schedule 20 (*Material Contracts*); and

(xiv) evidence of the termination of the contracts referred to in Schedule 10 and repayment of Galon's Debt.

(b) At Closing the Sellers shall procure that board resolutions and resolutions of the supervisory board and/or shareholders resolutions, where required of each Group Company in connection with the change of name if requested and chosen by Buyer at least ten (10) Business Days prior to the Closing Date, or the appointment of any director of such Group Company as from the Closing Date if requested and designated by the Buyer at least ten (10) Business Days prior to the Closing Date.

7.2.2 Deliveries by Buyer

(a) At Closing Buyer shall:

(i) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer orders corresponding to the Closing Payment In Cash in accordance with Section 3.4,

(ii) deliver or cause to be delivered to each Seller evidence of book-entry notations representing a number of shares of Buyer Common Stock equal to the portion of the Closing Payment in Stock to which each Seller is entitled hereunder, in each case as applicable in accordance with Section 3.4;

(iii) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer order corresponding to the payment of the Escrow Amount to the Escrow Account in accordance with Section 3.4;

(iv) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer order corresponding to the payment of the Sellers' Costs;

(v) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer order corresponding to the payment of the Closing Indebtedness in accordance with Section 3.4;

(vi) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer order corresponding to the payment of the Vested Option Payment in accordance with Section 3.4;

(vii) deliver to the Sellers Representative:

(A) the tax transfer forms (*formulaire cerfa n°2759-SD*) in respect of all such Transferred Securities, duly executed by Buyer;

(B) an original copy of the Escrow Agreement duly executed by the Buyer as provided in Section 3.2;

(C) an original copy of the Amended SSHA and of the Put Option for each holder of Free Shares 2018 duly executed by the Buyer;

(D) an original copy of the Put & Call Option Agreement for each Founder duly executed by the Buyer;

(E) an original copy of the Option Payment Agreement for each holder of Options listed in Schedule 1 duly executed by the Buyer and such holder of Options;

(F) an original copy of equity letter from the Buyer substantially in the form set out in Schedule 7.2.2(a)(vii) duly executed by the Buyer; and

(G) a certified copy of a board resolution of Buyer approving the Transaction and the execution by Buyer of the Transaction Documents and any other documents referred to in this Agreement;

(viii) deliver to the Sellers Representative all documentation and information reasonably required to comply with the Anti-Corruption Laws and the Anti-Money Laundering Laws requested by the Sellers Representative reasonably in advance.

7.2.3 Indivisibility

(a) Each Party shall further execute and deliver to the relevant Parties all other documents and take all necessary measures that may be reasonably required by any other Party to carry out the transactions contemplated in this Agreement.

(b) All matters at Closing will be deemed to take place simultaneously and all documents and items delivered and payments made in connection with Closing shall be held by the recipient to the order of the person delivering them until such time as Closing takes place. Each of such actions, deliveries and payments shall be deemed to have occurred as at the Closing Date.

(c) All of the actions required for Closing described in paragraphs 7.2.1 to 7.2.2 above are conditional upon the occurrence of all other such actions. In the event that any Party fails to complete any of the actions and deliveries set forth in Sections 7.2 and 3.4 on the Closing Date, then the other Parties shall be entitled to refuse to proceed with the Closing and shall have the right to terminate this Agreement, without incurring any liability *vis à vis* the other Parties in connection with such refusal and

termination. Such right to terminate this Agreement is in addition and without prejudice to all other rights and remedies available to the non-defaulting Parties, including the right to claim damages and/or the right to require the specific performance (*exécution forcée*) of the Transaction in accordance with the provisions of Section 15.

8. POST-CLOSING OBLIGATIONS

8.1 Books and Records

As soon as possible after Closing the Management Sellers shall send to Buyer, to the extent not already in the possession of any of the Group Companies, all business records, tangible data, documents, management information systems (including related computer software), files, customer lists, supplier lists, blueprints, specifications, designs, drawings, plans, operation or maintenance manuals, bids, personnel records, invoices, sales literature, all Tax Returns and all worksheets, notes, files or documents related thereto, and all other books and records maintained by the Company with respect to the Business and/or relating to each Group Company up and until the Closing Date, in each case if not required to be delivered at Closing (the **Books and Records**).

(a) The Buyer shall procure that (i) as from Closing, the Company and its Subsidiary shall maintain its Book and Records until the expiration of any applicable statutory period requiring the maintenance of such Books and Records and that (ii) until the later of the date of winding-up of the relevant entity and the fifth anniversary of the Closing, the Group Companies shall, subject to customary protection and covenants relating to confidential information, provide promptly to the Sellers access to, and copies of, such Books and Records and shall provide such other assistance (for instance, by making available employees to provide additional information and explanations on any materials so provided) as may be reasonably necessary for the Sellers and their Affiliates to fulfil their respective obligations including pursuant to applicable Tax, accounting or other Laws unless such access or disclosure, would, in the Buyer's sole discretion, acting reasonably:

(i) result in the disclosure of commercially sensitive or inside information;

(ii) cause material harm to the Group Companies;

(iii) jeopardize any attorney-client or other legal privilege;

(iv) contravene any applicable Law; or

(v) interfere unreasonably with the conduct of the business of the Group Companies.

8.2 Money Laundering and KYC

Each Seller undertakes to provide, and the Management Sellers shall procure that any relevant Group Company provides, all information and documents necessary as may be reasonably required by any member of Buyer Group in connection with the relevant provisions of the Anti-Money Laundering Laws, the Anti-Corruption Laws and/or the Sanctions Regulations.

The Buyer undertakes to provide, and to procure that any relevant member of the Buyer Group or any relevant Group Company provides all information and documents necessary as may be required by any member of Sellers Group in connection with the relevant provisions of the Anti-Money Laundering Laws, the Anti-Corruption Laws and/or the Sanctions Regulations.

8.3 Relations with the Sellers

8.3.1 Contracts with the Sellers Group

Except as disclosed in Schedule 10, each Seller shall ensure that upon Closing, (i) all contracts identified in Schedule 10 entered into between certain Group Companies and such Seller will be terminated with effect as from the Closing Date[3], at no cost to any of Buyer or any Group Company, save as otherwise provided in the relevant contracts and (ii) each Group Company is released from all existing Third Party Guarantees given in respect of obligations of such Seller (or any member of its group). The Management Sellers shall, each within its respective power and authority within the Company, cause the Company to ensure the foregoing.

8.3.2 Release of Third Party Guarantees[4]

Except as disclosed in Schedule 8.3.2, each Seller shall ensure that as soon as reasonably practicable after Closing each Group Company is released from all Third Party Guarantees given by such Group Company in respect of obligations of such Seller (or any member of its group). The Management Sellers shall, each within its respective power and authority within the Company, cause the Company to ensure the foregoing.

The Buyer shall ensure that as soon as reasonably practicable after Closing any Seller is released from all Third Party Guarantees given by it in respect of obligations of a Group Company.

8.4 Shares of Buyer Common Stock; Resale Registration Statement

8.4.1 Shares of Buyer Common Stock

The shares of Buyer Common Stock issued pursuant to the terms of this Agreement will be issued in a transaction exempt from registration under the Securities Act of 1933, as amended (the **Securities Act**) (by reason of Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D promulgated by the SEC under the Securities Act and/or Regulation S promulgated under the Securities Act) and therefore may not be re-offered or resold other than in conformity with the registration requirements of the Securities Act and such other applicable rules and regulations or pursuant to an exemption therefrom. All recipients of such shares of Buyer Common Stock either shall be "accredited investors" or not "U.S. Persons" as such terms are defined in Regulation D and Regulation S, respectively. The shares of Buyer Common Stock to be issued pursuant to the terms of this Agreement will be "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged, assigned or otherwise transferred unless (A) a registration statement with respect thereto is effective under the Securities Act and any applicable state securities laws or (B) an exemption from such registration exists and either Buyer receives an opinion of counsel to the holder of such securities, which counsel and opinion are reasonably satisfactory to Buyer, that such securities may be offered, sold, pledged, assigned or transferred in the manner contemplated without an effective registration statement under the Securities Act or applicable state securities laws, or the holder complies with the requirements of Regulation S, if applicable. Shares of Buyer Common Stock issued pursuant to the terms of this Agreement will bear an appropriate legend and restriction on the books of Buyer's transfer agent to that effect.

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3 Note to Sellers: Schedule 9 will include a reference to J. Galon's debt to the Company that should be repaid upon Closing.

4 Note to draft : To be confirmed/adjusted during due diligence phase.

8.4.2 Resale Registration Statement

Within ten (10) Business Days following the Closing Date with respect to a registration statement on Form S-1 and two (2) Business Days following the Closing Date with respect to a registration statement on Form S-3 (or any prospectus supplement thereto), Buyer shall file with the SEC, and, if applicable, use commercially reasonable efforts to cause to be declared effective as soon as reasonably practicable after filing, a registration statement on Form S-1 (solely to the extent Form S-3 (including Form S-3ASR) is then unavailable for use by the Buyer), a shelf registration statement on Form S-3 (solely to the extent Form S-3 ASR is then unavailable for use by the Buyer), or a prospectus supplement to Buyer's existing automatic shelf registration statement on Form S-3ASR (File No. 333-252681) (including any amendments or supplements, the "**Registration Statement**"), and the prospectus (including any amendments or supplements, the "**Prospectus"**) forming part of the Registration Statement in compliance with Rule 415 under the Securities Act covering the resale on a continuous basis of all of the Registrable Securities *provided*, that Buyer shall only be obligated to file (or supplement or amend) the Registration Statement during an "open trading window" as determined by Buyer's insider trading policies. As a condition to its obligations under this Section, Buyer may require each Holder of Registrable Securities (as hereinafter defined) as to which any registration is being effected to (i) complete a stockholder questionnaire in the form attached hereto as Schedule 8.4.2 and to furnish Buyer with such information regarding such Person that is necessary to satisfy the disclosure requirements relating to the registration and the distribution of such securities under the Securities Act and the rules and regulations promulgated thereunder as Buyer may from time to time reasonably request in writing and (ii) promptly notify Buyer in writing of any changes in the information set forth in the applicable Registration Statement or Prospectus after it is prepared regarding the Holder of Registrable Securities. None of the information supplied (or to be supplied) by or on behalf of any of the Holders of Registrable Securities for inclusion or incorporation by reference in the applicable Registration Statement or Prospectus will, at the time the Registration Statement is declared effective under the Securities Act (or with respect to any post-effective amendments or supplements thereto, at the time such post-effective amendments or supplements become effective under the Securities Act), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading. For the purposes of this Section, a "Holder of Registrable Securities" refers solely to a holder of Registrable Securities as of or following the Closing Date.

8.4.3 Blackout Periods

Buyer may, by prior written notice to all Holders of Registrable Securities (each such notice, a **Blackout Notice**), (a) delay the filing of the Registration Statement or a request for acceleration of the effective date or (b) suspend the Registration Statement after effectiveness and require that the Holders of Registrable Securities immediately cease sales of shares pursuant to any Registration Statement in each case for a period of not more than 60 days in the event that (i) Buyer is engaged in any activity or transaction or preparations or negotiations for any activity or transaction that Buyer desires to keep confidential for business reasons, if Buyer determines in good faith that the public disclosure requirements imposed on Buyer under the Securities Act in connection with such Registration Statement would require at that time disclosure of such activity, transaction, preparations or negotiations and such disclosure could result in imminent and material harm to Buyer or (ii) any other event occurs that makes any statement of a material fact made in such Registration Statement, including any document incorporated by reference therein, untrue or that requires the making of any additions or changes in such Registration Statement in order to make the statements therein not misleading, and in each case, if a similar blackout period is imposed by the Buyer on all other registration statements the Buyer has on file with the SEC; provided, however, that Buyer may not invoke this right more than once in any 12-month period. If Buyer suspends the Registration Statement and requires the Holders of Registrable Securities to cease sales of shares pursuant to this Section, Buyer shall, as promptly as reasonably practicable (and following the termination of the circumstance which entitled Buyer to do so, in the case of a Blackout Notice delivered pursuant to clause (i) of the prior sentence), take such actions as may be reasonably necessary to file or reinstate the effectiveness of such Registration Statement and give written notice to all Holders of Registrable Securities authorizing them to resume

sales pursuant to such Registration Statement. If as a result thereof the Prospectus included in any Registration Statement has been amended to comply with the requirements of the Securities Act, Buyer shall enclose such revised Prospectus with the notice to the Holders of Registrable Securities given pursuant to this Section, and the Holders of Registrable Securities shall make no offers or sales of shares pursuant to such Registration Statement other than by means of such revised Prospectus. Buyer need not specify the nature of the event giving rise to any delay or suspension in any notice to Holders of Registrable Securities. For the avoidance of doubt, the restrictions in this paragraph shall be in addition to any normal quarterly blackouts that may apply to directors, officers and employees of Buyer following the Closing Date pursuant to Buyer's insider trading policies.

8.4.4 EXPENSES

All expenses incident to Buyer's performance of, or compliance with, its obligations in connection with the registration of Registrable Securities under this Section 8.4 shall be borne by Buyer. Buyer shall not be responsible for the fees and expenses of any counsel, or any of the accountants, agents, or experts retained by Sellers or any Holder of Registrable Securities in connection with the sale of Registrable Securities. Sellers shall also bear and pay the discounts, brokerage fees and underwriting fees, if any, applicable to securities offered for its account in connection with any registrations, filings and qualifications made pursuant to this Agreement.

8.5 Employment Matters

8.5.1 Continuing Employees

The Buyer shall provide, or shall cause the Affiliate of the Buyer that will employ the Continuing Employees to provide, through December 31, 2021, to each Continuing Employee: (i) the same or greater base salary or wage rate and target cash incentive opportunity that, are no less favorable than were provided to such Continuing Employee as of immediately prior to the Closing; (ii) employment at a location that does not increase the one-way commute of the Continuing Employee by more than 50 kilometers from his/her commute as of the Closing; and (iii) employee benefits (other than equity-based benefits) that, with respect to such Continuing Employee, are substantially equivalent to the benefits (including severance benefits, vacation and sick or other paid leave accrual rates) provided by the Company or any of its Affiliates to such Continuing Employee immediately before the Closing.

8.5.2 No Third Party Beneficiaries

Nothing expressed or implied in this Section 8.5 shall confer upon any of the Company Employees any additional rights or remedies, including any additional right to employment, or continued employment for any specified period, of any nature or kind whatsoever under or by reason of this Agreement. Notwithstanding anything herein to the contrary, no provision of this Agreement is intended to, or does, constitute the establishment or adoption of, or amendment to, any employee benefit plan (within the meaning of Section 3(3) of ERISA or otherwise) of the Sellers, its Affiliates, a Group Company or the Buyer, and no person participating in any such employee benefit plan maintained by the Sellers, its Affiliates, a Group Company or the Buyer shall have any claim or cause of action, under ERISA or otherwise, in respect of any provision of this Agreement as it relates to any such employee benefit plan or otherwise.

8.6 No Claims

Without prejudice to any of the Buyer's rights under the Transaction Documents (including without limitation under Section 11 hereof and under the relevant employment agreements), and save in case of fraud or criminal offense, the Buyer shall not, and shall procure that the Company or its Subsidiary shall not, bring any claim, action, suit or litigation (or facilitate any such claim, action, suit or litigation from any Person), whether directly or indirectly or through a third party, against any of the Group Company's directors, officers or members of the board of directors, whether former or actual, which in any way relate to (i) the transactions contemplated by this Agreement, its preparation or performance (including the preparation of the Data-Room) or (ii) the management, direction or supervision of the Group Companies prior to the Closing, and the Buyer shall hold harmless any such persons from and against any and all losses suffered in connection with any of the aforementioned claim, action, suit or litigation brought by any person.

8.7 Indemnification

(a) Buyer shall, notwithstanding any termination of this Agreement, indemnify, defend and hold harmless each Seller, its officers, directors, agents, partners, members, managers, stockholders, Affiliates and employees, each Person who controls a Seller (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, managers, stockholders, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and investigation and reasonable attorneys' fees) and expenses (collectively, "**Specific Losses**"), as incurred, that arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, or (ii) any violation or alleged violation by Buyer of the Securities Act, Exchange Act or any state securities law or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except that Buyer shall not be liable for Specific Losses to the extent that any such Specific Losses arise out of or are based upon actions or omissions made in reliance upon and in conformity with the information supplied by a Seller or any Holder of Registrable Securities, it being understood that such information with respect to any Seller is limited to the name of the Seller, the number of Registrable Securities offered by the Seller and the address and other information with respect to such Seller that appear in the footnotes under the caption "Selling Stockholder" (or such other similarly captioned section) in the Registration Statement, Prospectus, or any or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus (such information, the **Selling Holder Information**). Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of an Indemnified Party (as defined in 8.7(c)) and shall survive the transfer of the Registrable Securities by a Seller.

(b) Each Seller shall, notwithstanding any termination of this Agreement, severally and not jointly, indemnify and hold harmless Buyer, its officers, directors, agents, partners, members, managers, stockholders, Affiliates and employees, each Person who controls Buyer (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, managers, stockholders, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against all Specific Losses, as incurred, to the extent such Specific Losses arise out of or are based upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, or any form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading to the extent that such untrue statements or omissions are based solely upon the Selling Holder Information with respect to such

Seller. In no event shall the liability of any Seller hereunder be greater in amount than the dollar amount of the net proceeds received by such Seller upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) If any action, claim, suit, investigation or proceeding ("**Specific Proceeding**") shall be brought or asserted against any Person entitled to indemnity hereunder (an "**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all reasonable fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that such failure shall have materially prejudiced (through the forfeiture of substantive rights or defenses) the Indemnifying Party. After notice from the Indemnifying Party to such Indemnified Party of its election so to assume the defense thereof, the Indemnifying Party shall, subject to the immediately following paragraph, not be liable to such Indemnified Party for any legal expenses of other counsel subsequently incurred by such Specific Indemnified Party, in connection with the defense thereof. An Indemnified Party shall have the right to employ separate counsel in any such Specific Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Specific Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Specific Proceeding; or (3) the named parties to any such Specific Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest exists if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); provided, that the Indemnifying Party shall not be liable for the fees and expenses of more than one separate firm of attorneys at any time for all Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any such Specific Proceeding effected without its written consent, but if settled with such consent, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any Specific Losses by reason of such settlement. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Specific Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Specific Proceeding. Subject to the terms of this Agreement, all fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Specific Proceeding in a manner not inconsistent with this Section 8.7) shall be paid to the Indemnified Party, quarterly in arrears as they are incurred following written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally judicially determined to not be entitled to indemnification hereunder. The failure to deliver written notice to the Indemnifying Party within a reasonable time of the commencement of any such action shall not relieve such Indemnifying Party of any liability to the Indemnified Party under this Section 8.7, except to the extent that the Indemnifying Party is materially prejudiced (through the forfeiture of substantive rights or defenses) in its ability to defend such action.

(d) If a claim for indemnification under Section 8.7(a) or 8.7(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Specific Losses, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Specific Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Specific Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Specific Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Specific Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section 8.7 was available to such party in accordance with its terms. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8.7(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 8.7(d), (A) no Seller shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Seller from the sale of the Registrable Securities subject to the Specific Proceeding exceeds the amount of any damages that such Seller has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (B) no contribution will be made under circumstances where the maker of such contribution would not have been required to indemnify the Indemnified Party under the fault standards set forth in this Section 8.7. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) The indemnity and contribution agreements contained in this Section 8.7 are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties and are not in diminution or limitation of the indemnification provisions under this Agreement.

9. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to the Sellers as follows, which representations and warranties are, as of the date hereof, and will be, as of the Closing Date, true and correct. Except for the representations and warranties contained in this Section 9, Buyer make no other express or implied representation or warranty to the Sellers. For the avoidance of doubt, Buyer shall not grant the Sellers any representations and warranties as to the tax treatment resulting from the Transaction (including the contribution of the Transferred Securities pursuant to Section 3.1(c)), and shall not be liable for any Tax liability in relation thereto.

9.1 Organization; authority

(a) Buyer is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization with full corporate power and authority to own and lease its properties and assets and conduct its business as such business is presently being conducted.

(b) Buyer has all requisite corporate power and authority, and has taken all corporate action necessary, to execute and deliver this Agreement and the other Transaction Documents to be executed and delivered to which it is a party, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. The board of directors of Buyer has duly approved the execution and delivery by Buyer of this Agreement and the other Transaction Documents to which Buyer is to be a party and the consummation by Buyer of the transactions contemplated hereby and thereby. No other corporate proceedings on the part of Buyer are necessary to authorize this Agreement and the other Transaction Documents to which Buyer is or will be a party and the transactions contemplated hereby and thereby.

(c) This Agreement has been duly executed and delivered by Buyer and is, and upon execution and delivery of the other Transaction Documents to which Buyer is or will be a party, the other Transaction Documents will be, legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally or by equitable principles (whether considered in an action at law or in equity).

9.2 issuance and listing of shares

The Buyer Common Stock, which will be delivered to the Sellers in accordance with this Agreement as part of the Final Consideration, will be duly authorized, validly issued free from any Encumbrances, fully paid and non-assessable, and shall have been approved for listing (subject to official notice of issuance) on Nasdaq.

9.3 NASDAQ Compliance

Buyer is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of Nasdaq.

Buyer qualifies as a Well-Known Seasoned Issuer as defined in Rule 405 of the Securities Act.

9.4 No Conflict or Violation.

Neither the execution, delivery or performance of this Agreement or the other Transaction Documents, nor the consummation of the transactions contemplated hereby or thereby, nor compliance by Buyer with any of the provisions hereof, will (a) violate or conflict with any provision of the Organizational Documents of Buyer, (b) violate, conflict with, or result in or constitute a default under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of Buyer's assets under, any of the terms, conditions or provisions of any contract, Indebtedness, note, bond, indenture, security or pledge agreement, commitment, license, lease, franchise, permit, agreement, authorization, concession, or other instrument or obligation to which Buyer is a party, or (c) violate any Laws, except in each case for any violation, conflict, default, termination, acceleration or creation of Encumbrance which would not prevent or materially delay the ability of Buyer to consummate the transactions contemplated by this Agreement or the other Transaction Documents.

9.5 Consents and approvals

Except as set forth in this Agreement, no notice to, declaration, filing or registration with, or authorization, consent or approval of, or permit from, any person or any Authority is required to be made or obtained by the Buyer or any Affiliate of the Buyer in connection with the execution, delivery and performance of this Agreement and the other Transaction Documents to which the Seller is to be a party and the consummation of the transactions contemplated by this Agreement and by the other Transaction Documents by the Seller.

9.6 No Brokers

No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission, or the reimbursement of expenses, from Buyer nor any of its Representatives or Affiliates in connection with the Transaction.

9.7 SEC Reports and Financial Statements

Since January 1, 2019, Buyer has timely filed or furnished all forms, statements, schedules, documents and reports required to be filed or furnished prior to the date hereof by it with the SEC (such forms, statements, schedules, documents and reports the **Buyer SEC Documents**). As of their respective filing dates, or, if amended prior to the date hereof, as of the date of (and giving effect to) the last such amendment, the Buyer SEC Documents complied in all material respects with the applicable requirements of the Sarbanes-Oxley Act, the Securities Act and the Exchange Act, as the case may be, and the applicable rules and regulations promulgated thereunder and the listing and corporate governance rules and regulations of the Nasdaq, and none of the Buyer SEC Documents contained (or with respect to Buyer SEC Documents filed after the date hereof, will contain) any untrue statement of a material fact or omitted (or with respect to Buyer SEC Documents filed after the date hereof, will omit) to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Since January 1, 2018, neither Buyer nor any of its subsidiaries has received from the SEC or any other Authority any written comments or questions with respect to any of the Buyer SEC Documents (including the financial statements included therein) that are not resolved, or, as of the date hereof, has received any written notice from the SEC or other Authority that such Buyer SEC Documents are being reviewed or investigated, and, to Buyer's knowledge, there is not, as of the date hereof, any investigation or review being conducted by the SEC or any other Authority of any Buyer SEC Documents.

The consolidated financial statements (including all related notes and schedules) of Buyer included or incorporated by reference in the Buyer SEC Documents when filed or, if amended prior to the date hereof, as of the date of (and giving effect to) the last such amendment, complied in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, in each case in effect at the time of such filing, and fairly present in all material respects the consolidated financial position of Buyer and its consolidated subsidiaries, as at the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited quarterly financial statements, to normal year-end audit adjustments and any other adjustment described therein permitted by the rules and regulations of the SEC and to the absence of notes) in conformity with generally accepted accounting principles applied on a consistent basis during the periods involved (subject, in the case of the unaudited quarterly financial statements, to normal year-end audit adjustments and any other adjustment described therein permitted by the rules and regulations of the SEC and to the absence of notes).

Neither Buyer nor any of its subsidiaries is a party to, or has any Contract to become a party to, any joint venture, off-balance sheet partnership or any similar Contract, including any Contract relating to any transaction or relationship between or among Buyer or any of its subsidiaries, on the one hand, and

any unconsolidated affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any off-balance sheet arrangements (as defined in Item 303(a) of Regulation S-K of the SEC), in any such case, where the purpose of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, Buyer in Buyer's published financial statements or any Buyer SEC Document.

9.8 Internal Controls and Procedures

Buyer has established and maintains, and at all times since January 1, 2018 has maintained, disclosure controls and procedures and internal control over financial reporting, respectively, to the extent required under Rule 13a-15 under the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**) as required by Rule 13a-15 under the Exchange Act, designed 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. Buyer's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by Buyer in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to Buyer's management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act. Since January 1, 2018, to Buyer's knowledge, Buyer's principal executive officer and its principal financial officer have disclosed to Buyer's auditors and the audit committee of Buyer's board of directors (the material circumstances of which (if any) and significant facts learned during the preparation of such disclosure have been made available to the Company prior to the date hereof) (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting, (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting and (iii) any written claim or allegation regarding clauses (i) or (ii). Since January 1, 2018 through the date hereof, to Buyer's knowledge, neither Buyer nor any of its subsidiaries has received any material, unresolved complaint, allegation, assertion or claim regarding the accounting or auditing practices, procedures, methodologies or methods of Buyer or any of its subsidiaries or their respective internal accounting controls.

9.9 No Undisclosed Liabilities

Except as set out in Buyer's audited consolidated accounts as at, and in respect of the financial year ended on, the Balance Sheet Date, comprising the balance sheet and the related profit and loss statement included in the Buyer SEC Documents filed or furnished prior to the date hereof, none of Buyer or any member of Buyer Group has any material liability required to be reflected as such in balance sheet pursuant to applicable generally accepted accounting principles, except for (i) liabilities reflected or reserved against in such accounts, (ii) liabilities incurred in the ordinary course of business since the Balance Sheet Date, (iii) liabilities in connection with this Transaction or the acquisition of Decipher Biosciences, Inc. and the financing thereof, or (iv) liabilities which would not reasonably be expected to have a Material Adverse Effect.

9.10 Absence of Certain Changes or Events

From January 1, 2021 through the date hereof, there has not occurred any fact, event, change, development, circumstance or effect that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Buyer.

9.11 Compliance

Since January 1, 2018, Buyer has been in compliance in all material respects with Anti-Money Laundering Laws, Anti-Corruption Laws and Sanctions Regulations.

Buyer certifies, pursuant to Anti-Money Laundering Laws, Anti-Corruption Laws and Sanctions Regulations:

(i) it acts for its own benefit;

(ii) the origin and source of funds paid to the Sellers for the purchase of the Transferred Securities is legal and does not come from (i) an activity contrary to Anti-Money Laundering Laws, the Anti-Corruption Laws and/or the Sanctions Regulations and (ii) a Sanctioned Country; and

(iii) it has not facilitated by any means the misleading justification of the origin of goods or income of the perpetrator of a crime or an offense which has brought him a direct or indirect profit, or provided an assistance for any investment, concealment or conversion transaction of the direct or indirect outcome of any crime or offense or the financing of a terrorist activity.

As of the date hereof, Buyer is not a Sanctioned Person.

10. REPRESENTATIONS AND WARRANTIES OF THE SELLERS[5]

(a) Each of the Sellers hereby individually represents to Buyer, in respect of itself and only with respect to the Transferred Securities it/he/she owns, that each Fundamental Warranty set forth in Section 1 of Exhibit B (*Representations and warranties of the Sellers*) is true and correct as of the date hereof, and will remain, as of the Closing Date, true and correct, except to the extent that any Fundamental Warranty is made as of a specific date (in which case such Fundamental Warranty shall be true and correct only as of such date).

(b) Each of the Management Sellers hereby represents to Buyer that each Business Warranty set forth in Section 2 of Exhibit B (*Representations and warranties of the Seller*) and each Tax Warranty is true and correct as of the date hereof, and will remain, as of the Closing Date, true and correct, except to the extent that any Business Warranty or Tax Warranty is made as of a specific date (in which case such Business Warranty or Tax Warranty shall be true and correct only as of such date) (for the avoidance of doubt, any claim in relation to this Section may only be made in accordance with Section 11).

(c) The Sellers make no representation and gives no warranty to the Buyer other than those expressly and specifically made and given in this Agreement, and accordingly, the Buyer shall not be entitled to make any claim on the basis of any other representation or warranty. In particular, without limiting the generality of the foregoing, the Sellers makes no representation or warranty whatsoever in relation to: (i) the accuracy or completeness of any projections, business plans, budgets, or other forward looking information delivered to the Buyer, its advisors or Affiliates during their examination of the Group Companies, or (ii) the future relations of the Group Companies with any Authorities, customers, suppliers, consultants, employees or any other third party, unless otherwise expressly provided herein.

[5] Note to draft : Reps and warranties of the Sellers are subject to ongoing diligence, review and discussion.

(d) The Warranties are given subject to matters fairly disclosed (with sufficient details to enable Buyer advised by its advisors to identify the nature and scope of the matter disclosed and to make a reasonably informed assessment of its impact on the relevant Group Company and/or its business) in the Agreement. The Seller shall not be liable to the Buyer in respect of any Loss arising from facts, events or circumstances referred to or fairly disclosed in this Agreement (including, for the avoidance of doubt, in any of its Schedules and Exhibits, it being specified that any disclosure made in a Schedule or in an Exhibit relating to a given Warranty is deemed to be made against all the other Warranties where the inaccuracy of such other Warranties is readily apparent in the disclosure). No other information of which Buyer has knowledge shall prejudice any claim made by Buyer under the Agreement or operate to reduce any amount recoverable thereunder.

(e) Each of the Warranties shall be interpreted as a separate and independent Warranty and, unless otherwise specifically provided, shall not be restricted or limited by reference to any other representation, warranty or term of the Agreement.

(f) Except as disclosed in Schedule 10(f), the Sellers waive and shall procure that all members of the Sellers Group shall waive any rights and remedies they may have against any member of Buyer Group or any Group Company or any of their respective present or former employees, directors, agents, officers or advisers with respect to claims arising out of any information, opinion or advice supplied or given (or omitted to be supplied or given) in connection with the Transaction other than in the case of fraud and agrees that no such rights or remedies shall constitute a defence to any claim by Buyer under this Agreement.

(g) Each Seller receiving Registrable Securities pursuant to this Agreement meets the criteria of an “accredited investor” as defined in Rule 501(a) of Regulation D adopted under the Securities Act.

(h) Each Seller understands that the Registrable Securities are “restricted securities”, the issuance of which has not been registered under the Securities Act or any applicable state securities law and that Sellers are acquiring the Registrable Securities as principal for their own accounts and not with a view to, or for distributing or reselling such Registrable Securities or any part thereof in violation of the Securities Act or any applicable state securities laws, provided, however, that by making the representations herein, Sellers do not agree to hold any of the Registrable Securities for any minimum period of time and reserves the right, subject to the provisions of this Agreement, at all times to sell or otherwise dispose of all or any part of such Registrable Securities pursuant to an effective registration statement under the Securities Act or under an exemption from such registration and in compliance with applicable federal and state securities laws. The Sellers do not presently have any agreement, plan or understanding, directly or indirectly, to distribute or effect any distribution of any of the Registrable Securities (or any securities which are derivatives thereof) to or through any person or entity.

(i) The Sellers are able to bear the economic risk of an investment in the Registrable Securities and have sufficient knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of ownership of the Registrable Securities and that they are able to bear the financial risks thereof.

11. INDEMNIFICATION BY THE SELLERS

11.1 REPAYMENT OBLIGATIONS

(a) Subject to the provisions of this Section 11 from and after the Closing Date:

(i) all the Sellers shall, severally and not jointly (*conjointement et non-solidairement*), in accordance with their *pro rata* portion as set out in Exhibit D, indemnify and hold harmless the Buyer from and against any and all Losses borne by a Group Company and/or the Buyer, as applicable, which arise directly in connection with the following matters: any inaccuracy or breach of any Business Warranty made by the Management Sellers in Section 2 of Exhibit B or any Tax Warranty (and in such a case, the Sellers shall have no recourse against the Management Sellers); and

(ii) each Seller shall individually indemnify and hold harmless the Buyer from and against any and all Losses borne by a Group Company and/or the Buyer, as applicable which arise directly in connection with: (x) any inaccuracy or breach of any Fundamental Warranty made by such Seller in Section 1 of Exhibit B and (y) any breach, non-compliance or non-performance of any covenants or agreements made by such Seller contained in the Agreement.

(b) Any claim against any of the Sellers in connection with this Agreement shall be made in accordance with this Section 11 and any payment due by a Seller thereunder (a **Refund**) shall have the nature of a reduction of the part of the Final Consideration paid to such Seller for his Transferred Securities (*réduction de prix*), unless otherwise required by applicable Laws.

(c) The amount of the Refund paid to the Buyer by the Sellers under this Section 11 shall ultimately be borne: (x) in respect of Section 11.1(a)(i), by the Sellers in the proportions shown opposite their names in Exhibit D as may be updated from time to time after the date hereof by a notice sent by the Sellers to the Buyer (so long as such revised proportions total 100%) and (y) in respect of Section 11.1(a)(ii), by the relevant Seller only. The Buyer shall not incur any liability to the Sellers for such allocation or for any failure by the Sellers Representative or any other person to allocate the payment for the Refund between the Sellers in accordance with this paragraph.

(d) When a Refund is subject to any corporate income Tax or if any non-refundable and non-creditable deductions or withholdings are required by Law to be made from such Refund, its amount shall be increased by an additional amount as will, after such corporate income Tax has been paid or such deduction or withholding has been made, leave the Buyer and / or the Group Companies with the same amount as they would have been entitled to receive in the absence of any such requirement to pay corporate income Tax or make a deduction or withholding. In the event where Buyer assigns its rights under this Agreement in accordance with Section 20(a) below, any increased payment that the assignee would be entitled to receive in accordance with this Section (d) shall not exceed the increased payment that the Buyer would have been entitled to receive in accordance herewith if the assignment had not occurred.

11.2 limitations

(a) Save for fraud, no Claim shall give rise to an indemnification obligation by the Sellers under this Agreement if notice of such Claim is not made in writing, describing the Claim, the amount thereof (if known and quantifiable), and the basis thereof, to the relevant Seller(s) and the Sellers Representative (i) in respect of any Claim in connection with a breach of the Fundamental Warranties and Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B, prior or on the date falling 30 Business Days following the expiration the applicable statute of limitation, (ii) in respect of any Claim in connection with a breach of the Tax Warranties, prior to or on the date which is 3 years after Closing Date, and (iii) in any other case, prior or on the date which is 18 months after Closing (the **Claim Notice**), provided that any Claim shall be deemed to be withdrawn 6 months after the date on which the Claim Notice was notified to the relevant Sellers and the Sellers Representative, unless legal proceedings in respect of such claim have been commenced and are being pursued with reasonable diligence. The Buyer shall notify the Claim Notice to the relevant Sellers and the Sellers Representative

no later than 60 days after the Buyer or the relevant Group Company acquires knowledge that the relevant event, fact or circumstance is a basis for the Claim (or, in case the relevant Claim Notice relates to a Third-Party Claim, it shall be delivered in accordance with Section 11.4(a)), provided that any failure to so notify or any delay in notifying the Sellers Representative shall not relieve the Sellers of their obligations hereunder, except to the extent that the Sellers are actually prejudiced by such failure or delay.

(b) Except for breaches of the Fundamental Warranties, Tax Warranties and Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B, no Loss may be claimed under this Section 11 by the Buyer or shall be reimbursable or shall be included in calculating the Threshold Amount, other than indemnifiable Losses in excess of €25,000 resulting from any single claim or aggregated claims arising out of similar facts or circumstances.

(c) No amount shall be payable to the Buyer in satisfaction of Claims unless and until the aggregate amount of all indemnifiable Losses of the Buyer and/or Group Companies arising therefrom exceeds €500,000 (the **Threshold Amount**), at which time the Sellers shall indemnify the Buyer for all Losses from the first euro (including for the avoidance of doubt the Threshold Amount) up to an amount not to exceed 10% of the Final Consideration actually received (the **Cap**), provided however that:

(i) (x) the Threshold Amount shall not apply with respect to any Losses resulting from, arising out of or relating to breaches of the Fundamental Warranties or the Tax Warranties or Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B, and none of such Losses shall count towards the satisfaction of the Threshold Amount and (y) the Cap shall not apply with respect to any Losses resulting from, arising out of or relating to breaches of the Fundamental Warranties and Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B and none of such Losses shall count towards the satisfaction of the Cap;

(ii) the indemnification obligation of each Seller shall not exceed 10% of the Final Consideration actually received by such Seller for his/her/its Transferred Securities and, with respect to each Founder, his/her Free Shares 2018 (including without limitation the Escrow Amount and the Holdback Amount as the case may be), it being specified that this cap shall not apply with respect to any indemnification resulting from, arising out of or relating to breaches of the Fundamental Warranties or Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B;

(iii) if a Claim is made in connection with a breach of the Tax Warranties after the Release Date, the aggregate liability of the Sellers for Losses resulting therefrom shall not exceed an amount equal to (the **Additional Tax Cap**):

Min (Cap – X ; € 10,000,000 – Y), where:

X means all sums claimed by the Buyer or, as the case may be, paid to the Buyer, under this Section 11 on or prior to the Release Date in relation to any Claims (including Claims made in connection with a breach of Tax Warranties but excluding Claims made in connection with a breach of the Fundamental Warranties);

Y means all sums claimed by the Buyer or, as the case may be, paid to the Buyer, under this Section 11 on or prior to the Release Date in relation to any Claims made in connection with a breach of the Tax Warranties;

For the avoidance of doubt, any Claim made in connection with a breach of the Tax Warranties before the Release Date but pending as at such date shall be subject to the Cap and not the Additional Tax Cap.

(d) Except in the case of fraud, in no event shall the aggregate amount of all payments made by any Seller in satisfaction of Claims under this Section shall exceed such Seller's *pro rata* portion as set out in Exhibit D of all Losses, and in no event shall the aggregate amount of all payments made by any Seller exceed the Final Consideration actually received by such Seller for his/her/its Transferred Securities and, with respect to each Founder, his/her Free Shares 2018 (including without limitation the Escrow Amount and the Holdback Amount as the case may be).

(e) For the avoidance of doubt, the Buyer may give notice of any single Claim in accordance with this Section, whether or not the Threshold Amount has been exceeded at the time the notice is given.

(f) The Buyer shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity (i) more than once in respect of the same Loss, regardless of whether more than one Claim arises in respect of it and (ii) for any breach of the Sellers' Warranties, covenants or obligations contained herein giving rise to a Loss that is already taken into account in the post-Closing adjustment process set out in Section 3.5.

(g) For the purposes of this Section 11, any Loss shall be determined without regard to any multiple, valuation factor, price earning or equivalent ratio implicit in negotiating and/or settling the Final Consideration.

(h) The Sellers shall not be liable for indemnification in respect of any Loss under this Section 11 resulting directly from any action taken between the date hereof and the Closing Date, which action has been expressly authorized pursuant to Section 6.1.

(i) If any Loss is recovered by a Group Company and/or by the Buyer, in whole or in part, from any third party after the payment by the Sellers to Buyer pursuant to this Section 11 in respect of such Loss, amounts so recovered as reduced by the cost incurred by the Buyer and the Group Companies to receive such amounts shall be credited to the Sellers in accordance with their *pro rata* portion of the payment made by them to the Buyer. Without prejudice to the foregoing, if the Sellers makes any payment in respect of any Loss pursuant to this Section 11 and the Buyer or the Group Companies could have recovered all or a portion of such Loss from a third party, the Buyer or the Group Companies shall assign to the Sellers Representative its rights to proceed against the relevant third party to the extent necessary to permit the Sellers Representative to recover from the third party the amount paid by the Sellers; provided however that this assignment of rights shall not apply against, and the Sellers shall not be entitled to recovery from, any third party who is an employee, supplier, distributor, partner, licensor of intellectual property or a customer or any of the Group Companies.

(j) The Sellers shall not be obligated to indemnify the Buyer for any Tax reassessment, the only effect of which would be to shift the income or expense of one financial year to another, and that does not give rise to any additional Tax burden for the Group Companies in comparison to that which they would bear in the absence of such reassessment, except for the amount of any penalty, late payment interest or fine resulting from such reassessment and any related costs (including any treasury costs), fees and charges. The Sellers shall not be obligated to indemnify the Buyer for any value added tax liability which is recoverable by any of the Group Companies and results in no actual charge to the Group Companies.

(k) Notwithstanding anything to the contrary in this Agreement, the Sellers shall not be obligated to indemnify the Buyer for any reduction of any Tax loss carry back or carry forward, Tax credit or other Tax relief shown on any Tax Returns of any of the Group Companies and any decrease in deferred tax asset shown on any financial statements of any of the Group Companies (including as a result, as the case may be, of a Tax reassessment by the Tax authorities), except in the case where any such Tax loss carry back or carry forward, Tax credit, Tax relief or other deferred Tax asset was taken into account for the calculation of the Net Cash Amount or Net Working Capital Amount (either as such or because it gave rise to a cash Tax saving or payment which a Group Company benefited from prior to the Closing Date). For the avoidance of doubt, it is specified that the Sellers shall be obligated to indemnify the Buyer for any reduction of the French research and development tax credit (including as a result, as the case may be, of a Tax reassessment by the Tax authorities) that was either accounted for as a receivable or already cashed in by the Company on the Closing Date.

(l) The Sellers shall not be held liable for indemnification in respect of any Loss resulting solely from, or increased by, any voluntary action or omission on the part of the Buyer or any of the Group Companies after the Closing Date, including any change in the accounting principles previously applied by any of the Group Companies.

(m) No indemnity will be due by the Seller to the Buyer if the Loss arises from the entry into force or the modification of a Law and/or the levy or modification of any Tax or Tax rate after the date hereof, even if such change has a retroactive effect.

(n) For all purposes of this Section 11, in calculating the amount of any "Loss", there shall be deducted (i) the amount of any indemnification or other recoveries (including insurance proceeds) payable to the Buyer or any of the Group Companies in connection with the facts, matters or circumstances giving rise to the right of indemnification as reduced by the cost incurred by the Buyer and the Group Companies to receive such indemnification or other recoveries and (ii) the amount of any reserve or provision with respect to such Loss recorded in the Accounts and taken into account in the Net Cash Amount or the Working Capital Amount.

(o) In assessing any Loss, any Tax saving which is or will effectively be available to the Buyer or the relevant Group Company as a direct result of the accrual, incurrence or payment of any such Loss with respect to the financial year(s) when the said Loss is accrued, incurred or paid, shall be deducted from the amount of such Loss.

(p) The Buyer shall use and, shall procure to the extent of its powers as shareholder of the Company that the Group Companies shall use, commercially reasonable endeavors to avoid or mitigate the amount of any Loss, to the extent such action does not prevent the Group Companies from operating the Business in the ordinary course. For the avoidance of doubt, Buyer shall not be required to cease or reduce developing, promoting, manufacturing, having manufactured, using, marketing, selling, offering for sale or importing, exporting or distributing the Group Companies' products and services or exploiting their Intellectual Property Rights in order to mitigate Loss.

11.3 Contingent Liabilities

The Sellers shall not be liable in respect of any contingent liability in relation to any Claim unless and until such contingent liability becomes an actual liability and is due and payable. This is without prejudice to the right of the Buyer to give notice of the relevant Claim to the Sellers Representative notwithstanding the fact that the liability may not have become an actual liability. The fact that the liability may not have become an actual liability within the time limits provided in paragraph 11.2 shall not exonerate the Sellers in respect of any Claim properly notified within such time limits.

11.4 Conduct Of Third Party Claims

(a) If, after Closing, a Claim Notice relates to any action, lawsuit, proceeding, investigation or other claim brought against the Buyer and/or a Group Company by a Third-Party (a **Third-Party Claim**), Buyer shall give written notice within ten (10) Business Days after the Buyer or the relevant Group Company acquires knowledge of the event, fact or circumstance giving rise to such Claim to the Sellers Representative describing the Third-Party Claim, the amount thereof (if known and quantifiable), and the basis thereof; provided that any failure to so notify or any delay in notifying the Sellers Representative shall not relieve the Sellers of their obligations hereunder, except to the extent that the Sellers are actually prejudiced by such failure or delay.

(b) After such notice, if the Third-Party Claim may result in a claim against the Sellers and the relevant Sellers have unequivocally accepted the principle of their liability hereunder (it being provided that the amount of the Loss which should be indemnified by the Sellers shall be determined in accordance with the terms and limitations set forth in this Section 11), the Sellers Representative, on behalf of the Sellers, shall be entitled, at the risk and expense of the Sellers, to participate in the defense of such claim and consult with Buyer in any defense of such claim, it being understood that:

(i) Buyer shall have the sole right to control such defense and appoint a lead counsel reasonably acceptable to the Sellers Representative, and shall conduct such defence in good faith;

(ii) if the Buyer and/or a Group Company receive any communication or notice in relation to any Third-Party Claim, the Buyer shall, and shall procure that the relevant Group Company shall, within five (5) Business Days from such receipt, inform the Sellers Representative and provide the Sellers Representative with a copy of such communication or notice; provided that any failure to so notify or any delay in notifying the Sellers Representative shall not relieve the Sellers of their obligations hereunder, except to the extent that the Sellers are actually prejudiced by such failure or delay;

(iii) the Buyer shall give, and shall procure that the relevant Group Company gives, to the Sellers Representative and its advisors the opportunity to comment and the right to object with respect to the defense/settlement of any such Third-Party Claim, it being specified that the Buyer shall, and shall procure that the relevant Group Company shall, take into account all reasonable comments of the Sellers Representative and/or its advisors as to the direction and strategy and contents of the defense/settlement; and

(iv) more specifically, in the case of a Third-Party Claim relating to a Tax audit, claim or reassessment, the Buyer shall, and shall procure that the relevant Group Company shall, (i) communicate to the Sellers Representative a copy of any communication or notice sent by the Tax authorities in relation to such Tax audit, claim or reassessment, within ten (10) Business Days from their receipt, (ii) request the Sellers Representative to provide comments in writing on the draft responses to the Tax authorities prepared by the Buyer, and/or the relevant Group Company and incorporate all reasonable comments of the Sellers Representative into such responses, and (iii) invite the Sellers Representative in due time to all meetings with the Tax auditors or Authorities which may be set up in relation to such Tax audit, claim or reassessment.

(c) If the Sellers Representative, on behalf of the Sellers, has decided not to participate in the defence of such claim Third-Party Claim, the Buyer shall (i) conduct such defence in good faithand in a manner a reasonable and prudent defendant would conduct such Third-Party Claim, (ii) promptly provide the Sellers Representative with a copy of any communication or notice received by the Buyer and/or a Group Company in relation to such Third-Party Claim and (iii) keep the Sellers Representative regularly informed of the status thereof.

(d) In all cases, the Buyer shall, and shall procure that the relevant Group Company shall, reasonably cooperate with the Sellers Representative in the negotiation, conduct, defense and/or settlement of any Third-Party Claim. Conversely, the Seller Representative shall have regard to the corporate interest of the relevant company in the context of the Third-Party Claim.

(e) The Sellers shall not be liable for any compromise or settlement or waiver of any appeal or other remedy of any such Third-Party Claim effected without the prior written consent of the Sellers Representative (which consent shall not be unreasonably withheld, conditioned or delayed), except where more than 50% of the Loss that may be incurred by the Buyer or any Group Company absent such compromise or settlement or waiver would not be payable by the Sellers pursuant to the provisions of this Agreement. Notwithstanding the foregoing, in the event that the Sellers refuse to consent to a compromise or settlement proposed by Buyer, and it is subsequently determined pursuant to the provisions of this Agreement that the facts underlying such Third-Party Claim constituted a breach of the representations made in this Agreement, Buyer may recover for its Losses in respect of such Claim (subject to the limitations set forth in this Agreement) notwithstanding Seller's refusal to consent to such proposed compromise or settlement, or if it is determined that Sellers' refusal was unreasonably withheld, conditioned or delayed.

11.5 Payment

(a) The payment of any sum due by the Sellers under this Section 11 shall be made by the Sellers in connection with any Claim, within ten Business Days following the acceptance of the Claim by the Sellers Representative, or in the event of a disagreement between the Parties, following the date on which a notification of as the case may be (i) an enforceable decision on the merits (*décision exécutoire au fond*) is served in respect of any such disagreement between the Parties related to or in connection with a Third-Party Claim, and (ii) an immediately enforceable decision is served in respect of any such disagreement between the Parties related to or in connection with any other Claim (such disagreement being settled in accordance with Section 24); provided that any payment of any sum due by the Sellers under this Section 11 shall be recovered first from the Escrow Amount, in which case Buyer shall within three days after the determination of the amount thereof, deliver a written instruction (together with a copy of the relevant court decision or settlement agreement) to the Escrow Agent instructing such Escrow Agent (x) to release the appropriate portion of the Escrow Amount to an account designated by Buyer, it being specified for the avoidance of doubt that if any payment of any sum due by the Sellers under this Section 11 shall be made prior to the First Installment Date, then the portion of the Escrow Amount to be released shall be limited to the portion allocable to the Sellers other than the Founders and the Estate Vehicles (in which case, the portion allocable to Founders and Estate Vehicles will be paid (i) by way of set-off against the relevant Founder's First Contingent Consideration in accordance with the terms of the Put & Call Option Agreement or (ii) if such Founder is not entitled to the First Contingent Consideration, directly by such Founder or Estate Vehicle). If the Escrow Amount attributable to a Seller is insufficient to recover its allocable portion in respect of any Claims, then Buyer may, in accordance with this Agreement, seek recovery directly from such Seller individually.

(b) In the event of a Tax proceeding in respect of which Buyer has a Claim, and if the Sellers have unequivocally accepted the principle of their liability hereunder in respect of that Claim (it being provided that the amount of the Loss which should be indemnified by the Sellers shall be determined in accordance with the terms and limitations set forth in this Section 11), the Sellers Representative may require Buyer and the Group Company concerned to ask for a deferral of payment of Taxes including any "*sursis de paiement*" pursuant to the provisions of Section L. 277 of the Book of Tax Procedures (*Livre des Procédures Fiscales*), but only to the extent that any cost incurred by the concerned Group Company in relation to the implementation of any guarantee that may be required to benefit from any such deferral of payment shall be borne by the Sellers.

11.6 Sellers Access

In the event of a Claim, Buyer shall, subject to the Sellers giving such undertakings as to confidentiality as Buyer may reasonably require, procure that the Sellers and their Representatives (as well as their respective advisors) are provided, upon reasonable notice and during working hours, access to such information, records, premises and personnel of the relevant Group Companies as the Sellers may reasonably require (not being any which would otherwise be subject to legal privilege) to investigate, avoid, remedy, dispute, resist, appeal, compromise or contest such Claim.

12. PROTECTION OF GOODWILL

(a) In order to confer upon Buyer the full benefit of the business and goodwill of the Group, each Seller undertakes to Buyer and each member of the Buyer Group that it shall not either alone or in conjunction with or on behalf of any other person, do any of the following during a period of three years following the Closing Date offer employment to, enter into a contract for the services of, or attempt to entice away from any of the Group Companies, any individual who is at that time, and was at the Closing Date, employed or directly engaged in a key executive or managerial position with any of the Group Companies (except a person who responds, without any form of approach or solicitation by or on behalf of any member of the Sellers Group, to a general public advertisement made in the ordinary course of business) or procure or facilitate the making of any such attempt by any other person;

(b) In addition and in furtherance of the above, each Management Seller undertakes to Buyer and each member of the Buyer Group that it shall not either alone or in conjunction with or on behalf of any other person, do any of the following during a period of three years following the Closing Date:

(i) except in the ordinary course of business, deal with or canvass, solicit or seek to solicit the custom of any person who has been a regular customer of any of the Group Companies at any time within the 12 months immediately prior to Closing if that dealing or solicitation causes or could cause such customer to cease being a customer of any of the Group Companies; and

(ii) except in the ordinary course of business, solicit or entice away from any of the Group Companies any supplier who had supplied goods and/or services to any of the Group Companies at any time during the 12 months immediately prior to Closing if that solicitation or enticement causes or could cause such supplier to cease supplying, or materially reduce its supply of, those goods and/or services to any of the Group Companies.

(c) The undertakings in this Section 12 are intended for the benefit of Buyer and each Group Company and apply to actions carried out by the relevant Sellers in any capacity whatsoever and whether directly or indirectly, on the Management Sellers' or any Affiliate of the Management Sellers' own behalf, on behalf of any other person or jointly with any other person.

(d) Each Management Seller and Seller who is a natural person agrees that the undertakings contained in this Section 12 are reasonable and necessary for the protection of Buyer's legitimate interests in the goodwill of the Group Companies and do not prevent the relevant Management Sellers and Sellers to exercise another professional activity complying with their professional training and experience.

(e) Without prejudice to Section (c), if any undertaking in this Section 12 is found by any court or other competent Authority to be void or unenforceable the Management Sellers, the relevant Sellers and the Buyer shall negotiate in good faith to replace such void or unenforceable undertaking with a valid provision which, as far as possible, has the same commercial effect as the provision which it replaces and the validity of the other undertakings shall not be affected.

(f) The Sellers acknowledge that the violation of any such undertakings may generate a damage to Buyer and the Group Companies of such significance that it would not be sufficiently compensated by the allocation of damages. Consequently, Buyer expressly reserve the right to request for any conservatory or enforceable measure pertaining to prohibit the conduct of any activities which violates any of the undertakings provided in this Section 12.

13. SELLERS REPRESENTATIVE

(a) Subject to Section (c), each Seller hereby irrevocably appoints Vincent Fert, effective from and after the date of this Agreement, to act as the Sellers Representative (the **Sellers Representative**) and to represent each Seller for the purposes of: (i) any consent, notice, action or step to be given, received, conducted or taken hereunder by the Sellers, (ii) handling, disputing or settling or otherwise dealing with any and all claims under this Agreement, (iii) any dispute arising in connection with this Agreement, (iv) any amendment to be made to this Agreement and (v) more generally, exercising all the rights and obligations of the Sellers under this Agreement, in accordance with the provisions of Article 1153 *et seq.* of the French Civil Code.

(b) Each Seller hereby specifically authorizes, under Article 1161 of the French Civil Code, the Sellers Representative to act as representative of several of them for the purpose of the negotiation and execution on their behalf of any agreement or document to which such Sellers (including as applicable the Sellers Representative) are parties.

(c) If for any reason Vincent Fert shall not be able to act as the Sellers Representative and the Sellers nominate in writing another person to fill the role of Sellers Representative, such other person as shall be so notified in writing to Buyer by the Sellers shall be the Sellers Representative in substitution for Vincent Fert from time to time.

14. CONFIDENTIALITY AND PUBLIC DISCLOSURE[6]

(a) The Parties hereto acknowledge that the mutual confidentiality agreement entered into between the Company and the Buyer on May 18, 2020 shall remain in full force and effect up to the Closing Date, it being agreed that should Closing not take place, it shall remain in force until its contractual termination date.

[6] Note to draft : to be reviewed in conjunction with the NDA

(b) Except for the press releases which the Sellers Group and the Buyer's Group agree to issue on the date hereof, pending Closing, the Sellers shall not, and the Sellers shall cause each of the Company, the Subsidiary and their respective Representatives not to, directly or indirectly, issue any press release or other public statement relating to the terms of this Agreement or use Buyer's name or refer to Buyer directly or indirectly in connection with Buyer's relationship with the Company in any media interview, advertisement, news release, press release or professional or trade publication, or in any print media, whether or not in response to an inquiry, without the prior written approval of Buyer, unless required by Laws (in which event a satisfactory opinion of counsel to that effect shall be first delivered to Buyer prior to any such disclosure) and except as reasonably necessary for the Company to obtain the consents and approvals contemplated by this Agreement.

(c) As soon as practicable after Closing, the Sellers Representative and Buyer shall procure that a joint announcement of the Transaction is made to the customers and suppliers of the Group by way of press release in Agreed Form.

(d) Subject to Section (e), each Party:

(i) shall treat as strictly confidential:

(A) any information relating to the Transaction, the provisions of this Agreement and the other Transaction Documents (including the names of the parties to such agreements) and the process of their negotiations;

(B) in the case of the Sellers, any information received or held by the Sellers or any of their Representatives which relates to the Buyer Group or, following Closing, to any of the Group Companies; and

(C) in the case of the Buyer, any information received or held by Buyer or any of its Representatives which relates to the Sellers Group or, prior to Closing, to any of the Group Companies,

(together **Confidential Information**); and

(ii) shall not, except with the prior written consent of the Sellers Representative, in the case of Buyer, or Buyer, in the case of any of the Sellers (in each case which shall not be unreasonably withheld or delayed), make use of (save for the purposes of performing its obligations under the Agreement) or disclose to any person (other than its Representatives as well as its and their advisors and providers of finance for the purposes of the Transaction in accordance with Section (e)) any Confidential Information.

(e) Each Party undertakes that it shall only disclose Confidential Information to Representatives as well as its and their advisors (and, with respect to FPCI PSIM, to its members of the investment committee of its management company or of any entity managing such fund and to its own investors, shareholders, partners or members, or any Affiliates of such fund (other than companies in the portfolio of any such Affiliates) as may be otherwise required under internal rules of PSIM), for the purpose of the Transaction where it is reasonably required for the purposes of performing its obligations under the Agreement or the other Transaction Documents and only where such recipients are informed of the confidential nature of the Confidential Information and the provisions of this Section 14 and instructed to comply with this Section 14 as if they were a Party to it.

(f) Section (b) and (d) shall not apply if and to the extent that the Party using or disclosing Confidential Information or making such announcement can demonstrate that:

(i) such disclosure or announcement is required by Law or by any stock exchange or any Authority (including, for the avoidance of doubt, any Tax Authority) having applicable jurisdiction, including as may be required in connection with the satisfaction of the Conditions;

(ii) such disclosure or announcement is required in order to facilitate any assignment or proposed assignment of the whole or any part of the rights or benefits under the Agreement which is permitted by Section 20; or

(iii) the Confidential Information concerned has come into the public domain other than through its fault (or that of its Affiliates or Representatives) or the fault of any person to whom such Confidential Information has been disclosed in accordance with this Section (e).

(g) The provisions of this Section 13 shall survive termination of the Agreement or Closing, as the case may be, and shall continue for a period of 10 years from the date of the Agreement.

15. FURTHER ASSURANCE

(a) The Buyer shall use all reasonable efforts to, at its own cost, promptly execute and deliver all necessary documents and do all necessary things and provide all necessary information and assistance, as Sellers may from time to time reasonably require for the purpose of giving full effect to the provisions of the Agreement.

(b) The Sellers shall use all reasonable efforts to, at their own cost, promptly execute and deliver all necessary documents and do all necessary things and provide all necessary information and assistance, as Buyer may from time to time reasonably require for the purpose of giving full effect to the provisions of the Agreement.

16. SPECIFIC PERFORMANCE; REMEDIES

(a) Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party hereto shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party hereto of any one remedy shall not preclude the exercise of any other remedy and nothing herein shall be deemed a waiver by any party hereto of any right to specific performance or injunctive relief.

(b) Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of the Agreement are not performed in accordance with their specific terms or otherwise are breached. Without prejudice to the other remedies provided for in Article 1217 of the French Civil Code, each Party agrees that, in case of breach or non-compliance of its obligations under the Agreement, any other Party may seek the specific performance (*exécution forcée*) of such obligations in accordance with Articles 1221 and 1222 of the French Civil Code even if there is a manifest disproportion between its cost to the defaulting party and its interest for the other parties.

(c) Save as otherwise provided in this Agreement, each Party irrevocably waive any right to terminate this Agreement under Article 1226 of the Code Civil.

17. ENTIRE AGREEMENT

(a) This Agreement and the other Transaction Documents together constitute the entire agreement among the Parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties hereto with respect to the subject matter hereof, except for the confidentiality agreement, which shall continue in full force and effect, and shall survive any termination of this Agreement, in accordance with its terms.

(b) If there is any conflict between the terms of this Agreement and any other agreement, this Agreement shall prevail (as among the Parties and as among any members of the Sellers Group and any members of Buyer Group) unless (i) such other agreement expressly states that it overrides this Agreement in the relevant respect; and (ii) the Sellers and Buyer are either also parties to that other agreement or otherwise expressly agree in writing that such other agreement shall override the Agreement in that respect.

18. WAIVER AND VARIATION

(a) Unless otherwise specifically provided, a failure or delay by a Party to exercise any right or remedy provided under the Agreement or by Law, whether by conduct or otherwise, shall not constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict any further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy provided under the Agreement or by Law, whether by conduct or otherwise, shall preclude or restrict the further exercise of that or any other right or remedy.

(b) Unless otherwise specifically provided, a waiver of any right, provision, condition, consent or remedy or any discharge of any obligation or liability under the Agreement shall only be effective if given in writing and shall not be deemed a waiver of any subsequent breach or default.

(c) No variation or amendment of the Agreement shall be valid unless it is in writing and duly executed by or on behalf of Buyer and the Sellers Representative. Unless expressly agreed, no variation or amendment shall constitute a general waiver of any provision of the Agreement, nor shall it affect any rights or obligations under or pursuant to the Agreement which have already accrued up to the date of variation or amendment and the rights and obligations under or pursuant to the Agreement shall remain in full force and effect except and only to the extent that they are varied or amended.

19. SEVERABILITY

In the event that any provision of this Agreement or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and shall be interpreted so as reasonably necessary to effect the intent of the Parties hereto. The Parties hereto shall use all reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the greatest extent possible, the economic, business and other purposes of such void or unenforceable provision.

20. ASSIGNMENT

(a) Except as provided in this Section 20 neither this Agreement nor any of the rights and obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise by any of the Parties hereto without the prior written consent of the other Parties hereto, and any such assignment without such prior written consent shall be null and void, except that Buyer may assign its rights and delegate its obligations under this Agreement without the prior consent of any other party hereto to any direct or indirect wholly owned subsidiary of Buyer which is a company organized under the laws of and whose registered office is in the United States of America, provided that (i) notwithstanding any such assignment, Buyer shall remain liable for all of its obligations under this Agreement unless a prior discharge from the Sellers Representative has been formally obtained, (ii) the

assignment and the identity of the assignee shall be notified in writing to the Sellers Representative as soon as practicable, (iii) such assignment shall have no adverse consequences for the Sellers and shall not substantially affect the terms of this Agreement (in particular with respect to the Foreign Investment Authorization or the Stock Portion of the Provisional Consideration) and (iv) the results of KYC performed by the Sellers (with respect to which Buyer shall cooperate in relation thereto) in respect of such assignee are reasonably satisfactory to the Sellers.

(b) Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns.

(c) Save in the event of an assignment by Buyer of the benefit of the Agreement and/or of any other Transaction Document as provided in Section (a) all rights (including that to bring a Claim to the Sellers) and obligations of Buyer will remain with Buyer notwithstanding the assignment of any or all of the Transferred Securities or the assets of any of the Group Companies.

21. NOTICES

(a) All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing, in English, and shall be deemed to have been given (a) when personally delivered, upon delivery (b) when transmitted via email to the email address set out below (subject to confirmation of delivery by a delivery receipt), upon delivery or (c) when delivered by registered letter with acknowledgment of receipt or by an internationally recognized express overnight delivery service, upon the first presentation. All notices, demands and other communications, in each case to the respective Parties, shall be sent to the applicable address set forth below, unless another address has been previously specified in writing by such party:

For any Seller:

Name: Vincent Fert
Address: [●]
E-mail address: Vincent.Fert@haliodx.com

with a copy to:

Name: Shearman & Sterling LLP
For the attention of: Hervé Letréguilly
Address: 7, rue Jacques Bingen, 75017 Paris
E-mail address: hletreguilly@shearman.com

For Buyer:

Name: Veracyte
For the attention of: Bonnie Anderson
Address: [●]
E-mail address: bonnie@veracyte.com

with a copy to:

Name: [●]
For the attention of: [●]
Address: [●]
E-mail address: [●]

(b) Any Party may notify the other Parties of any change to its address or other details specified in this Section 21, provided that such notification shall only be effective on the date specified in such notice or five Business Days after the notice is given, whichever is later.

(c) Any notice to be given to or by all of the Sellers under the Agreement shall be deemed to have been properly given if it is given to or by the Sellers Representative.

22. COSTS

Whether or not the Transaction is completed and except as otherwise provided in this Agreement, each Party shall bear its own costs arising out of or in connection with the preparation, negotiation and implementation of this Agreement and all other Transaction Documents. By way of exception, the taxes referred to in Article 726 of the French General Tax Code shall be borne by Buyer and Buyer shall send a notice to the Sellers Representative within 30 days as from the Closing confirming that such payment has been made.

23. PAYMENT, CURRENCY, WITHHOLDING AND DEDUCTIONS

All cash payments under or in connection with this Agreement shall be made in EUR (if the amount to be paid is not expressed in EUR, the equivalent amount in EUR shall be determined in accordance with the Exchange Rate), by electronic wire transfer, free of any bank charges and other deductions, or withholdings in immediately available funds.

24. GOVERNING LAW AND JURISDICTION

(a) This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of France.

(b) The Parties hereto irrevocably submit to the exclusive jurisdiction of the Commercial Court of Paris any disputes, and waive any objection to proceedings before such courts on the grounds of venue or on the grounds that such proceedings have been brought in an inappropriate forum.

(c) For the purposes of this Clause, dispute means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with the Agreement, including a dispute regarding the existence, formation, validity, interpretation, performance or termination of the Agreement or the consequences of its nullity and also including any dispute relating to any non-contractual rights or obligations arising out of, relating to, or having any connection with the Agreement.

In accordance with Articles 1366 *et seq.* of the French Civil Code, the Parties agree that each Party can duly execute the Agreement electronically, including by appending an electronic signature generated through DocuSign's service or any similar service, and acknowledge that such electronic signature carries the same legal value as their handwritten signature.

[*Rest of the page intentionally left blank – Signature pages follow*]

The Sellers

*[Seller 1]

_____

Duly represented by:
[ ]

*[Seller 2]

_____

Duly represented by:
[ ]

*[Seller 3]

_____

Duly represented by:
[ ]

*[Seller 4]

_____

Duly represented by:
[ ]

The Buyer

***[Buyer]**

_____

Duly represented by:
[l]

EXHIBIT A

Definitions and Interpretation

1. Definition

In this Agreement, unless the context otherwise requires:

Accounts means (i) the audited accounts of the Company as at, and in respect of the financial year ended on, the Balance Sheet Date, comprising the balance sheet and the related profit and loss statement and (ii) the audited consolidated accounts of the Company as at, and in respect of the financial year ended on, the Balance Sheet Date, comprising the balance sheet and the related profit and loss statement; and (iii) the statutory accounts of the Subsidiary as at, and in respect of the financial year ended on, the Balance Sheet Date, comprising the balance sheet and the related profit and loss statement; copies of all which are attached hereto as Schedule 12.

Acquisition Proposal means, with respect to the Company or the Subsidiary, any agreement, offer, proposal or *bona fide* indication of interest (other than this Agreement or any other offer, proposal or indication of interest by Buyer), or any public announcement of intention to enter into any such agreement or of (or intention to make) any offer, proposal or *bona fide* indication of interest, relating to: (i) any acquisition or purchase from the Company, or from the holders of Securities, by any Person of any Securities of the Company or the Subsidiary or exchange offer that if consummated would result in any Person or group of Persons beneficially owning any Securities or the Subsidiary or any merger, consolidation, business combination or similar transaction involving the Company or the Subsidiary, (ii) any sale, lease, mortgage, pledge, exchange, transfer, license (other than in the ordinary course of business), acquisition, or disposition of any material portion of the assets of the Company or the Subsidiary in any single transaction or series of related transactions, (iii) any liquidation, dissolution, recapitalization or other significant corporate reorganization of the Company or the Subsidiary, or any extraordinary dividend, whether of cash or other property or (iv) any other transaction outside of the ordinary course of business the consummation of which would impede, interfere with, prevent or delay, or would reasonably be expected to impede, interfere with, prevent or delay, the consummation of the Transaction.

Administrative Extension means any decision or measure adopted by any Authority in the context of the Covid-19 that may delay the satisfaction of the Condition, in which case the Long Stop Date may be extended accordingly at Buyer's option.

Affiliate means, in relation to a person, any other person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such person as well as with respect to any fund (ii) any person managing or advising (including by way of delegation) such fund and any other fund managed or advised (including by way of delegation) by the same person (or the same management company) or by any Affiliate, within the meaning of (i), of such Person, in each case from time to time, it being agreed that, (i) with respect with the Institutional Sellers or Buyer, it shall not include any portfolio company in which any Institutional Seller, Buyer or their respective Affiliates have invested, and (ii) with respect to any natural person, it shall include any spouse, grandparent, parent, sibling or descendant of such natural person and any entity controlled by such nature person, up to the second degree (*second degré*).

Agreed Form means, in relation to a document, the form of that document which initialled by or on behalf of each of the Parties for identification.

Agreement means this securities purchase and contribution agreement and each of its Schedules and Exhibits, as such agreement may be amended from time to time.

Anti-Corruption Laws means all applicable Laws relating to anti-bribery or anti-corruption (governmental or commercial) and trafficking of influence of any jurisdiction in which any of the Group Company is subject to, including without limitation, the Foreign Corrupt Practices Act of 1977 as amended and/or the UK Bribery Act of 2010 and/or the French law n°2016-1691 dated 9 December 2016 (so-called Loi Sapin II) and in particular any provisions set forth in Book IV, Title III "*Des atteintes à l'autorité de l'Etat*" and Title IV "*Des atteintes à la confiance publique*" of the French *Code pénal* and/or any applicable anti-bribery and anti-corruption Law whether in connection with or arising from the OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions or otherwise, to the extent applicable.

Anti-Money Laundering Laws means all applicable Laws relating to money laundering and financing of terrorism of any jurisdiction in which any of the Group Company is subject to, including without limitation, financial recordkeeping and reporting requirements such as, USA PATRIOT Act and/or the U.S. Money Laundering Control Act of 1986 as amended and/or the EU Directive 2015/849 and/or its French application, including but not limited to the provisions set forth in Book III, Title II "*Des autres atteintes aux biens*" of the French *Code pénal*, and those relating to fight against financing of terrorism in particular those included in Book IV, Title II "*Du Terrorisme*" of the French *Code pénal* and those included in Book V, Title VI "*Obligations relatives à la lutte contre le blanchiment des capitaux, le financement des activités terroristes, les lotteries, jeux et paris prohibés et l'évasion et la fraude fiscale*" of the French *Code monétaire et financier* and/or any foreign Laws relating to money laundering and financing of terrorism, to the extent these measures are applicable.

Authority means any competent governmental, administrative, supervisory, regulatory, judicial, disciplinary, enforcement or tax raising body, authority, agency, commission, board, organization, court or tribunal of any jurisdiction, whether supranational, national, regional or local and any subdivision, department or branch of any of the foregoing.

Balance Sheet Date means December 31, 2020.

Business Day means a day (other than a Saturday or Sunday) on which banks and financial markets are open in France and in New York State.

Business Warranties means all Warranties other than the Fundamentals Warranties and the Tax Warranties, as listed in Section 2 of Exhibit B.

Buyer's Bank Account means the bank account notified to the Sellers Representative at least five Business Days before the relevant due date for payment.

Buyer Common Stock means Common Stock, par value $0.001 per share of Veracyte, Inc.

Buyer Group means Buyer and each of its Affiliates including, for the avoidance of doubt, the Group Companies from Closing.

CARES Act means the Coronavirus Aid, Relief and Economic Security Act, as signed into law by the President of the United States on March 27, 2020, as amended from time to time

Change of Control occurs where a person who controls any body corporate ceases to do so or if another person acquires control of such body corporate.

Claim means any claim by Buyer for the payment of a Refund by any of the Sellers in accordance with Section 11.

Closing means Closing of the Transaction in accordance with Section 7.

Closing Date means the date on which Closing takes place.

[Closing Stock Price means the dollar volume-weighted average price, rounded to four decimal points, of shares of Buyer Common Stock on the principal securities exchange or securities market on which such security is then traded during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg through its "HP" function (set to weighted average) for the period of the 10 consecutive trading days prior to the date that is three[7] Business Days prior to the Closing Date, converted into euros based on the Designated Exchange Rate.

Company has the meaning given to it in the preamble of this Agreement.

Company Employee means an employee employed by a Group Company as of the Closing Date.

Conditions means the conditions precedent set out in Section 4.

Continuing Employee means each employee of the Subsidiary who remains an employee of a Group Company or becomes an employee of Buyer or one of its Affiliates at Closing.

Contract means any written or oral legally binding contract, agreement, instrument, commitment or undertaking of any nature (including leases, subleases, licenses, mortgages, notes, guarantees, sublicenses, subcontracts, letters of intent and purchase orders) as of the date of this Agreement or as may hereafter be in effect, including all amendments, supplements, exhibits and schedules thereto

Debt means without duplication, any Indebtedness and all (a) extension of credit under credit cards and advances, (b) accrued but unpaid corporate income Tax liabilities related to a fiscal year ended prior to the Closing Date (after giving effect to amounts which may be deducted from or offset against such Taxes) and Straddle Period Tax Liabilities related to corporate income Tax, (c) overdue payables after 90 days from invoice, (d) deferred rent, deferred compensation, social charges, bonuses, severance, consulting payments (together with the employer portion of any applicable taxes or other required payments) in each case, to the extent accrued or payable prior to the Closing, (e) defined benefit plan obligations and unfunded pension plan liabilities in each case, to the extent accrued or payable prior to the Closing, (f) transaction related costs including any transaction bonus or similar payment in connection with the Transaction contemplated hereby (in addition to those expressly specified as an Indebtedness), (g) grants and other public subsidies remaining subject to repayments or conditions and (h) accrued but unpaid interest calculated on the Closing Date, redemption or prepayment premiums or penalties and any other fees and expenses becoming due on the Closing Date or on the date of repayment and relating to any of the foregoing it being specified for the avoidance of doubt that the term "Debt" shall include the employer social charges due but unpaid or that will become due by the Company with respect to the Free Shares 2018 and Options up to the amount of social charges due by the Company for such Free Shares 2018 and Options at the end of their respective vesting periods as calculated on the basis of the Final Consideration for the Free Shares 2018 and Provisional Consideration for the Options (and disregarding any subsequent increase or decrease in the value of such Free Shares 2018 post-Closing), each up to the ratio between (i) the number of days elapsed between their grant date (*date d'attribution*) and the Closing Date and (ii) the number of days between their grant date *(date d'attribution*) and the end of their vesting period as a percentage of the total vesting term (or the Closing Date if they vest before the Closing Date).

Designated Exchange Rate means the following EUR / USD exchange rate: [1 USD=1.2226 EUR].

Employee Benefit Plans means the employee compensation and benefit plans, programs or arrangements sponsored or maintained by the Group Companies for the benefit of any current or former Company Employee.

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[7] Note to draft: 3 Business Days before the Closing Date seems to be more appropriate than two days (as contemplated in the LOI) to be in a position to close smoothly and taking into consideration the time zone difference.

Encumbrance means any security interest, mortgage, charge, pledge, lien, assignment or *fiducie* by way of security, hypothecation, title retention, easement, burden, or other restriction or limitation of any kind to the rights of disposal, ownership or assignment of an asset (including any right to acquire, call option, tag along, drag along, preference or pre-emption right) whether created by Law, by contract or otherwise, but does not include any non-exclusive license or other permission to use Intellectual Property Rights.

Environment means (i) all or any of the following media (alone or in combination): air (including the air within buildings or other natural or man-made structures whether above or below ground); water (including water under or within land or in drains or sewers); soil and land and any ecological systems and living organisms supported by these media (including, for the avoidance of doubt, man) and (ii) all and any other items referred to in Article L. 511-1 of the French Environmental Code.

Environmental Law means all applicable Laws relating to the protection, or prevention of the pollution of, the Environment or the regulation of emissions, discharges, or releases of Hazardous Substances into the Environment, or the regulation of the use, treatment, storage, burial, disposal, transport or handling of Hazardous Substances.

ERISA means the Employee Retirement Income Security Act of 1974, as amended through the date hereof.

Escrow Account means the escrow account established and operated in accordance with the Escrow Agreement.

Escrow Agent means the *Séquestre Juridique du Barreau de Paris*, located at 11 Place Dauphine, 75053 Paris Cedex 01.

Escrow Agreement means the agreement to be entered into between Buyer, the Sellers Representative and the Escrow Agent on or prior to the Closing Date relating to the management of the Escrow Amount substantially in the form set out in Schedule 3.6.

Estate Vehicle means Tabodar, a société par actions simplifiée organized under the laws of France, whose registered office is located 4, avenue du Stade de Coubertin, 92100 Boulogne-Billancourt, registered with the Trade and Companies Registry under number 804 938 108 RCS Nanterre (which is the Estate Vehicle of Corinne Danan) and Philis, a société à responsabilité limitée organized under the laws of France, whose registered office is located at 16, rue Georges Saint Martin, 13007 Marseille, registered with the Trade and Companies Registry under number 533 408 282 RCS Marseille (which is the Estate Vehicle of Vincent Fert).

Estimated Net Cash Amount means the good faith estimate of the Net Cash Amount calculated in accordance with Schedule 5 and delivered by the Sellers Representative to Buyer pursuant to Section 3.3.

Estimated Working Capital Amount means the good faith estimate of the Working Capital Amount calculated in accordance with Schedule 5 and delivered by the Sellers Representative to Buyer pursuant to Section 3.3.

Exchange Rate means with respect to a particular currency for a particular day, [the closing mid-point spot rate of exchange for that currency into euros on such date as published in the [l] first published thereafter] or, where no such rate is published in respect of that currency for such date, at the rate quoted by [l] as at 6:00 pm Paris time as at such date.

First Contingent Consideration has the meaning given to such term in the Put & Call Option Agreement

First Installment Date means the first anniversary of the Closing Date.

Foreign Investment Authorization means the authorization of the *French Ministry of Economy* in connection with the Transaction pursuant to Articles L. 151-3 and R. 151-1 *et seq.* of the French Monetary and Financial Code, or the written notice by the same that no such approval is required.

Founders means Vincent Fert, Stéphane Debono, Fabienne Hermitte, and Corinne Danan.

Free Shares 2018 means the 11,653 free ordinary shares (*actions gratuites*) of the Company, granted on July 6, 2018, February 5, 2019, February 13, 2020 and November 24, 2020 to the persons listed in Schedule 1.

Free Shares 2018 Plan means the free share plan entitled *Plan 2018 d'Attribution Gratuite d'Actions* dated July 6, 2018 and amended on February 5, 2019, February 13 2020 and November 24, 2020.

Fundamental Warranties means the warranties set forth in Section 1 of Exhibit B (*Representations and warranties of the Sellers*).

Group means the Company and its Subsidiary.

Group Company means any member of the Group.

Hazardous Substances means any wastes, pollutants, contaminants and any other natural or artificial substance (whether in the form of a solid, liquid, gas or vapour) which is subject to regulation, control or remediation under any Environmental Laws including, without limitation, any quantity of asbestos in any form, urea formaldehyde, PCB's, radon gas, crude oil or any fraction thereof, all forms of natural gas, petroleum products or by-products or derivatives or radioactive substances or materials.

Indebtedness means without duplication, all (a) obligations for borrowed money or extensions of credit (including under the PGE loans extended to the company and the PPP loan extended to the subsidiary – unless forgiven in writing by the applicable Governmental Entity or the PPP Lender as described in Section 3.7(a) -- and bank overdrafts), (b) obligations evidenced by bonds, debentures, notes, or other similar instruments, (c) obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business to the extent included in Current Liabilities for purposes of determining the Working Capital Amount, (d) obligations of any entity other than a Group Company secured by an Encumbrance on any asset of any member of the Group (within the limit, as the case may be, of the value of any such Encumbrance), (e) obligations to reimburse the issuer in respect of letters of credit or under performance or surety bonds, or other similar obligations, (f) liabilities in respect of capital leases as set out in Schedule 5[8] (*crédit-baux*), (g) obligations under commodity swap agreements, commodity cap agreements, interest rate cap agreements, interest rate swap agreements, foreign currency exchange agreements and other similar agreement, in each case only in respect of underlying assets, liabilities, income or charges existing or incurred on or before the Closing Date, (h) payment of transaction costs related to the license agreement with INSERM *(Institut National de la Santé et de la Recherche Médicale*) and (i) accrued but unpaid interest calculated on the Closing Date, redemption or prepayment premiums or penalties and any other fees and expenses becoming due on the Closing Date or on the date of repayment and relating to any of the foregoing.

Information Privacy Laws mean all applicable Laws concerning the privacy, security or protection of Personal Data (including any Laws of any jurisdiction where the Personal Data is collected, processed or transferred, if applicable), and all Laws promulgated including, but not limited to, as applicable, any European laws implementing Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of Personal Data and on the free movement of such data and Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of Personal Data and the protection of privacy in the electronic communications sector, Act n° 78-17 of 6 January 1978 on Information Technology, Data Files and Civil Liberties, Decree No 2005-1309 of 20 October 2005 enacted for the application of Act No 78-17 of 6 January 1978 on Data Processing, Files and

[8] Note to draft: amount treated as interest / debt to be detailed in Schedule 5.

Individual Liberties amended by Act No 2004-801 of 6 August 2004, and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of Personal Data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), the Health Insurance Portability and Accountability Act of 1996 as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HIPAA"), and any and all Laws concerning privacy of Personal Data, requirements under the Law for website and mobile application privacy policies and practices, and restrictions under the Law with respect to use of Personal Data for text messaging, telemarketing, and e-mail marketing.

Institutional Seller has the meaning given in the description of the Parties to this Agreement.

Intellectual Property Rights means all patents, utility models, trademarks, service marks, trade names, internet domain names, copyright (including in computer software), design rights, moral rights, database rights, topography rights, right in confidential information and knowledge (including rights in any of the following: know how, inventions, secret formulae and processes, secret market information, and secret lists of customers and suppliers), and goodwill in any of the foregoing, in all cases whether registered or unregistered; all other forms of protection having a equivalent nature or effect anywhere in the world to any of the foregoing and applications for or registrations of any of the foregoing rights.

IT Systems means software computers, computer workstations, routers, hubs, switches, communication lines and other technology equipment used or held for use in connection with the operation of the Business, including all databases, websites, e-commerce platforms and associated documentation used in connection with the operation of the Business, in each case that are under the ownership and control of the Company or any of the Group Companies.

Key Employees means the list of employees identified in Schedule 28.

Laws means all applicable legislation, statutes, transposed directives, regulations, decrees, ordinances, codes and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, or between states and the European Union or other supranational authorities, and all legally enforceable judgments, decisions, orders or directives, of any Authority.

Long Stop Date means October 31, 2021, subject that no Administrative Extension has occurred.

Losses means any and all direct and certain losses and damages, as per Articles 1231-3 and 1231-4 of the French Civil Code (*préjudices directs et certains*) including, as the case may be, all reasonably incurred third party costs (including legal and other professional fees but excluding the time costs of relevant personnel or other internal costs of the Buyer or Group Companies), but excluding indirect or consequential losses except to the extent awarded by a judicial authority, loss of opportunity (*perte de chance*) or loss of profits (*manque à gagner*).

Managers means the legal representatives, directors, officers and managing directors of the Group Companies.

Material Adverse Effect means with respect to the Company and the Subsidiary (taken as a whole) (or, as the case may be, with respect to the Buyer and its subsidiaries (taken as a whole)), any fact, event, change, development, circumstance or effect that (i) is or is reasonably likely to become materially adverse to the condition (financial or other), business, results of operations, assets, liabilities, or operations of the Company and the Subsidiary taken as a whole (or, as the case may be, of the Buyer and its subsidiaries taken as a whole), other than any effect or change resulting from (A) changes in general economic conditions, (B) general changes or developments in the industries in which the Company and/or the Subsidiary (or, as the case may be, the Buyer and/or its subsidiaries) operate, (C) any act of war, armed hostilities or terrorism, change in political environment or any worsening thereof or actions taken in response thereto, or (D) changes in any Laws or French GAAP or (E) the effect of any change arising in connection with any epidemics or pandemics (including COVID-19) (but only in the case of the foregoing clauses (A) through (E), to the extent that such changes or developments do not have a disproportionate effect on the Company or its Subsidiary relative to other participants in the industries in which it operates), or (F) the announcement of this Agreement or the pendency or consummation of the Transaction contemplated hereby or (G) any failure by Company and/or the Subsidiary (or, as the case may be, the Buyer and/or its subsidiaries) to meet internal projections, budgets, plans, or forecasts or third party revenue or earnings predictions (provided that the underlying cause of any such failure may be taken into account in

determining whether there has been a Material Adverse Effect has occurred), or (ii) materially impairs or delays the ability of the Sellers to consummate the Transaction contemplated hereby.

Material Contract means all ongoing material contracts listed in Schedule 20 relating to any agreement or arrangement to which any of the Group Companies is a party or is bound and which:

(a) involves or is likely to involve expenditure in 2020 and/or for the future by any Group Company in excess of 100 000 € per annum or an aggregate consideration payable by a Group Company in excess of 100 000 €;

(b) involves any Group Company borrowing any money (other than by bank overdraft or similar facility in the ordinary course of business) including entering into any foreign exchange contracts, interest rate swaps or other derivative instruments for an aggregate amount in 2020 and/or for the future in excess of 100 000 € per annum;

(c) is entered with the United States, France or any other Authority; except confidentiality agreements

(d) involving an annual consideration in excess of 200 000€ in 2020 and for the future and which cannot be performed within its terms within 12 months after the date on which it is entered into or undertaken or cannot be terminated on less than 12 months' notice;

(e) involving an annual consideration in excess of 200 000€ in 2020 and for the future and which may be terminated as a result of any Change of Control of any of the Group Companies;

(f) any contract (A) pursuant to which any other party is granted exclusive rights or "most favoured party" rights with respect to any of the Business or Intellectual Property Rights of the Group, rights of first refusal, rights of first negotiation to any party; (B) containing any non-competition covenants relating to the Business or Intellectual Property Rights of the Group; and (C) in which a Group Company has expressly agreed to limitations on its ability to engage or participate in any line of business, market or geographic area;

(g) requires a Group Company to pay any base commission, finders' fee, or royalty associated to any person;

(h) grants any license or authorizes any third party to manufacture, market, sell or reproduce any of the Intellectual Property Rights owned by a Group Company;

(i) is entered with the top 5 customers (by revenues generated from such customers on a consolidated basis for the 12-month period ended December 31, 2020) and the top 15 suppliers of the Company and/or the Subsidiary (by volume of purchases other than relating to rental and administrative expenses by the Company and the Subsidiary on a consolidated basis for the 12-month period ended December 31, 2020) provided that execution of sale quotes with associated terms and conditions are not considered as a material contract and will not be listed in this schedule; or

(j) is entered with any investment banker, broker, advisor or similar party retained by any of the Group Company in connection with this Agreement and the Transaction contemplated hereby.

Nasdaq means the Nasdaq Global Market, or such other Nasdaq market on which shares of Buyer Common Stock are then listed.

Net Cash Amount means the amount of the Consolidated Net Cash of the Group as at 5:59 pm Paris time on the Closing Date calculated in accordance with Schedule 5.

Options means the 1,390 stock-options granted on August 30, 2019, February 13, 2020 and November 24, 2020 to the persons listed in Schedule 1, allowing their holders to purchase shares of the Company ordinary shares.

Organizational Documents means with respect to (i) the Company and any other French entities, its by-laws and the *K-bis* extract and (ii) the Subsidiary, (a) its articles or certificate of incorporation, memorandum or articles of association, all certificates of determination and designation, the bylaws and any shareholders agreement of a corporation; (b) the partnership agreement and any statement of partnership of a general partnership; (c) the limited partnership agreement and the certificate or articles of limited partnership of a limited partnership; (d) the operating agreement, limited liability company agreement and the certificate or articles of organization or formation of a limited liability company; (e) any charter or similar document adopted or filed in connection with the creation, formation or organization of any other Person; and (f) any amendment to any of the foregoing.

Party means either Buyer or any Seller and **Parties** means Buyer and the Sellers;

Pension Benefits means any pension, superannuation, retirement (including on early retirement) incapacity, sickness, disability, accident, healthcare or death benefits (including in the form of a lump sum).

Personal Data means “personal information”, “personally identifiable information”, “personal health information”, “personal financial information” or any analogous term, each as defined by applicable Laws relating to the collection, use, storage sharing, handling, storage, retention, destruction, and/or disclosure of information about an identifiable individual.

PPP Lender means Bank of America, NA.

PPP Loan means the loan in the original amount of USD 310,695.00 granted to the Subsidiary by PPP Lender on April 30, 2020.

PPP Loan Amount means the aggregate principal amount of the PPP Loan, together with interest accrued thereon through the anticipated date of forgiveness of the PPP Loan.

Price Adjustment Stock Price means the dollar volume-weighted average price, rounded to four decimal points, of shares of Buyer Common Stock on the principal securities exchange or securities market on which such security is then traded during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg through its “HP” function (set to weighted average) for the period of the 10 consecutive trading days prior to the date that is three Business Days prior to the date of final determination of the Adjustment Amount.

Proceedings means any action, audit, hearing, investigation, inquiry, investigation, claim, complaint, trial or proceeding (whether civil, administrative or criminal) initiated, conducted or pleaded by or before any Authority or any arbitrator.

Registrable Securities means the shares of Buyer Common Stock issued in connection with the Agreement, and any shares of Buyer Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such shares of Buyer Common Stock; provided, however, that shares of Buyer Common Stock shall cease to be Registrable Securities hereunder if and when (i) such Registrable Securities have been sold, transferred or otherwise disposed of pursuant to an effective registration statement registering such Registrable Securities (or the resale thereof) under the Securities Act, (ii) such Registrable Securities have been sold, transferred or otherwise disposed of pursuant to Rule 144 of the Securities Act (**Rule 144**) or (iii) with respect to the Registrable Securities held by a particular Seller, such Seller has held such Registrable Securities for at least one year and holds a number of Registrable Securities less than the number of shares of Buyer Common Stock that can be sold by such Seller in a single 90-day period pursuant to Rule 144 (including Rule 144(e)).

Representatives means, in relation to a Party, Affiliates and its directors, officers and employees as well as those of its Affiliates.

Sanctioned Country means any country or territory that is subject to general restrictions relating to exports, imports, financings or investments under the Sanctions Regulations. As at the date hereof, the Sanctioned Countries are North Korea, Cuba, Iran, Sudan, Syria and the territory of Crimea, it being specified that this list may be amended from time to time.

Sanctioned Person means a natural or legal person (including legal persons majority owned or controlled by a Sanctioned Persons) that is subject to or is the target of any Sanction Regulation.

Sanctions Regulations means any restrictive measures enacted, adopted, administered, imposed or enforced by the United Nations Security Council and/or the European Union and/or the State of the French Republic through the *Direction Générale du Trésor* (DGT) and/or the US government through the Office of Foreign Assets Control of the US Department of Treasury (OFAC) and/or the Bureau of Industry and Security (BIS) of the US Department of Commerce and/or the United Kingdom through Her Majesty's Treasury (HMT) and/or any other similar authority enacting restrictive measures, to the extent these measures are applicable.

SEC means the United States Securities and Exchange Commission.

Second Contingent Consideration has the meaning given to such term in the Put & Call Option Agreement

Securities Act means the United States Securities Act of 1933, as amended.

Securities means the securities and other right issued or granted by the Company the details of which are set out in Schedule 1[9].

Sellers has the meaning given in the description of the Parties to this Agreement.

Sellers' Costs means the transaction costs in connection with the Transaction to be paid directly by Buyer on behalf of the Sellers of an amount not exceeding € 1,500,000.

Sellers Group means the Sellers and any of their respective Affiliates, from time to time, (but excluding, for the avoidance of doubt, the Group Companies).

[9] Note to draft : To include any restricted stock units (*actions gratuites*) and any option, warrant or other right representing 100% of the share capital of the Company on a fully-diluted basis.

Straddle Period means the taxable year or period beginning before the Closing Date and ending on or after the Closing Date.

Straddle Period Tax Liabilities means an amount of Taxes calculated as follows:

(a) in the case of Taxes that are either (i) based upon or related to income or receipts; or (ii) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), the Straddle Period Tax Liabilities shall be equal to the amount of Taxes which would be payable (after giving effect to amounts which may be deducted from or offset against such Taxes) if the fiscal year ended immediately prior to the Closing Date; and

(b) in the case of Taxes imposed on a periodic basis with respect to assets of any of the Group Companies, or otherwise measured by the level of any item, the Straddle Period Tax Liabilities shall be equal to such Taxes (deemed to be the amount of such Taxes for the entire Straddle Period (after giving effect to amounts which may be deducted from or offset against such Taxes) (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period)) multiplied by the number of days elapsed between the beginning of the Straddle Period and the day before the Closing Date (included) and divided by the number of days in the Straddle Period.

Subsidiary means the legal entity whose details are set out in Schedule 4.

Target Working Capital Amount means € 3,433,000.

Tax means all tax liabilities, including without limitation all direct or indirect taxes, withholdings, duties, levies, deductions, property taxes, business taxes, stamp duties, value added taxes, R&D credits and other tax credits, customs and excise tax, social security and other social contributions, and all related fines, penalties, charges and interest assessed under applicable Laws whether directly or primarily chargeable against, recoverable from or attributable to any person (and **Taxes** and **Taxation** shall be construed accordingly).

Tax Authority means any Authority (whether within or outside France) competent to impose a liability for or to collect Tax.

Tax Return means any return, report, information return, statement, declaration or other document filed or required to be filed with any Authority in connection with any determination, assessment or collection of any Tax or any information or documentary obligation imposed by any Tax law.

Tax Warranty(ies) means the representations and warranties covering Taxes.

Third Party means any person that is not a Party nor a Group Company, nor any member of the Sellers' Group or any Affiliate of Buyer.

Third Party Expert means Deloitte or, if that firm is unable or unwilling to act in any matter referred to them under the Agreement, an independent firm of internationally recognised chartered accountants to be agreed upon by the Sellers Representative and Buyer within five Business Days of a notice by one to the other requiring such agreement or, failing such agreement, to be nominated on the application of either of them by the President of the Commercial Court of Paris.

Third Party Guarantees means any guarantees, indemnities and letters of comfort of any nature given:

(a) to a Third Party by any of the Group Companies in respect of any obligation of a member of the Sellers Group; or

(b) to a Third Party by a member of the Sellers Group in respect of any obligation of any of the Group Companies.

Transaction means the contribution, sale and purchase of the Transferred Securities by the Sellers to Buyer and any other transactions contemplated by the Agreement and/or the other Transaction Documents.

Transaction Documents means the Agreement, the Escrow Agreement, the Put &Call Option Agreement and any other documents in Agreed Form in connection with the Transaction; as each of such agreements may be amended from time to time.

Transferred Percentage means (i) 92.541% if the Closing occurs prior to July 6, 2021 or (ii) 92.897% if the Closing occurs after July 6, 2021, and the 622 Free Shares 2018 referred to in Section 1.2(a) have vested and have been definitively delivered (as applicable) and their holders have adhered to this Agreement in accordance with Section 1.2(a).

Transferred Securities means all of the Securities held by the Sellers on the Closing Date, save for the Free Shares 2018 and the Options.

Warranties means the representations and warranties given by the Sellers as set out in Exhibit B.

Working Capital Amount means the amount of the Working Capital of the Group as at 5:59 pm Paris time on the Closing Date calculated in accordance with Schedule 5.

Other capitalized terms used herein and not defined in this Exhibit A shall have the meanings assigned to such terms in the following Sections:

Term	**Section**
Additional Tax Cap	Section 11.2(c)
Adjustment Amount	Section 2.1(b)
Blackout Notice	Section 8.4.3.
Books and Records	Section 8.1.
Break Up Fee	Section 5.1(a)(iv).
Business	the preamble of this Agreement
Buyer	preamble of this Agreement
Cap	Section 11.1(d)
Cash Portion	Section 3.1
Claim Notice	Section 11.1(d)
Closing Indebtedness	Section 3.4
Closing Payment In Cash	Section 3.4
Closing Payment	Section 3.4
Closing Statement	Section 3.5.1
Company 401(k) Plan	Section 4.2(c)
Conditions	Section 4.1

Confidential Information	Section 14(a)
Consolidated Net Cash	Paragraph 1.1 of Schedule 5
Data-Room	Preamble
Environmental Permits	Section 2.21 of Exhibit B
Escrow Amount	Section 3.2
Final Consideration	Section 2.1
Funds Flow Memorandum	Section 3.3(a)
Highly Compensated Employees	Section 2.20 of Exhibit B
Indemnified Party	Section 8.7(c)
Indemnifying Party	Section 8.7(c)
Pre-Filing	Section 4.1
Prospectus	Section 8.4.2
Provisional Consideration	Section 2.1
Provisional Consideration Schedule	Section 3.3(c)
Put & Call Option Agreement	Section 1.2(c)
Refund	Section 11
Registration Statement	Section 8.4.2
Release Date	Section 3.6.
Sellers Representative	Section 13(a)
Specific Losses	Section 8.7(a)
Specific Proceeding	Section 8.7(c)
Stock Portion	Section 3.1
Third-Party Claim	Section 11.4
Threshold Amount	Section 11.2(c)
Unvested Options	Section 1.2(c)
Vested Options	Section 1.2(c)
Vested Option Payment	Section 1.2(c)
Working Capital	Paragraph 1.2 of Schedule 5

2. Interpretation

(a) In the Agreement, unless the context otherwise requires:

(i) "control" has the meaning given to it by article L. 233-3 of the French Commercial Code, it being agreed that the managing company of an investment fund shall be deemed to have control over such investment fund;

(ii) except if otherwise specified, references to clauses and schedules are references to Clauses of and Schedules to the Agreement, references to paragraphs are references to paragraphs of the Section and the Schedule in which the reference appears and references to the Agreement include the Schedules;

(iii) references to the singular shall include the plural and vice versa and references to one gender include any other gender;

(iv) references to a "Party" means a party to the Agreement and includes its successors in title, personal representatives and permitted assignees;

(v) references to a "person" includes any individual, partnership, company, association, trust, union or organisation, public or private, in each case whether or not having separate legal personality, and including any Authority;

(vi) references to a "company" includes any company, corporation or other body corporate irrespective of its legal form, wherever and however incorporated or established;

(vii) references to "EUR", "euros", or "€" are references to the lawful currency from time to time of France; and

(viii) general words shall not be given a restrictive meaning because they are followed by words which are particular examples of the acts, matters or things covered by the general words and the words "includes" and "including" shall be construed without limitation.

(b) The headings and sub-headings in the Agreement are inserted for convenience only and shall have no legal effect.

(c) Each of the schedules to the Agreement shall form part of the Agreement.

(d) References to the Agreement include the Agreement as amended or varied in accordance with its terms.

(e) The provisions of Articles 640 to 642 of the French Code of Civil Procedure shall be applied to calculate any period of time under the Agreement, provided that the references in article 642 to "*un jour férié ou chômé*" and "*premier jour ouvrable*" shall be interpreted by reference to the definition of "Business Day" provided herein.

(f) French Law terms of art appearing in italics in this Agreement shall prevail, as to meaning, over any English language translation appearing next to them in the relevant text and when French Law terms of art are used with respect to a situation or a person for which French law is not applicable, it shall be understood as referring to its closest equivalent pursuant to applicable Laws.

(g) Any accounting term not specifically defined in this Agreement will have the meaning in accordance with French GAAP.

EXHIBIT B

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

For the purpose of this Exhibit B, the **Management Sellers' Knowledge** means, with respect to any fact, circumstance, event or other matter in question, the knowledge of such fact, circumstance, event or other matter of any of the Management Sellers. For the purpose of the foregoing, any Management Seller will be deemed to have "Knowledge" of a particular fact, circumstance, event or other matter if he or she should have reasonably become aware of such fact, circumstance, event or other matter after due and careful enquiry in their capacity as employee, director or officer of the Company or its Subsidiary prior to the Closing Date.

1. FUNDAMENTAL WARRANTIES BY EACH SELLER INDIVIDUALLY IN RESPECT OF ITSELF

1.1 ORGANIZATION

Each Seller if not a natural person, is duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation or organization, and has all requisite corporate power and authority to own its assets and conduct its business as now being conducted. Each Seller who is a natural person has a full legal capacity and is not subject to any restriction rights.

1.2 AUTHORIZATION

Each Seller has all requisite power and authority (or corporate power and authority, if the Seller is an entity), and has taken all action (or corporate action, if the Seller is an entity) necessary, to execute and deliver this Agreement and the other Transaction Documents to which the Seller is to be a party, to consummate the transactions contemplated by this Agreement and by the other Transaction Documents and to perform his, her or its obligations under this Agreement and under the other Transaction Documents. No other proceedings (or corporate proceedings, if the Seller is an entity) on the part of the Seller are necessary to authorize this Agreement and the other Transaction Documents to which he, she or it is to be a party and the transactions contemplated by this Agreement and by the other Transaction Documents. This Agreement has been duly executed and delivered by the Seller and is, and upon execution and delivery of the other Transaction Documents to which he, she or it is to be a party, each of the other Transaction Documents will be, legal, valid and binding obligations of the Seller enforceable against him, her or it in accordance with their terms.

1.3 No Conflict or Violation

The execution and delivery by each of the Sellers of this Agreement and the other Transaction Documents to which the Seller is to be a party and the performance of this Agreement and the other Transaction Documents including the consummation of the Transactions contemplated hereby, will not, (a) if the Seller is an entity, conflict with or violate any provision of the Organizational Documents of the Seller, (b) violate, conflict with, or result in or constitute a default under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the Seller's assets under, any of the terms, conditions or provisions of any contract, Indebtedness, note, bond, indenture, security or pledge agreement, commitment, license, lease, franchise, permit, agreement, authorization, concession, or other instrument or obligation to which the Seller is a party, or (c) violate any applicable Laws, except in each case for any violation, conflict, default, termination, acceleration or creation of Encumbrance which would not prevent or delay the ability of the Seller to consummate the Transaction contemplated by this Agreement or the other Transaction Documents.

1.4 Consents and approvals

No notice to, declaration, filing or registration with, or authorization, consent or approval of, or permit from, any person is required to be made or obtained by the Seller or any Affiliate of the Seller (except the Group Companies) in connection with the execution, delivery and performance of this Agreement and the other Transaction Documents to which the Seller is to be a party and the consummation of the transactions contemplated by this Agreement and by the other Transaction Documents by the Seller.

1.5 title to securities

(a) Each Seller is the sole owner and beneficial owner of the number of Transferred Securities set forth opposite his, her or its name on Schedule 1 (*Allocation of the Securities and Consideration*). Each Seller has full power and authority to sell and deliver such Transferred Securities as provided in this Agreement. Each of the Transferred Securities owned by such Seller is owned free and clear of, any Encumbrances other than restrictions to transfer the Free Shares / Options.

(b) There is no agreement pursuant to which each Seller could be required to assign or otherwise dispose of any Transferred Securities issued by the Company, other than the Agreement. Upon the Closing, each Transferred Security owned by each Seller will have been duly transferred to Buyer, good and transferable title to each such Transferred Security will be held by Buyer free and clear of any Encumbrances, and Buyer will be the sole record and beneficial owner of all such Transferred Securities.

(c) Each Seller is not a party to any shareholder agreement, voting trust, proxy or other agreement or understanding with respect to the voting of any Securities that will survive the Closing.

(d) There is no agreement prohibiting or restricting the transfer by the relevant Seller to the Buyer of the Securities resulting from the Free Shares 2018.

1.6 Related-party agreements

(a) Subject to the contracts referred to in Section 8.3 (*Relations with the Sellers*) or identified in Schedule 22 (*Agreements and Undertakings outstanding with the Sellers' Group at Closing*), there is no outstanding indebtedness or other liability (actual or contingent) and no outstanding contract, commitment or arrangement between a Group Company and any Seller or any of its Representatives.

(b) Except as disclosed in Schedule 22, neither any Seller nor any member of the Sellers Group:

(i) has assigned to any person the benefit of a claim against any of the Group Companies to which a Seller or a member of the Sellers Group would otherwise be entitled; or

(ii) holds, directly or indirectly, any property, assets or rights whatsoever that any Group Company needs to own, use, exercise or benefit from to carry out all or part of its activities as presently conducted.

1.7 Insolvency

(a) None of the Sellers is insolvent (*en état de cessation de paiements*), or unable to pay its debts within the meaning of any insolvency Law applicable to the company concerned nor subject to any safeguard, bankruptcy or insolvency proceedings under any applicable Laws or to any equivalent proceedings (in particular to any proceedings with a view to the prevention or resolution of business difficulties), or has stopped paying its debts as they fall due.

(b) No step has been taken to initiate any process by or under which (i) the ability of the creditors, as a whole, of any Seller to take any action to enforce their claims is suspended, restricted or prevented, (ii) some or all of the creditors of any Seller accept, by agreement or in pursuance of a court order, an amount less than the respective sums owing to them in satisfaction of those sums with a view to preventing the dissolution of such entity, (iii) a person is appointed to manage the affairs, business and assets of any Seller on behalf of its creditors; or (iv) the holder of an Encumbrance over the assets of any Seller is appointed to control its business and assets.

(c) No process has been initiated which could lead to any Seller being dissolved and its assets being distributed among the relevant company's creditors, shareholders or other contributors. No Encumbrance on the assets of the Sellers has been enforced and there are no circumstances likely to cause any such Encumbrances to be enforced.

2. BUSINESS WARRANTIES GIVEN BY THE MANAGEMENT SELLERS SEVERALLY

2.1 organization of the company and its subsidiary

(a) Each of the Company and the Subsidiary is duly incorporated and validly existing. . Each of the Company and the Subsidiary is in good standing under the laws of its jurisdiction of organization and has the corporate power to own, operate, use, distribute and lease its properties and to conduct the Business and is duly licensed or qualified to do business and is in good standing in each jurisdiction. Copies of the Organizational Documents of the Company and the Subsidiary, and all amendments thereto, delivered to Buyer before the date of this Agreement are true, accurate and complete as of the date of this Agreement and there have not been and are not any breaches by the Company and/or the Subsidiary of their respective Organizational Documents.

(b) The Securities constitute the whole of the issued and outstanding share capital of the Company and are fully paid. The Company has not issued any other securities and there is no agreement for the Company to issue other securities, except for any issuance as a result of the vesting of the Free Shares 2018 and of the exercise of the Options or the warrants (BSA ratchets).

(c) The Company has not granted to any Person any power of attorney in respect of any of its assets.

(d) The Company is the sole owner of all the authorized, issued, and outstanding share capital of the Subsidiary free from all Encumbrances as set out in Schedule 2 (*Description of the securities issued by the Group Companies and of their respective shareholders*). All the securities issued by the Subsidiary are validly issued, fully paid up and non-assessable and are not subject to any preemptive right or right of first refusal created by statute, the certificate of incorporation and bylaws or other equivalent organizational or governing documents, as applicable, of such Subsidiary or pursuant to any Contract to which such Subsidiary is a party or by which it is bound. There are no outstanding subscriptions, options, warrants, "put" or "call" rights, exchangeable or convertible securities or other Contracts of any character relating to the issued or unissued capital stock or other securities of the Subsidiary, or otherwise obligating the Company or the Subsidiary to issue, transfer, sell, purchase or redeem or otherwise acquire or sell any such securities. Except for the Subsidiary, the Company has and, since its inception has had, no Subsidiaries or any equity interest, whether direct or indirect, in, or any loans to, any corporation, partnership, limited liability company, joint venture or other business entity.

(e) Except as disclosed in Schedule 2.1, all minutes of corporate decisions (and all similar documents recording such corporate decisions) which each Group Company is required by Law to file with or deliver to any Authority in any jurisdiction (including the Trade and Companies Registry) have been filed or delivered and (ii) all statutory books and registers of the Group Companies containing the minutes of such decisions have been properly kept.

(f) All dividends or distributions declared, made or paid by any of the Group Companies, with respect to the last three years, have been declared, made or paid in accordance with its articles of association or any other constitutional and corporate documents, all applicable Laws and any agreements or arrangements made with any Third Party regulating the payment of dividends and distributions.

(g) Schedule 1 (*Allocation of the Securities and Consideration*) sets forth, as of the date hereof, a true, correct and complete list of all holders of Options, and each Option, including the number and type of Company shares of subject to each Option, the number of such Options that are vested or unvested, the date of grant, the vesting commencement date, the vesting schedule (and the terms of any acceleration thereof), the exercise price per share. Such Schedule 1 also sets forth the Tax status of such Option under Section 422 of the Internal Revenue Code of 1986, as amended (the **U.S. Tax Code**), the expiration date, the option plan under which such Option was granted (if any) and the country and state of residence of such holder. True, correct and complete copies of each option plan, all agreements and instruments relating to or issued under each option plan (including executed copies of all Contracts relating to each Option and the Company shares purchased under such Option) have been provided to Buyer, and such option plans and Contracts have not been amended, modified or supplemented since being provided to Buyer, and there are no agreements, understandings or commitments to amend, modify or supplement such option plans or Contracts in any case from those provided to Buyer.

(h) Schedule 1 (*Allocation of the Securities and Consideration*) sets forth, as of the date hereof, a true, correct and complete list of all holders of Free Shares 2018, and each Free Shares 2018, the number of Free Shares 2018 that are vested or unvested, the date of grant, the vesting commencement date, the vesting schedule, the subscription price of the Free Shares 2018 upon expiry of their vesting period, the expiration date, the Free Share 2018 Plan under which such Free Shares 2018 was granted (if any) and the country and state of residence of such holder. True, correct and complete copies of each Free Share 2018 Plans, all agreements and instruments relating to or issued under each Free Share 2018 Plan (including executed copies of all Contracts relating to each Free Share) have been provided to Buyer, and such Free Share 2018 Plans and Contracts have not been amended, modified or supplemented since being provided to Buyer, and there are no agreements, understandings or commitments to amend, modify or supplement such Free Share 2018 Plans or Contracts in any case from those provided to Buyer.

2.2 Tax

(a) Tax Return: Each Group Company has duly and timely filed with the appropriate Tax Authorities all Tax Returns required to be filed by or with respect to it, taking into account any extension of time to file granted or obtained. All of these Tax Returns are complete and accurate in all respects. All Taxes due and owing by Group Company (including installments or prepayments of Taxes) (whether or not shown on any Tax Return or assessed or reassessed by any relevant Tax Authority or other Governmental Authority) or for which any Group Company could be liable have been duly and punctually paid and each Group Company has paid all assessments and reassessments it has received in respect of Taxes. No claim has ever been made by a Tax Authority in a jurisdiction where a Group Company does not file a Tax Return on the basis that the relevant Group Company should be subject to Taxes in that jurisdiction.

(b) The accrued but unpaid Taxes of any Group Company do not, as of the Balance Sheet Date, exceed the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Balance Sheet (rather than in any notes thereto) and since the Balance Sheet Date, except for liabilities taken into account in the Net Cash Amount or the Working Capital Amount, no Group Company has been involved in any transaction or arrangement which has given or may give rise to a liability for Taxes (or would have given or might give rise to a liability but for the availability of a relief) outside the ordinary course of business.

(c) Except as set out in Schedule 41 (*Tax reassessments, audits, investigations, claims or proceedings*), no deficiencies or reassessments for Taxes with respect to any member of the Group Company have been claimed, proposed or assessed by any Tax Authority or other Authority. There are no pending audits, request for information, disputes or reassessment notice for or relating to any Liability in respect of Taxes of any Group Company. The Company has delivered or made available to Buyer complete and accurate copies of U.S. federal, state, local and non-U.S. Tax Returns of each member of the Group and its predecessors for all taxable years remaining open under the applicable statute of limitations, including, promptly upon their availability, for the most recent taxable year closed, and complete and accurate copies of all audit or examination reports and statements of deficiencies or assessments or reassessments assessed or asserted against or agreed to by any member of the Group (or any predecessor of the member), if any, for which the applicable statute of limitations is closed, with respect to Taxes of any type. No member of the Group (or any predecessor of the member) has waived any statute of limitations in respect of Taxes or agreed to or requested any extension of the applicable statute of limitations. No power of attorney with respect to any Taxes is currently in force or has been executed or filed with any Tax Authority or other Governmental Authority. Except as set out in Schedule 42 (*Tax Elections or Advantages*), no member of the Group has requested, received or entered into any Tax ruling, or agreement from or with any Tax Authority or other Authority.

(d) None of the Group Company will be liable to pay any additional Tax, lose any Tax advantage (including but not limited to any carry-forward Tax losses) or incur any Tax burden in relation to the transfer of the Shares arising as a result of this Agreement.

(e) The sums recorded in the Accounts as "*capital social*" and "*primes d'émission*" do not correspond to profits, reserves or retained earnings nor to any sums resulting from a merger or a spin-off.

(f) Except as disclosed in Schedule 2.2(f), the Group Companies have kept all necessary documents to justify any amounts paid pursuant to any intra-group agreements entered into among any of them.

(g) The Company is not a real estate company within the meaning of Article 726 of the French Tax Code.

(h) Except as disclosed in Schedule 2.2(h), no independent contractor was or will be considered as an employee of any Group Company by an applicable Tax Authority.

(i) Each contract, arrangement or plan that is a “nonqualified deferred compensation plan” (within the meaning of Section 409A(d) of the U.S. Tax Code) has been administered, documented and maintained in accordance with Section 409A of the U.S. Tax Code and the rules and regulations issued thereunder in all material respects, such that no Tax or interest will be due and owing after the Closing in respect of such arrangement failing to be in compliance therewith. No member of the Group Company has any obligation to “gross-up” or otherwise indemnify any individual for the imposition of the excise tax under Section 4999 of the U.S. Tax Code or under Section 409A of the U.S. Tax Code.

(j) The exercise price of all Options granted to employees or service providers of a Group Company subject to U.S. taxes was at least equal to the fair market value of the Company shares on the date such Options were granted. All Options cover "service recipient stock" (as defined under Treasury Regulation 1.409A-1(b)(5)(iii)) with respect to the grantor thereof.

2.3 absence of changes or events Since The Balance Sheet Date

Except as disclosed in Schedule 2.3, since the Balance Sheet Date to and including the date of this Agreement (i) there has been no event that has had or, to the Management Sellers' Knowledge, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Change with respect to the Company and the Subsidiary, taken as a whole, (ii) the Company and the Subsidiary have conducted the Business only in the ordinary course of business (unless otherwise contemplated by this Agreement) and (iii) neither the Company nor the Subsidiary has done, caused or permitted any action that would constitute a breach of Section 6.1 (*Conduct of Business up to Completion*) if such action were taken by the Company or the Subsidiary, as applicable, without the written consent of Buyer.

2.4 Accounts

(a) Schedule 12 contains a true and complete copy of the Accounts. The Accounts (i) were prepared in accordance with the applicable generally accepted accounting principles in France and in the United States for statutory accounts, with French generally accepted accounting principles for consolidated accounts and in a manner consistent with past practices, (ii) (x) in respect of the statutory accounts of the Company, present a true and fair view of the assets, of the financial situation as well as of the results of the Company (*sont réguliers et sincères et donnent une image fidèle du patrimoine, de la situation financière et des résultats de l'entreprise*) for the period covered thereby, (y) in respect of the consolidated accounts of the Company, present a true and fair view of the assets, of the financial situation as well as of the results of the Group Companies included in the scope of the consolidation (*sont réguliers et sincères et donnent une image fidèle du patrimoine, de la situation financière ainsi que du résultat de l'ensemble constitué par les entreprises comprises dans la consolidation*) for the period covered thereby and (z) in respect of the statutory accounts of the Subsidiary, present in all material respects the financial condition and operating results of the Subsidiary for the period covered thereby and (iii) were certified by the statutory auditors of the Company (except for the statutory accounts of the Subsidiary).

(b) The Management Sellers have delivered to Buyer before the date of this Agreement true and complete copies of the unaudited [income statement] of each Group Company as at 31 March 2021, which have been prepared in accordance with applicable Laws and French generally accepted accounting principles.

2.5 Books and Records

The Books and Records of the Company and the Subsidiary (for the avoidance of doubt, not including the Accounts) are complete and correct in all respects and have been maintained in accordance with sound business and accounting practices. The Company and the Subsidiary have made and kept Books and Records, which, in all respects, fairly reflect the activities of the Company and the Business. The copies of the share register and ledgers of the Company and the Subsidiary previously delivered to Buyer are true, correct and complete, and accurately reflect the current holder of all shares and all transactions effected in the capital of each of the Company and the Subsidiary through and including the date hereof. None of the Group Company has been engaged in any transaction, maintained any bank account or used any corporate funds except for transactions, bank accounts and funds, which have been and are reflected in the normally maintained Books and Records of the Company and the Subsidiary.

2.6 LITIGATION

Except as set forth on Schedule 2.6, as of the date hereof, there are no, and during the three years prior to the date hereof, there have not been any pending proceeding or, to the Management Sellers' Knowledge, threatened proceedings (a) that are against or involving (i) the Business, the Company, the Subsidiary or any of their respective assets (including with respect to Environmental Laws, and Intellectual Property Laws) and any of their respective directors, officers or employees (in their capacities as such or relating to their employment, services or relationship with the Company or the Subsidiary) or (ii) any Seller in such Seller's capacity as a shareholder of the Company, (b) seeking to delay, limit or enjoin the transactions contemplated by this Agreement or the other Transaction Documents, or (c) in which the Company or the Subsidiary is a plaintiff. As of the date hereof, there are no order issued by any court of competent jurisdiction or other legal or regulatory restraint in effect against the Company or the Subsidiary or, to the Management Sellers' Knowledge, any of their directors, officers or employees (in their capacities as such or relating to their employment, services or relationship with the Company or the Subsidiary).

2.7 Compliance With Laws

(a) Except as disclosed in Schedule 2.7, as of the date hereof, during the three years prior to the date hereof, each Group Company has conducted the Business in compliance with all, and has not violated any, applicable Laws (subject to any specific limitations or exceptions provided for in any other Section of this Exhibit B). Except as disclosed in Schedule 2.7, as of the date hereof, no Group Company has received any written notice to the effect that, or otherwise been advised in writing that, it is not in compliance with applicable Laws and the Management Sellers have no Knowledge of any reason to reasonably anticipate that any existing circumstances are reasonably likely to result in violations of any of the foregoing.

(b) No person who performs or has performed services for or on behalf of any Group Company has bribed another person intending to obtain or retain business or an advantage in the conduct of business for any Group Company.

(c) Except as disclosed in Schedule 2.7, no Group Company has manufactured or sold any products which were defective or unsafe, were the subject of any voluntary or mandatory recall or product warning, did not comply in any respects with all regulations and standards applicable to such products; or did not comply with any warranties or representations made by it or on its behalf.

(d) Except as disclosed in Schedule 2.7, all products under development or marketed by or on behalf of the Group have been researched, developed, tested, manufactured, handled, labeled, packaged, stored, supplied, distributed, imported, and exported, as applicable in compliance with applicable Laws, and all clinical trials and investigations conducted by or on behalf of the Group have been conducted in compliance with applicable protocols, procedures and applicable Laws.

(e) All certificates issued under CLIA and local equivalents where applicable, and copies of the most recent inspection and audits reports, including a list of deficiencies, if any, and proficiency test results, have been provided to Buyer.

(f) No Group Company or any of its respective directors, employees, agents or representatives (in each case acting in their respective capacities within the Group) has been excluded, suspended or debarred from participation in any government healthcare program or, to the Management Sellers' Knowledge, is subject as of the date hereof to a governmental inquiry, investigation, proceeding, or other similar action, that could reasonably be expected to result in debarment, suspension, or exclusion.

(g) None of the Company or the Subsidiary or any of their directors, employees, agents or representative (in each case acting in their respective capacities within the Group) has, since the incorporation of the Company, (i) violated any Anti-Corruption Laws or (ii) offered, given, promised to give or authorized the giving of money or anything of value, to any Authority officials or to any other Person for the purpose of corruptly influence any of their act or decision in their official capacity or (iii) been subject to any investigation or proceeding for potential corruption, fraud or violation of any Anti-Corruption Laws.

(h) None of the Company or the Subsidiary or any of their directors, employees, agents or representative (in each case acting in their respective capacities within the Group) has violated any Anti-Money Laundering Laws or been subject to any investigation or proceeding for potential fraud or violation of any Anti-Money Laundering Laws.

2.8 Permits

(a) The permits set forth in Schedule 19 (*Licenses, Registrations, Authorizations, Clearances, and Certifications obtained by the Group Companies to carry on their businesses*) collectively constitute all of the regulatory permits necessary to permit each Group Company to lawfully conduct and operate the Business in the same manner as the Business is currently conducted and to permit each Group Company to own, lease, license and use its assets in the same manner as the relevant Group Company currently owns, leases, licenses and uses its assets.

(b) Except as disclosed in Schedule 19, each Group Company has obtained, and has had at all times, all necessary approvals, clearances, authorizations, licenses, certifications, and registrations, and maintained current all annual registration and device listings required by any applicable Law or Authority to permit the design, development, testing, manufacture, labeling, promotion, marketing and sale of the Group's products in all jurisdictions where it currently conducts such activities with respect to such products and in the same manner as the relevant Group Company currently conducts such activities. Each Group Company has complied with all of the terms of the permits listed in Schedule 19 (*Licenses, Registrations, Authorizations, Clearances, and Certifications obtained by the Group Companies to carry on their businesses*). Each of these permits is valid and in full force and effect, and to the Management Sellers' Knowledge, none of these permits will be terminated, or will become terminable, in whole or in part, as a result of the Transaction.

(c) The Management Sellers have furnished Buyer complete and accurate copies of all permits used in the operation of the Business or otherwise held by any Group Company as listed in Schedule 19 (*Licenses, Registrations, Authorizations, Clearances, and Certifications obtained by the Group Companies to carry on their businesses*).

(d) Except as disclosed in Schedule 19, as of the date hereof, to the Management Sellers' Knowledge, there is no action or proceeding by any Authority pending or threatened, seeking the revocation or suspension of any permit and there is no basis for such an action or proceeding.

2.9 material Contracts

(a) Schedule 20 (*Material Contracts*) sets forth a complete and accurate list of all Material Contracts as of the date hereof to which any member of the Group is a party or by which any Group Company is bound.

(b) Except as disclosed in Schedule 2.9, each of the Material Contracts is in full force, effect, and binding on the Group Companies party to it. As of the date hereof, no notice of termination of any Material Contract has been received or served by a Group Company.

(c) Except as disclosed in Schedule 2.9, as of the date hereof, no Group Company is in default under any Material Contract, and to the Management Sellers' Knowledge, no other party to such an agreement or arrangement is in default hereunder.

(d) Except as disclosed in Schedule 2.9, the Management Sellers confirm that any risk related to a reimbursement claim to which a customer may be entitled to under any of the Material Contracts is mitigated and accounted properly in the Accounts.

2.10 undisclosed liabilities

(a) Except as set out in Schedule 12 (Accounts), no Group Company has any liability required to be reflected as such in balance sheet pursuant to applicable generally accepted accounting principles, except for (i) liabilities reflected or reserved against on the face of the Accounts or the Management Accounts or taken into account in the Net Cash Amount or the Working Capital Amount, or (ii) liabilities that are not material in amount or incurred in the ordinary course of business since the Balance Sheet Date.

(b) Except as disclosed in Schedule 2.10, no Group Company has any off balance sheet obligation of any nature.

2.11 Grants

(a) Schedule 2.11 (*Particulars of all grants received by any Group Company*) provides for an accurate and complete list of all grants of any nature (*subventions de toute nature*) which any Group Company has received from any Authority. To the Management Sellers' Knowledge, as of the date hereof, there are no circumstances in which any such grants shall be required to be refunded or repaid in whole or in part. Each Group Company is and has been in compliance with all of the terms, conditions and requirements of its respective grants and has duly fulfilled all the undertakings relating thereto.

2.12 Insolvency

(a) None of the Group Companies is insolvent (*en état de cessation de paiements*), or unable to pay its debts within the meaning of any insolvency Law applicable to the company concerned nor subject to any safeguard, bankruptcy or insolvency proceedings under any applicable Laws or to any equivalent proceedings (in particular to any proceedings with a view to the prevention or resolution of business difficulties), or has stopped paying its debts as they fall due.

(b) No step has been taken to initiate any process by or under which (i) the ability of the creditors, as a whole, of any Group Company to take any action to enforce their claims is suspended, restricted or prevented, (ii) some or all of the creditors of any Group Company accept, by agreement or in pursuance of a court order, an amount less than the respective sums owing to them in satisfaction of those sums with a view to preventing the dissolution of such entity, (iii) a person is appointed to manage the affairs, business and assets of any Group Company on behalf of its creditors; or (iv) the holder of an Encumbrance over the assets of any Group Company is appointed to control its business and assets.

(c) No process has been initiated which could lead to any Group Company being dissolved and its assets being distributed among the relevant company's creditors, shareholders or other contributors. No Encumbrance on the assets of the Group Companies have been enforced and there are no circumstances likely to cause any such Encumbrances to be enforced.

2.13 Insurance

(a) The Company and the Subsidiary maintain all policies of insurance set forth in Schedule 21 (*Policies of insurance maintained by or covering each of the Group Companies*). True, correct and complete copies of all such policies of insurance have been delivered to Buyer prior to Closing.

(b) All such policies are currently in full force and effect and as of the date hereof, nothing has been done or omitted to be done by any Group Company which would make any policy of insurance void or voidable. All insurance coverage applicable to the Group or the Business is in full force and effect. As of the date hereof, there is no default under any coverage nor has there been any failure to give notice by a Group Company or present any claim under any coverage in a due and timely fashion.

(c) All premiums due and payable under all such policies have been timely paid, and the Company and the Subsidiary are otherwise in compliance with the terms of such policies. All such policies remain in full force and effect, and to the Management Sellers' Knowledge, there are no threatened termination of, or premium increase with respect to, any of such policies.

2.14 Effect Of the Transaction

(a) Except as disclosed in Schedule 2.14, to the Management Sellers' Knowledge, as of the date hereof, neither the acquisition of the Transferred Securities by the Buyer nor compliance with the terms of this Agreement will:

(i) give rise to, or cause to become exercisable, any right of pre-emption over the Securities;

(ii) result in a breach of order, judgment, injunction, decree or other like imposition of an Authority;

(iii) result in the creation, imposition, crystallisation or enforcement of any Encumbrance on any of the assets of any Group Company;

(iv) entitle any person to receive from any of the Group Companies any finder's fee, brokerage or other commission in connection with the purchase of the Securities by the Buyer;

(v) result in the loss or impairment of or any default under any licence, authorization or consent required by any of the Group Companies for the purposes of its business;

(vi) result in any present or future indebtedness of any of the Group Companies becoming due and payable, or capable of being declared due and payable, prior to its stated maturity date or in any financial facility of any of the Group Companies being withdrawn;

(vii) entitle any person to acquire or affect the entitlement of any person to acquire shares in the Company, including any accelerated vesting or exercisability of Options; or

(viii) cause any Group Company to lose the benefit of any public grant of any nature from an Authority or will cause such grant to be required to be repaid or apply on different terms and conditions.

2.15 Assets – real estate

(a) Each of the Company and the Subsidiary has legal title, right of use or a valid leasehold interest in all of its properties, and interests in properties and assets, real and personal, reflected on the Accounts or, with respect to such leased properties and assets, valid leasehold interests in such properties and assets that afford the Company and the Subsidiary valid leasehold possession of the properties and assets that are the subject of such leases.

(b) The Management Sellers have provided to Buyer true, correct and complete copies of all leases, subleases and other agreements under which the Company or the Subsidiary uses or occupies or has the right to use or occupy, now or in the future, any real estate, including all modification and amendments thereto. Neither the Company nor the Subsidiary currently owns, leases or occupies any real estate other than those listed in Schedule 39 (*Properties*) (the **Properties**). As of the date hereof, to the Management Sellers' Knowledge, there are no (i) pending disputes or notices of termination or (ii) increase of rent payable, repairs or requirements to invest in, that are mandatory under applicable Laws, relating to any of the Properties. Each of the Properties is served by drainage, water and electricity services and the Management Sellers have no Knowledge of any imminent or likely interruption of the passage or provision of such services.

(c) All licenses, consents and approvals required from the lessors and any superior lessors under the leases of the Properties and from their respective mortgagees (if any) have been obtained and the covenants on the part of the lessee contained in such licenses, consents and approvals have been duly performed and observed and, subject thereto, there are no collateral agreements, undertakings, waivers or concessions which are binding upon either the landlords or the Group Companies.

(d) None of the Group Companies is aware of any major item of expenditure already incurred by the lessor within the last 12 months from the date hereof of any of the Properties or expected to be incurred by any such lessor within the next 12 months, which is recoverable in whole or in part from a Group Company.

2.16 Commercial Relations

Except as disclosed in Schedule 2.16, no Group Companies have been informed as of the date hereof that any customer or supplier of any Group Company has decided or intends to cease, reduce or otherwise adversely modify, whether immediately or in the future, its commercial relationship with any Group Company for any reason, including as a result of the Transaction.

2.17 Intellectual Property

(a) Schedule 24 (*List of the Registered Owned Intellectual Property and Material Intellectual Property Licenses*) provides a complete and accurate list of (i) all Intellectual Property Rights that is registered or applied for with an Authority and owned by each Group Company as of the date of this Agreement (the "Registered Owned Intellectual Property Rights") and (ii) the license agreements pursuant to which any Group Company is the licensor or licensee of Intellectual Property Rights as of the date of this Agreement, excluding (1) non-exclusive licenses granted by any Group Company to customers in the ordinary course of business, (2) "off-the-shelf," "click-wrap," shrink-wrap or otherwise generally commercially available IT Systems and (3) non-exclusive licenses granted by or to service providers or other third parties in the ordinary course of business where the license to Intellectual Property Rights is ancillary to the purpose of the applicable agreement (the "Material Intellectual Property Licenses").

(b) No Intellectual Property Rights required to carry on the Group's Business in the same manner as it is currently carried on as of the date hereof, is owned by any member of the Sellers Group, except as provided in Schedule 25 (*List of Sellers Group Intellectual Property*). The Intellectual Property Rights owned by each Group Company and the Intellectual Property licensed to a member of the Group Company constitute all Intellectual Property Rights required to carry on the Group's Business in the same manner as it is currently carried on as of the date of this Agreement; provided, that, the foregoing shall not be interpreted as a representation or warranty regarding the infringement, misappropriation or other violation of the Intellectual Property Rights of any person, which representation and warranty is set forth in Section 2.17(d) below.

(c) Except as disclosed in Schedule 2.17, the Registered Owned Intellectual Property Rights are fully owned by a Group Company, free from any Encumbrances and, except for the Material Intellectual Property Licenses and any licenses covered by clauses (1)-(3) of Section 2.17(a), have not been licensed to any Third Party nor subject to any agreement that restricts their use, disclosure, licensing or transfer by the Group Companies. The Group Companies have paid all fees and made all filings by their respective due dates with respect to the Registered Owned Intellectual Property Rights that are necessary to prevent the abandonment thereof. Except as disclosed in Schedule 2.17, as of the date hereof, each license included within the Material Intellectual Property Licenses is in full force and effect and binding on the parties to it. Except as disclosed in Schedule 2.17, as of the date hereof, (i) the terms of the licenses have been complied with by the parties, (ii) no notice of termination of any such license agreements has been received or served by a Group Company and (iii) there are no grounds pursuant to the terms thereof on which they might be terminated, including that the consummation of the transactions contemplated by this Agreement will not result in a breach, modification, cancellation, termination, non-renewal, suspension of, or acceleration of any payments with respect to any Intellectual Property Rights.

(d) Except as disclosed in Schedule 2.17, to the Management Sellers' Knowledge, (i) none of the Group Companies or, in connection with the operation of the Business, any of their Managers or employees is, or has in the last six (6) years, infringed any Intellectual Property Rights of any other person and (ii) no person is infringing any Intellectual Property Rights owned by any Group Company and the Group Companies have taken reasonable steps designed to protect any Intellectual Property Rights they own against such infringement.

(e) Except as disclosed in Schedule 2.17, there is no pending, or threatened in writing, legal action as of the date hereof contesting the right of any Group Company to exploit any Intellectual Property Rights owned by it, or to conduct its business as previously conducted or as currently conducted or contesting the ownership by any Group Company of any Intellectual Property Rights or the validity or enforceability of any Intellectual Property Rights owned or used by it. No Group Company has received in the last two (2) years prior to the date hereof any written notice or written claim regarding any offer to license Intellectual Property Rights allegedly used without authorization, infringed, violated or misappropriated by a Group Company, or otherwise regarding any infringement, misappropriation, or violation of any Intellectual Property Rights of a third party by a Group Company.

(f) Except as disclosed in Schedule 2.17, all current and former employees, consultants and contractors of the Company and other persons that have participated in the creation or development of any Intellectual Property Rights for any Group Company have executed agreements in which they have expressly assigned all such Intellectual Property Rights to a member of the Group, have waived all moral Intellectual Property Rights to the extent legally permissible and have agreed to maintain the confidentiality of any such Intellectual Property Rights that are confidential.

(g) Other than the domain names listed in Schedule 26 (*List of Owned Domain Names*), none of the Group Companies owns any domain names as of the date hereof.

(h) Except as disclosed in Schedule 2.17, the Group Companies use commercially reasonable efforts to keep the confidential information (including any know-how therein) owned by the Group Companies confidential, and, such confidential information has not been disclosed to Third Parties to the Management Sellers' Knowledge other than in the ordinary course of business and subject to written confidentiality obligations from the Third Party.

(i) The representations and warranties set forth in this Section 2.17 are the sole representations and warranties of the Management Sellers relating to infringement, misappropriation or other violation of the Intellectual Property Rights of any person and no other Warranties contained in this Agreement shall be construed to cover any such matter.

2.18 Information Technology

(a) The Group Companies have taken commercially reasonable measures for the maintenance, support and disaster recovery of their IT Systems.

(b) The Group Companies follow commercially reasonable procedures for protecting their IT Systems from infection by software viruses and from access by unauthorized persons.

(c) During the last three years as from the date hereof, the IT Systems have not (i) failed to function in any way that has had a Material Adverse Effect, (ii) been infected by any software virus having affected the operations of a Group Company; or (iii) to the Management Sellers' Knowledge, been accessed by any unauthorized person.

(d) None of the Group Companies has used open source software as part of any application that it has licensed or otherwise made available to third parties in a manner that would require any Group Company to further disclose or distribute any source code owned by any of the Group Companies.

2.19 Data Protection

(a) Except as disclosed in Schedule 2.19, each Group Company is and has complied at all times and in all respects in the three years prior to the date hereof, with all of the applicable Information Privacy Laws pertaining to privacy, security and data protection.

(b) Except as disclosed in Schedule 2.19, the Group Companies have not transferred Personal Data to countries outside of the European Economic Area unless in accordance with the applicable Information Privacy Laws.

(c) Except as disclosed in Schedule 2.19, the Group has taken reasonable measures to require all vendors, service providers or other Persons whose relationship with the Group involves their collection, use, disclosure, storage or processing of Personal Data on behalf of the Group to comply with all applicable Information Privacy Laws with respect to Personal Data. Except as disclosed in Schedule 2.19, to the Management Sellers' Knowledge, as of the date hereof, none of such Persons are in breach of their contractual obligations or applicable Information Privacy Laws with respect to Personal Data of the Group.

(d) Except as disclosed in Schedule 2.19, each Group Company has all necessary authority to receive, access, collect, use, transfer, store, handle and disclose the Personal Data in its possession or under its control in connection with the operation of the Business. Each Group Company has made all disclosures to, and obtained any necessary consents and authorizations from, users, customers, employees, contractors and other applicable Persons required by applicable Information Privacy Laws necessary to operate the Business, and has filed any required registrations (the details of which are correct for the purposes for which the applicable Group Company stores or processes the Personal Data which is the subject of them) necessary to operate the Business with the applicable data protection authority.

(e) In the last three years prior to the date hereof (i) none of the Group Companies has received a written complaint or written objection to its collection or use of Personal Data that remains unresolved and (ii) the collection or use of Personal Data by a Group Company has not been the subject of any investigation or proceedings (whether of a criminal, civil or administrative nature).

2.20 Employees - Pensions

(a) Schedule 33 (*List of the Employees, terms and conditions of employment*) identifies any individuals employed by the Group Companies who as of the date of this Agreement are entitled to an annual gross remuneration greater than €120,000 (the **Highly Compensated Employees**) or who are trade union delegates or are employee representatives within the Group.

(b) Schedule 34 (*List of the Managers*) provides a true and complete list of the Managers of each Group Company as of the date hereof and indicates for each of them their position, term of office and a description of their compensation details (including any fringe benefits, pensions, bonuses, equity-based compensation or any other advantage of any kind). Except as set out in Schedule 34 (*List of the Managers*), no such Manager benefits from an employment agreement that is pending, currently suspended or that could be resumed after the termination of his/her duties as a Manager.

(c) As of the date hereof, none of the Managers or Highly Compensated Employees of the Group Companies have resigned or have informed in writing the Management Sellers or any Group Company of his/her intention to resign and none of them has been dismissed or is subject to a dismissal procedure, which is pending. To the Management Sellers' Knowledge, no employee or independent contractor of a Group Company is in violation of any term of any employment agreement, non-competition agreement or any restrictive covenant to a former employer relating to the right of any such employee or independent contractor to be employed by or otherwise provide service to the Group Company because of the nature of the Business or to the use of trade secrets or proprietary information of others.

(d) Except as set out in Schedule 37 (*Pension Scheme*), none of the Sellers (with respect to the Business), nor the Group Companies nor any trade, business or entity which, together with such entities, would be treated, or would have previously been treated, as a single employer under Section 414(b), (c), (m) or (o) of the Code or under Section 4001 of ERISA (each such entity, trade or business, an **ERISA Affiliate**) sponsors, maintains, participates in or contributes to (i) an "employee pension benefit plan" (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA, Section 412 of the Code or Section 302 of ERISA (including any "multiemployer plan" within the meaning of Section 3(37) of ERISA), (ii) a "multiple employer plan" as defined in Section 413(c) of the Code, or (iii) a "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA.

(e) Each Employee Benefit Plan that is intended to be "qualified" under Section 401(a) of the Code is so qualified and no event has occurred that would reasonably be expected to adversely affect the qualified status of any such Employee Benefit Plan (or the tax-exempt status of any related trust). In addition, except as disclosed in Schedule 37, with respect to each Employee Benefit Plan intended to include a U.S. Code Section 401(k) arrangement, the applicable Group Company has made timely deposits of employee salary reduction contributions and participant loan repayments, as determined pursuant to regulations issued by the United States Department of Labor. The Group Company has made available to Buyer the Form 5500 reports filed for the last three plan years with respect to each Employee

Benefit Plan that is subject to ERISA reporting requirements, including each Employee Benefit Plan intended to include a U.S. Code Section 401(k) arrangement.

(f) The terms and conditions of the employment contracts between each Group Company and its employees, as well as the conditions of employment of any employee of the Group Companies, and the terms and conditions of all employee benefit plans maintained by the Group Companies comply with applicable Laws (including all applicable collective bargaining agreements).

(g) Neither the Management Sellers nor any Group Companies have undertaken to increase the rates of remuneration or to grant a bonus or advantage of any kind or pay any compensation (including, equity acceleration, severance, loan forgiveness or otherwise) to any of its employees or Managers as a result of the Closing of the Transaction after the date hereof, other than as imposed by applicable Laws. The employment of each of the United States employees of the Group Company is "at will" and no Group Company has an obligation to provide any particular form or period of notice prior to terminating the employment of any of their respective employees or severance payments above what is required by applicable Law.

(h) Except for ordinary course remuneration for services, none of the Group Companies incurs any severance liability towards any of its former employees or Managers, nor is liable to make any on-going severance payments towards any of its former employees or Managers.

(i) Except as set out in Schedule 38 (*Labor Related Proceedings*), as of the date hereof, there are no pending or threatened Proceedings instituted by the Labor Administration (*Inspection du Travail ou DREETS*), the Social Security Administration (*URSSAF*) or any Authority competent for labor Laws, nor involving any Group Company and any of its present or former employees or Managers, or any union or employees' representatives. No Group Company has committed any unfair labor practice in connection with the conduct of the Business, and there is no charge or complaint against any Group Company by the National Labor Relations Board or any comparable governmental Authority pending or, to the Management Sellers' Knowledge, threatened.

(j) Particulars of all employment policies (whether written or otherwise), collective bargaining agreements (whether industry-, group- or company-wide), unilateral commitments, company/group customary practices, and staff handbooks pertaining to the employees have been disclosed in full in Schedule 35 (*Particulars of all employment policies*).

(k) As of the date hereof, no Group Company is involved in any existing, pending or threatened claim or dispute by or in respect of any employee or employee representative and has not been involved in any such employment dispute in the 12-month period before the date hereof. As of the date hereof, to the Management Sellers' Knowledge, there are no facts that might suggest that there may be grounds for any such employment dispute; or that any of the provisions of the Agreement (including the identity of the Buyer) may lead to any employment dispute. As of the date hereof, no formal claims or allegations have been made against any Group Company, or any director or employee for discrimination, sexual or other harassment, or retaliation in respect of any such claims or allegations, in connection with employment with the Group Company nor, to the Management Sellers' Knowledge, are any such claims threatened or pending nor, to the Management Sellers' Knowledge, is there any reasonable basis for such a claim.

(l) Each Group Company has over the five last years complied with its obligations to inform and/or consult with employees' representatives bodies, including any mandatory information and/or consultation of any competent employees' representative body (including any European and/or group works council) in relation with the proposed Transaction.

2.21 Environment

(a) To the Management Sellers' Knowledge, no Group Company has caused pollution of any property in a manner which is reasonably expected to give rise to any order for remedial action or claim under Environmental Laws by an Authority or Third Party.

(b) Each Group Company has obtained all necessary Permits required under applicable Environmental Laws (the **Environmental Permits**) from any competent Authority that are required for the conduct of its business or for any activities or operations carried out at the Properties. All such Environmental Permits are in full force and effect.

(c) Except as disclosed in Schedule Schedule 40, each Group Company is and has been for the previous three years compliant with all applicable Environmental Laws and with the terms of any and all Environmental Permits issued to it.

(d) To the Management Sellers' Knowledge, there are no complaints, claims or proceedings pending or threatened, against any Group Company with respect to any breach of or any liability under Environmental Laws or to any violation of Environmental Permits, and there are no facts, matters or circumstances likely to give rise to any such claims or proceedings.

(e) All Phase 1 environmental site assessment reports covering the Properties, dated within two years before the date of this Agreement, and within the actual possession of the Group Companies are included in Schedule 40 (*Reports and audits relating to Environmental Matters*).

2.22 no brokers or transaction fees

Except as disclosed in Schedule 2.22, none of the Group Companies has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to any of the transactions contemplated by this Agreement.

2.23 Consents and approvals

Except as disclosed in Schedule 2.23, no notice to, declaration, filing or registration with, or authorization, consent or approval of, or permit from, any person is required to be made or obtained by the Group Companies in connection with the execution, delivery and performance of this Agreement and the other Transaction Documents to which a Group Company is to be a party and the consummation of the transactions contemplated by this Agreement and by the other Transaction Documents by the Group Companies.

SECURITIES PURCHASE AND CONTRIBUTION AGREEMENT

by and among

VERACYTE, INC.

and

MI 3 SA

SHAM Innovation Santé

BNP Paribas Développement

Sofipaca

FPCI PSIM

FIP Amundi France Développement 2015

FIP Amundi France Développement 4

Quest for Growth

Philis

Vincent Fert

Stéphane Debono

Tabodar

Corinne Danan

Fabienne Hermitte

Jerome Galon

Employees Sellers

Dated as of July 13, 2021

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CLAUSE PAGE

THIS AGREEMENT is made on July 13, 2021

BETWEEN

(1) **MI 3 SA**, a *société anonyme* organized under the laws of Luxembourg, whose registered office is at 3 boulevard Royal, L-2449 Luxembourg, registered with the Trade and Companies Registry under number B 163 536 RCS Luxembourg;

(2) **SHAM Innovation Santé**, a *societé par actions simplifiée* organized under the laws of France, whose registered office is at 18, rue Edouard Rochet, 69088 Lyon, registered with the Trade and Companies Registry under number 801 985 995 RCS Lyon;

(3) **BNP Paribas Développement**, a *société anonyme* organized under the laws of France, whose registered office is at 1, boulevard Haussmann, 75009 Paris, registered with the Trade and Companies Registry under number 348 540 592 RCS Paris;

(4) **Sofipaca**, a *société anonyme* organized under the laws of France, whose registered office is at 25 chemin des Trois Cyprès, 13097 Aix-en-Provence, registered with the Trade and Companies Registry under number 327 785 614 RCS Aix-en-Provence;

(5) **FPCI PSIM**, a *fonds professionnel de capital investissement* organized under the laws of France, represented by Bpifrance Investissement, a *société par actions simplifiée* organized under the laws of France whose registered office is at 27/31 avenue du Général Leclerc, 94710 Maisons-Alfort, registered with the Trade and Companies Registry under number 433 975 224 RCS Créteil;

(6) **FIP Amundi France development 2015**, a *fonds d'investissement de proximité* organized under the laws of France, represented by Amundi Private Equity Funds, a *société anonyme* organized under the laws of France whose registered office is at 90 boulevard Pasteur, 75015 Paris, registered with the Trade and Companies Registry under number 422 333 575 RCS Paris;

(7) **FIP Amundi France development 4**, a *fonds d'investissement de proximité* organized under the laws of France, represented by Amundi Private Equity Funds, a *société anonyme* organized under the laws of France whose registered office is at 90 boulevard Pasteur, 75015 Paris, registered with the Trade and Companies Registry under number 422 333 575 RCS Paris;

(8) **Quest for Growth**, a *société anonyme d'investissement public sous forme privée* organized under the laws of Belgium, whose registered office is at Lei 19/3, 3000 Leuven (Belgium), registered with the Trade and Companies Registry under number 0463.541.422 RCS Leuven, represented by Capricorn Partners;

(the above Parties from (1) to (8), acting severally but not jointly (*conjointement et non solidairement*) being hereinafter referred to individually as the **Institutional Seller** and collectively as the **Institutional Sellers**)

(9) **Philis**, a *société à responsabilité limitée* organized under the laws of France, whose registered office is located at 16, rue Georges Saint Martin, 13007 Marseille, registered with the Trade and Companies Registry under number 533 408 282 RCS Marseille;

(10) **Vincent Fert**, a French citizen, born on April 13, 1959 at Nyons and residing at 16 rue Saint Martin, 13007 Marseille;

(11) **Stéphane Debono,** a French citizen, born on July 30, 1975 at Castres and residing at 21 impasse d'Or, 13010 Marseille;

(12) **Tabodar**, a *société par actions simplifiée* organized under the laws of France, whose registered office is located 4, avenue du Stade de Coubertin, 92100 Boulogne-Billancourt, registered with the Trade and Companies Registry under number 804 938 108 RCS Nanterre;

(13) **Corinne Danan,** a French citizen, born on August 11, 1961 at Boulogne-Billancourt and residing at 4 avenue du stade de Coubertin, 92100 Boulogne-Billancourt;

(14) **Fabienne Hermitte,** a French citizen, born on February 10, 1972 at Toulon and residing at 9 chemin du Cantounet, 13600 Ceyreste;

(15) **Jerome Galon,** a French citizen, born on February 6, 1967 at Besançon and residing at 23 boulevard Suchet, 75016 Paris;

(16) the individuals listed in Exhibit C (the **Employees Sellers**);

(the above Parties from (9) to (15), acting severally but not jointly (*conjointement et non solidairement*), being hereinafter referred to individually as the **Management Seller** and collectively as the **Management Sellers**; it being further specified that Philis and Vincent Fert are acting severally and jointly (*conjointement et solidairement*) and Tabodar and Corinne Danan are acting severally and jointly (*conjointement et solidairement*))

(the Institutional Sellers, the Management Sellers and the Employees Sellers, acting severally but not jointly (*conjointement et non solidairement*), being hereinafter referred to individually as a **Seller** and collectively as the **Sellers**)

(17) **VERACYTE, INC.**, a Delaware corporation, located at 6000 Shoreline Court, Suite 300, South San Francisco, CA 94080;

(the **Buyer**),

In the presence of

(18) HalioDx SAS, a French *société par actions simplifiée*, whose registered office is at Parc Scientifique de Luminy, 163 avenue de Luminy, Luminy Biotech Entreprises, 13288 Marseille 9ème, registered with the Trade and Companies Registry under number 805 269 271 RCS Marseille,

(the **Company**)

WHEREAS

(A) On the date hereof, the Sellers as per the breakdown set out in Schedule 1 (*Allocation of the Securities and Consideration*) own the following Securities (the **Transferred Securities**):

(i) 162,441 ordinary shares;

(ii) 62,564 warrants (*BSA ratchet*).

On the date hereof, the Transferred Securities represent 100% of the issued and outstanding share capital and voting rights of the Company.

(B) The Company, directly and through its Subsidiary is engaged in the business of biopharma clinical development, including clinical trial assay and companion diagnostics development, immuno-oncology diagnostic testing, and In Vitro Diagnostic (IVD) industry services including manufacturing and contract "CLIA" testing (the **Business**).

(C) The Buyer, together with its legal, tax, financial, accounting and other advisors, has conducted an independent legal, tax, financial, operating and accounting due diligence review of the Company and its Subsidiary through (i) the analysis of the documentation made available to it and to its advisors in an electronic "data-room" hosted by IntraLinks opened from February 22, 2021 to July 6, 2021, the content of which is included in a pen-drive delivered by Intralinks to the Buyer, the Sellers' Representative and each of the Management Sellers as soon as practicable after the date hereof, (ii) the related Q&A process through the electronic "data room" and (iii) discussions that took place with the management of the Company during meetings held on March 25 and 31, April 1, 2, 7, 8, 9, 14, 16, 20 and 21, and May 3, 4, 27 and 28, 2021 (together (i), (ii) and (iii), the **Data-Room**).

(D) On June 1, 2021, Buyer entered into a memorandum of understanding with certain Sellers pursuant to which it has undertaken to acquire from the Sellers the Transferred Securities under the terms of this Agreement. Prior to the date of this Agreement, the works council (*Comité social et économique*) of the Company has been duly informed and consulted in accordance with applicable Laws and has rendered its opinion about the Transaction.

(E) The Parties have therefore decided to enter into this securities sale agreement (the **Agreement**), which sets forth the terms and conditions pursuant to which Buyer shall acquire the Transferred Securities from the Sellers, and the Sellers shall sell such Transferred Securities to Buyer on the Closing Date.

IT IS AGREED THAT

1. CONTRIBUTION AND PURCHASE AND SALE

1.1 Contribution and purchase and sale of the Transferred Securities

(a) In accordance with the terms and subject to the conditions set out in this Agreement, each Seller shall sell and contribute to Buyer and Buyer shall acquire the Transferred Securities set forth against each Seller's name in Schedule 1 by way of sale or contribution, as the case may be, with effect from Closing, free from all Encumbrances, together with all rights attaching to such Transferred Securities as at Closing (including all dividends and distributions declared, paid or made in respect of such Transferred Securities on or after the Closing Date).

(b) Without prejudice to any other rights and remedies Buyer may have, Buyer shall not be obliged to complete the acquisition by way of purchase or contribution, as the case may be, of any of the Transferred Securities unless the acquisition by way of purchase or contribution, as the case may be, of all of the Transferred Securities is completed simultaneously.

(c) The Parties expressly agree that the transfer of ownership of the Transferred Securities shall only be deemed to have occurred on the Closing Date, subject to Closing.

(d) All Sellers hereby irrevocably and unconditionally waive all of their rights under (i) the existing shareholders' agreement dated 28 November 2017 and entered among the Institutional Sellers and the Management Sellers at Company level (the **Shareholders' Agreement**) and (ii) the existing simplified shareholders' agreements entered among the Institutional Sellers, the Management Sellers and each Employee Seller at Company level to the benefit of Buyer, in connection with the Transaction and hereby agree to terminate the Shareholders' Agreement and the existing simplified shareholders' agreements on the Closing Date.

1.2 Free Shares/options

(a) Between the date hereof and the Closing Date, the Management Sellers shall (i) cause the Company to amend the Free Share 2018 Plan to refer for all holders of Free Shares 2018 to the execution of a simplified shareholders' agreement in the form of the current draft amended to be entered into (subject to Closing) with the Buyer (the **Amended SSHA**), (ii) use all best efforts to cause each holder of Free Shares 2018 to execute the Amended SSHA and (iii) use all best efforts to cause each holder of Free Shares 2018 (other than the Founders) to enter into a put option agreement with Buyer granting him/her the right to sell his/her Free Shares 2018 to Buyer, exercisable upon failure by the Buyer to exercise its call option under the Amended SSHA, for a price determined on the basis of the principles set forth in Schedule 3, the other terms of which shall be negotiated in good faith between the Parties as soon as reasonably practicable after the date hereof (the **Put Option**).

(b) Between the date hereof and the Closing Date, each of the Founders, with respect to his/her Free Shares 2018, and Buyer undertake to enter into a put and call option agreement (the **Put & Call Option Agreement**) substantially in the form set out in Exhibit E.

(c) Each Option, that is vested unexpired, unexercised and outstanding immediately prior to the Closing Date (each, a **Vested Option**) shall be terminated and cancelled at the Closing Date pursuant to the terms and conditions of the Option Payment Agreement (as defined below) entered into prior to or on the same date and effective contingent upon Closing, and no Vested Option shall be substituted with any equivalent option or right to purchase or otherwise acquire any capital stock or other securities of the Buyer. Upon cancellation thereof, each Vested Option shall be converted into and represent the right to receive from the Buyer, subject to the execution, no later than on the Closing Date, of an option payment agreement substantially in the form set out in

Schedule 1.2(c) (an **Option Payment Agreement**) between the holder thereof, the Company and the Buyer, an amount in cash, without interest, with respect to each ordinary share underlying such Vested Option, equal to (x) the Provisional Consideration payable per Transferred Security less (y) EUR 295.68, converted into USD as set forth in the Option Payment Agreement (the **Vested Option Payments**). The amount of cash each holder of a Vested Option is entitled to receive for such Vested Options shall be rounded down to the nearest whole cent, and further will be reduced by any applicable payroll, income tax or other withholding Taxes and paid without interest.

(d) The employee listed in Schedule 1 holds 300 Options, which have vested on July 6, 2021 and have become exercisable as from such date. In the event such employee exercises his Options prior to the Closing Date, all Parties hereby agree that such employee shall adhere to this Agreement in capacity of Employee Seller in order to sell the underlying ordinary shares resulting from the exercise of his Options to the Buyer as part of the Transaction, by entering into a deed of adherence, so that the relevant employee will become a Employee Seller and his ordinary shares be Transferred Securities under this Agreement.

(e) At the Closing Date, each Option that is unvested unexpired, unexercised and outstanding immediately prior to the Closing Date (each, an **Unvested Option**) held by a Continuing Employee (as defined below) shall be terminated and cancelled at the Closing Date pursuant to the terms and conditions of the Option Payment Agreement entered into prior to or on the same date and effective contingent upon Closing, and no Unvested Option shall be substituted with any equivalent option or right to purchase or otherwise acquire any capital stock or other securities of the Buyer. Upon cancellation thereof each Unvested Option shall be converted into and represent the opportunity to receive from Buyer, subject to the execution, no later than on the Closing Date, of an Option Payment Agreement between the holder thereof, the Company and Buyer, an amount in cash from the Buyer, without interest, with respect to each ordinary share underlying such Unvested Option, equal to (x) the Provisional Consideration payable per Transferred Security less (y) EUR 295.68, converted into USD as set forth in the Option Payment Agreement (the **Unvested Option Payments**). The amount of Unvested Option Payments each holder of an Unvested Option who is a Continuing Employee is entitled to receive for such Unvested Option shall be computed after aggregating cash amounts for all Unvested Options held by such holder and then rounded down to the nearest whole cent. The Unvested Option Payments shall be subject to substantially the same restrictions and vesting arrangements that were applicable to such Unvested Options immediately prior to or at the Closing Date as specifically set forth in the Option Payment Agreement. Therefore, the Unvested Option Payments shall not automatically be payable by the Buyer at the Closing Date, and shall instead become payable by the Buyer on the date that such Unvested Options would have become vested and exercisable under the vesting schedule in place for such Unvested Options as set forth in the Option Payment Agreement. The Buyer may in its discretion make all such Unvested Option Payments on the next practicable payroll date after the vesting date (and in all events no later than the 15th day of the calendar month immediately following the calendar month in which such Unvested Option Payment would have become vested under the original vesting schedule), and in its discretion may make such payments through a paying agent authorized by the Buyer to administer such payments on the Buyer's behalf or through the Buyer's (or the HalioDx Inc.'s) payroll system and in accordance with standard payroll practices (including withholding for applicable Taxes). All Unvested Option Payments shall be subject to any required payroll, income tax or other withholding Taxes and shall be paid without interest. No Unvested Option Payment, or right thereto, may be pledged, encumbered, sold, assigned or transferred (including any transfer by operation of law), by any holder, other than the Buyer, or be taken or reached by any legal or equitable process in satisfaction of any liability of such holder, prior to the distribution to such holder of such Unvested Option Payment in accordance with this Agreement.

2. CONSIDERATION

2.1 The Provisional Consideration and the final consideration

(a) Subject to the provisions of Section 2.2, the aggregate purchase price for the transfer of all Transferred Securities (it being specified that the warrants are transferred for free together with the ordinary shares to which they are attached) shall be equal to the product of the Transferred Percentage and:

(i) € 260,000,000 (the **Enterprise Value**),

(ii) plus the Estimated Net Cash Amount,

(iii) minus, if the Target Working Capital Amount exceeds the Estimated Working Capital Amount, the positive difference in excess of € 500,000 between the Target Working Capital Amount and Estimated Working Capital Amount, or plus, if the Estimated Working Capital Amount exceeds the Target Working Capital Amount, the positive difference in excess of € 500,000 between the Estimated Working Capital Amount and the Target Working Capital Amount,

(the resulting amount from sub-paragraphs (i), (ii) and (iii) being referred to hereinafter as the **Provisional Consideration**),

(iv) plus or minus the adjustment set out in paragraph (b)

(v) plus the amount of any unconditional grant or subsidy committed in writing by the *Provence-Alpes-Côte d'Azur* region to the benefit of the Company on or before the Closing date (the **PACA Amount**) to the extent such PACA Amount has been received by the Company after Closing and on or prior the 90th calendar day after Closing

(the Provisional Consideration so adjusted being referred to hereinafter as the **Final Consideration**).

(b) Following Closing, the Provisional Consideration shall be adjusted as follows, provided that the Parties shall comply with the requirements set out in Schedule 5 (Accounting Definitions and Principles) to calculate such adjustments:

(i) there shall be deducted an amount, if any, by which the Estimated Net Cash Amount exceeds the Net Cash Amount; and

(ii) there shall be added an amount, if any, by which the Net Cash Amount exceeds the Estimated Net Cash Amount;

(iii) there shall be deducted, if the Target Working Capital Amount exceeds the Working Capital Amount, the positive difference in excess of € 500,000 between the Target Working Capital Amount and Working Capital Amount, or there shall be added, if the Working Capital Amount exceeds the Target Working Capital Amount, the positive difference in excess of € 500,000 between the Working Capital Amount and the Target Working Capital Amount ; and

(iv) there shall be added the amount, if any, deducted pursuant to Section 2.1(a)(iii), or there shall be deducted the amount, if any, added pursuant to Section 2.1(a)(iii).

The difference between the Final Consideration and the Provisional consideration is hereafter referred to as the **Adjustment Amount**.

(c) Buyer and the Sellers agree to treat the Adjustment Amount as an adjustment to the Provisional Consideration for all Tax purposes except to the extent otherwise required by applicable Laws, and accordingly, the Final Consideration shall, subject to any further adjustment pursuant to Section 11, be adopted for all Tax reporting purposes.

2.2 holdback amount

(a) The Buyer, the Founders and the Estate Vehicles agree that at Closing, Buyer shall retain and holdback from the allocable Cash Portion of the Provisional Consideration due to each Founder and the Estate Vehicles an aggregate amount equal to (the **Holdback Amount**):

M = (0.2*(X + Y) - Y) * PC

Where:

M means the Holdback Amount;

X means the number of Transferred Securities held by the relevant Founder and his/her Estate Vehicle;

Y means the number of Free Shares 2018 held by the relevant Founder;

PC means the Provisional Consideration per Security.

(b) Buyer shall pay to each Founder and his/her Estate Vehicle, as the case may be, their respective Holdback Amount if and when the Second Contingent Consideration in relation to their Free Shares 2018 becomes due and payable under the Put & Call Option Agreement.

(c) Each Founder confirms that: (a) they have received appropriate legal advice in respect of this Agreement; (b) this provision is a negotiated primary (and not secondary) obligation and not a penalty; (c) this provision is justifiable and not unconscionable; and (d) this provision is appropriate to protect the legitimate interest of Buyer and was critical in the value assigned to the Securities.

3. PAYMENT OF THE CONSIDERATION

3.1 Cash and Stock Consideration

(a) The Provisional Consideration shall be paid:

(i) with respect to Founders and Estate Vehicles, 60% in cash and 40% in newly issued Buyer Common Stock on the basis of the Closing Stock Price; and

(ii) with respect to Sellers others than the Founders and Estate Vehicles, 55% in cash and 45% in newly issued Buyer Common Stock on the basis of the Closing Stock Price;

provided that, for each Seller, where the calculation of the above percentages of Provisional Consideration to be received in Buyer Common Stock based on the Closing Stock Price in consideration for his/her/its contributed Transferred Securities do not result in a round number of Buyer Common Stock allocable to such Seller (*e.g.*, 354.4), such numbers of Buyer Common Stock shall be rounded at the immediate less round number (*e.g.*, 354) and the difference (*e.g.*, 0.4) shall be, based on the Closing Stock Price, shall be a lump sum (*soulte*) paid in cash to such Seller.

(b) Notwithstanding the above, at any time from the date hereof but no later than three Business Days prior to Closing, Buyer (in its sole discretion) may elect to increase the portion of the Provisional Consideration being paid in cash (the **Cash Portion**) to all Sellers (and correlatively increase the number of sold Transferred Securities) and conversely to decrease the portion of the Provisional Consideration to be paid in Buyer Common Stock (the **Stock Portion**) to all Sellers (and correlatively decrease the number of contributed Transferred Securities) by delivery of a written notice to the Sellers Representative. For the avoidance of doubt, the Adjustment Amount (subject to the provisions set forth in Section 3.5.3(a)), the Holdback Amount and the Escrow Amount shall be paid in cash.

(c) The portion of Transferred Securities transferred to Buyer in exchange of the Stock Portion qualifies as a contribution in kind (*apport en nature*) of such Transferred Securities to Buyer in consideration for newly issued Buyer Common Stock.

3.2 Escrow Amount

In order to at least partially satisfy the post-Closing payment of the Adjustment Amount by the Sellers pursuant to Section 3.5 hereof and the satisfaction of indemnification claims pursuant to Section 11 hereof, Buyer shall deposit with the Escrow Agent out of the Final Consideration an aggregate amount in cash equal to 10% of the Provisional Consideration which the Sellers other than the Founders and the Estate Vehicles are entitled to (the **Escrow Amount**), such amount to be placed into an escrow account established pursuant to the terms of the Escrow Agreement. The Escrow Amount shall be used and governed by this Agreement and the Escrow Agreement.

3.3 Pre-closing schedule

(a) For the purposes of determining the Provisional Consideration, the Sellers Representative shall provide Buyer no later than seven Business Days prior to Closing a written statement (the **Pre-Closing Schedule**) setting out (i) the Estimated Net Cash Amount and the Estimated Working Capital Amount and the resulting Provisional Consideration, determined in good faith by the Sellers Representative and accompanied by reasonably detailed schedules indicating the calculation; (ii) the number of Transferred Securities held by each Seller and, if relevant, an updated version of Schedule 1; (iii) the allocable percentage of the Final Consideration of each Seller; (iv) the Sellers' Costs; (v) the amount of the Closing Indebtedness to be repaid on the Closing Date pursuant to the payoff letters delivered in accordance with Section 3.4(d), (vi) the Vested Option Payments and Unvested Option Payments on a per person basis; and (vii) a draft funds flow memorandum in form and substance reasonably acceptable to Buyer setting forth payment instructions with respect to each payment to be made on Closing referred to in Section 3.4, including in particular all appropriate information regarding bank accounts of the Sellers and the holders of Vested Options for the purpose of receiving the Closing Payments, the Vested Option Payments and the Adjustment Amount (the **Funds Flow Memorandum**).

(b) Upon receipt of the Pre-Closing Schedule, Buyer shall have the right to notify the Sellers Representative of any observation it may have in good faith in this respect no later than four Business Days prior to the Closing Date, in which case the Sellers Representative and Buyer shall negotiate in good faith any changes to all or part of the Pre-Closing Schedule that may be appropriate (it being specified that, if the Sellers Representative and Buyer are unable to resolve their disagreement, the Pre-Closing Schedule as notified by the Sellers Representative pursuant to Section 3.3(a) shall prevail, all without prejudice to the post-Closing adjustment set forth in Section 3.5). For the avoidance of doubt, Buyer's failure to identify any questions or changes to the Pre-Closing Schedule, including the Provisional Consideration, shall not impact Buyer's rights to prepare the Closing Statement in accordance with Section 3.5.1.

(c) No later than three Business Days prior to Closing, Buyer shall provide the Sellers Representative with (i) the amount of the Closing Stock Price together with the corresponding Bloomberg supporting evidence; (ii) the number of contributed Transferred Securities and the amount of the Stock Portion of the Provisional Consideration; (iii) the number of sold Transferred Securities and the amount of the Cash Portion of the Provisional Consideration; and (iv) the amount of the Escrow Amount (the **Provisional Consideration Schedule**).

(d) No later than one Business Day after receipt of the Provisional Consideration Schedule, the Sellers Representative shall update the Pre-Closing Schedule using the information contained in the Provisional Consideration Schedule and provide Buyer with (i) the allocation of the contributed Transferred Securities, Stock Portion of the Provisional Consideration, sold Transferred Securities and Cash Portion of the Provisional Consideration among the Sellers; (ii) the allocation between the Sellers other than the Founders and the Estate Vehicles of the Escrow Amount to be deposited with the Escrow Agent on the Closing Date, and (iii) the final Funds Flow Memorandum.

(e) It is expressly agreed that the Sellers shall be solely responsible for the determination of the allocation of the Provisional Consideration per category of Transferred Securities and among the Sellers, and no liability whatsoever shall inure to Buyer or any of its respective Affiliates in respect of such determination and allocation.

3.4 Closing payments

At Closing, upon the terms and subject to the conditions set forth in this Agreement:

(a) Closing Payment In Cash to the Sellers. Buyer shall pay to the Sellers the Cash Portion of the Provisional Consideration less the Escrow Amount, less Holdback Amount, less the Sellers' Costs (the **Closing Payment In Cash**), to the Sellers in the proportion for each Seller set out in the updated Pre-Closing Schedule and to the bank accounts specified in the Funds Flow Memorandum;

(b) Closing Payment In Stock to the Sellers. Buyer shall deliver or cause to be delivered evidence of the book-entry notations representing a number of shares of Buyer Common Stock equal to the Stock Portion of the Provisional Consideration (the **Closing Payment In Stock**, together with the Closing Payment in Cash, the **Closing Payments**), to the Sellers in the proportion for each Seller set out in the updated Pre-Closing Schedule;

(c) Payment into the Escrow Account. Buyer shall deposit the Escrow Amount with the Escrow Agent to be placed into the Escrow Account.

(d) Payment of Closing Indebtedness. At Closing, Buyer shall pay, on behalf of the Company or the Subsidiary as applicable, any Indebtedness for borrowed money referred to in limbs (a) and (b) of the definition of Indebtedness that is incurred but unpaid as of the Closing and for which the Management Sellers have delivered to Buyer a payoff letter from the relevant creditor setting forth all amounts (in principal, interest, commissions, fees and accessories) due by the Company or the Subsidiary, as applicable, including, without limitation, all breakage costs or additional costs or penalties due in connection with the early repayment of such Indebtedness (the **Closing Indebtedness**), by wire transfer of immediately available funds to the bank account(s) specified in the relevant payoff letters and Funds Flow Memorandum (for the avoidance of doubt, the Closing Indebtedness shall not be deducted from the Closing Payment In Cash to be paid to the Sellers to the extent such amounts have been included in the Net Cash Amount, including the Estimated Net Cash Amount used to calculate the Provisional Consideration).

(e) Payment of Sellers' Costs. Buyer shall pay in cash the Sellers' Costs to the advisors identified in the Pre-Closing Schedule, in the proportion for each advisor set out in the updated Pre-Closing Schedule and to the bank accounts specified in the Funds Flow Memorandum.

(f) Payment to the holders of Vested Options. Buyer shall pay in cash to the Subsidiary an amount in cash per Vested Option equal to the Vested Option Payment payable to each holder of Vested Options having executed the Option Payment Agreement to the Subsidiary bank account specified in the Funds Flow Memorandum.

(g) PACA Amount. Buyer shall deposit on the Closing Date the PACA Amount with the Escrow Agent or such other escrow agent to be jointly designated by the Sellers Representative and Buyer to be placed into escrow and released in accordance with the provisions of Section 3.7 hereof and the corresponding escrow arrangements.

3.5 Payment of the Adjustment Amount

3.5.1 Closing Statement

(a) No later than 90 calendar days following the Closing Date, Buyer shall prepare and deliver to the Sellers Representative an unaudited statement (the **Closing Statement**) setting forth Buyer's good faith calculation of each of the (A) the Working Capital Amount and (B) the Net Cash Amount, including an explanation as to how such Working Capital Amount and Net Cash Amount have been calculated, along with Buyer's calculation of the Final Consideration and the Adjustment Amount (if any).

(b) If the Buyer fails to prepare and deliver to the Sellers Representative the Closing Statement within the 90 calendar days period provided for in Section 3.5.1(a) and if such failure has not been remedied within ten (10) Business Days following a formal notice to do so sent by the Sellers Representative, the Sellers Representative shall have the right to decide either: (i) that the post-Closing adjustment set forth in this Section shall not apply and that the Provisional Consideration shall be final and binding upon the Parties or (ii) cause the Third Party Expert to come up with its own determination of the Net Cash Amount and Working Capital Amount, prepared in accordance with the terms of this Agreement including the Accounting Definitions and Principles set forth in Schedule 5; provided however that the provisions of this paragraph 3.5.1(b) shall not apply if the failure to timely submit the Closing Statement is due to facts or circumstances that are beyond the Buyer's control or that qualify as *force majeure*. For the avoidance of doubt, the provisions of Section 3.5.2(b) relating to the mission of the Third Party Expert shall apply to the Third Party Expert appointed pursuant to this paragraph.

3.5.2 Disputed Adjustment Amount

(a) If the Sellers Representative disagrees with the Adjustment Amount, the Sellers Representative shall notify Buyer of such disagreement in writing specifying in reasonable detail the particulars of such disagreement with reconciliation with the Closing Statement within 30 Business Days after the Sellers Representative's receipt of the Closing Statement (a **Notice of Disagreement**). In order to enable the Sellers Representative to review the Closing Statement and determine whether it agrees or disagrees with such Closing Statement, the Buyer shall procure that all books and records relating to the Group Companies used in the preparation of the Closing Statement are made available to the Sellers Representative and to its advisors during normal office working hours as the Sellers Representative may reasonably request to the extent such access does not interfere with the normal course of the business. If the Sellers Representative fails to provide a Notice of Disagreement within such time period, then the Final Consideration as set out in the Closing Statement shall be final and binding on the Parties and the Closing Statement shall be the Final Closing Statement.

(b) Buyer and the Sellers Representative shall use their reasonable efforts for a period of 15 Business Days after the Sellers Representative's delivery of the Notice of Disagreement (or such longer period as Buyer and the Sellers Representative shall mutually agree upon) to resolve any disagreements raised by the Sellers Representative with respect to the calculation of the Adjustment Amount. If, at the end of such period, Buyer and the Sellers Representative are unable to resolve such disagreements, Buyer and/or the Sellers Representative can refer the disagreement to the Third Party Expert. The Third Party Expert will consider only those items and amounts that Buyer and the Sellers Representative are unable to resolve (except in the case it has been appointed pursuant to Section 3.5.1(b)) and shall comply with the terms and definitions of this Agreement, including the Accounting Definitions and Principles set forth in Schedule 5. The Buyer shall procure that all books and records relating to the Group Companies are made available to the Third Party Expert during normal office working hours and, more generally, the Buyer and the Sellers shall reasonably assist and cooperate with the Third Party Expert with regard to its mission. The Third Party Expert shall comply with the adversarial principle and shall in particular (x) give the Sellers Representative and the Buyer a reasonable opportunity to provide written and oral submissions to it, (y) require that the Sellers Representative and the Buyer provide to each other a copy of any written submissions at the same time as they are made to the Third Party Expert, and (z) allow the Sellers Representative and the Buyer to be present while oral submissions are being made by other. The determination by such Third Party Expert shall be final, binding and conclusive on the Parties save in the event of a manifest error. Buyer and the Sellers Representative shall use their reasonable efforts to cause the Third Party Expert to make its determination within 30 Business Days of accepting its selection. The fees and expenses of the Third Party Expert shall be borne equally by Buyer and the Sellers (except in the case it has been appointed pursuant to Section 3.5.1(b), in which case, its fees and expenses shall be borne in full by the Buyer).

(c) Any determination under paragraph (b) above shall be deemed to be incorporated into the Closing Statement and, as adjusted by the alteration so determined (if any), shall constitute the **Final Closing Statement** for the purposes hereof.

(d) The Third Party Expert shall act as independent appraiser in accordance with the provisions of Clause 1592 of the French Civil Code.

3.5.3 Distribution of the Adjustment Amount

(a) Within seven Business Days as from the day on which the Final Closing Statement is issued in accordance with Section 3.5.2:

(i) if the Provisional Consideration exceeds the Final Consideration, then Buyer shall instruct the Escrow Agent to release a portion of the Escrow Amount corresponding to the portion of the Adjustment Amount allocable to the Sellers other than the Founders and the Estate Vehicles from the Escrow Account to Buyer on the basis of the Final Closing Statement, and if the Escrow Amount which is available to satisfy such portion of the adjustment to the Provisional Consideration is not sufficient, then the Sellers other than the Founders and the Estate Vehicles shall pay by wire transfer to Buyer's Bank Account the remaining unpaid portion of the Adjustment Amount allocable to the Sellers other than the Founders and the Estate Vehicles;

(ii) if the Final Consideration exceeds the Provisional Consideration, then Buyer shall pay the Adjustment Amount to the Sellers in the proportions set out for each of them in the updated Pre-Closing Schedule.

The share of the Adjustment Amount allocable to the Sellers other than the Management Sellers and the Employee Sellers shall be paid exclusively in cash, to the bank accounts specified in the Funds Flow Memorandum.

The share of the Adjustment Amount allocable to the Founders and the Estate Vehicles shall be paid in cash, up to 60% of its amount, to the bank accounts specified in the Funds Flow Memorandum, and in newly issued Buyer Common Stock, up to 40% of its amount, on the basis of the Price Adjustment Stock Price, provided that the provisions of the last paragraph of Section 3.1(a) shall apply *mutatis mutandis*.

The share of the Adjustment Amount allocable to the Employee Sellers and Management Sellers other than the Founders and the Estate Vehicles shall be paid in cash, up to 55% of its amount, to the bank accounts specified in the Funds Flow Memorandum, and in newly issued Buyer Common Stock, up to 45% of its amount, on the basis of the Price Adjustment Stock Price, provided that the provisions of the last paragraph of Section 3.1(a) shall apply *mutatis mutandis*.

3.6 Release of the Escrow Amount

On the date falling 18 months after the Closing Date (the **Release Date**), Buyer and the Sellers Representative shall instruct the Escrow Agent to distribute to the Sellers the amount credited to the Escrow Account on that date less (a) an amount equal to the Additional Tax Cap (as defined below) and (b) the amount that would be reasonably necessary in Buyer's good faith estimate to satisfy any pending indemnification Claim (including any Claim made in connection with a breach of the Tax Warranties prior to the Release Date) specified in any Claim Notice delivered to the Sellers Representative prior to the Release Date, in which case, within 15 Business Days following the final resolution of the corresponding indemnification Claims, Buyer and the Sellers Representative will instruct the Escrow Agent to distribute to the Sellers the corresponding portion of the remaining Escrow Amount, all in accordance with the provisions of the Escrow Agreement; it being further specified that, at the end of the 3-year period after the Closing Date, the amount of the Additional Tax Cap credited to the Escrow Account on that date shall be released to the Sellers (less the amount that would be reasonably necessary in Buyer's good faith estimate to satisfy any pending indemnification Claim made in connection with a breach of the Tax Warranties specified in any Claim Notice delivered to the Sellers Representative between the Release Date and that date, in which case, within 15 Business Days following the final resolution of the corresponding indemnification Claims, Buyer and the Sellers Representative will instruct the Escrow Agent to distribute to the Sellers the corresponding portion of the remaining Escrow Amount, all in accordance with the provisions of the Escrow Agreement).

3.7 Payment of the PACA Loan

(a) If and to the extent the PACA Amount has been received by the Company on or prior to the 90th calendar day after Closing, then Buyer will direct the Escrow Agent to pay the same amount to the Sellers in accordance with their respective *pro rata* portion of Transferred Securities as set out in Exhibit D. If and to the extent the PACA Amount has not been received by the Company on or prior to the 90th calendar day after Closing, Buyer will direct the Escrow Agent to release the PACA Amount to an account designated by Buyer.

3.8 Withholding

Buyer and the Escrow Agent shall be entitled to deduct and withhold from payments in cash or in kind due by them under this Agreement to any person, such amounts in cash or shares as Buyer or the Escrow Agent is required to deduct and withhold with respect to any such payments under any applicable Tax law or regulation. Any amount deducted or withheld in accordance therewith shall be treated for all purposes of this Agreement as having been delivered, paid or issued, as applicable, to such person in respect of which such deduction and withholding was made.

4. CONDITIONS TO CLOSING

The Conditions shall have no retroactive effect.

4.1 Conditions to the obligations of all Parties

Closing shall be subject to the following conditions being satisfied by the Long Stop Date:

(a) Listing. To the extent shares of Buyer Common Stock are included as part of the Final Consideration hereunder, the shares of Buyer Common Stock to be issued pursuant to this Agreement shall have been approved for listing (subject to official notice of issuance) on Nasdaq.

(b) Illegality. No enforceable order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of the Transaction on the terms contemplated herein shall be in effect, and no lawsuit shall have been filed by any Authority in a court of competent jurisdiction seeking any of the foregoing, and no applicable Law or order shall have been enacted, entered, enforced or deemed applicable to the Transaction that makes the consummation of the Transaction illegal.

(c) Foreign Investment Authorization. The Foreign Investment Authorization shall have been obtained and shall be in full force and effect.

4.2 Conditions to the obligations of Buyer

The obligations of Buyer to consummate the Transaction under this Agreement are further subject to the following conditions being satisfied (or waived in accordance with Section 4.3(d)) by the Long Stop Date:

(a) Representations and Warranties.

The Fundamental Warranties shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date with the same force and effect as if made on and as of such date, except, in each case, (x) for such inaccuracies which are *de minimis*, individually or in the aggregate or (y) for those representations and warranties which address matters only as of a particular date (which representations and warranties shall have been true and correct in all respects, subject to the qualifications as set forth in the preceding clause (x), as of such particular date).

(b) Employees. 100% of the Founders and Jérôme Galon and at least 80% of the Key Employees shall have remained continuously employed from the date of this Agreement through Closing, and Aurélie Catteau has executed her Employment Agreement Amendments substantially in the form set forth in Schedule 6.4(a).

(c) Termination of the Company 401(k) Plan. Effective as of the day immediately preceding the Closing Date and contingent upon Closing, the Group Companies shall terminate any employee plan that is intended to constitute a 401(k) arrangement (the **Company 401(k) Plan**) (unless Buyer provides written notice to the Company no later than five Business Days prior to the Closing Date that such Company 401(k) Plan shall not be terminated). The Group Companies shall provide Buyer with evidence that such Company 401(k) Plan has been terminated pursuant to resolutions of the applicable Group Company's Board or any applicable committee thereof. The form and substance of such resolutions shall be subject to review and reasonable approval by Buyer. The Group Companies also shall take such other actions in furtherance of terminating such Company 401(k) Plan as Buyer may reasonably require. In the event that termination of the Company's 401(k) Plan would reasonably be anticipated to trigger liquidation charges, surrender charges or other fees then the Group Companies shall take such actions as are necessary to reasonably

estimate the amount of such charges and/or fees and provide such estimate in writing to Buyer no later than 10 Business Days prior to the Closing Date. If the Company 401(k) Plan is terminated pursuant to this Section 4.2(c), then as soon as practicable following the Closing, Buyer shall permit all Continuing Employees who were eligible to participate in the Company 401(k) Plan immediately prior to the 401(k) termination to participate in Buyer's 401(k) plan and shall permit each such Continuing Employee to elect to transfer his or her account balance when distributed from the terminated Company 401(k) Plan to Buyer's 401(k) plan.

4.3 Cooperation

(a) General principle. The Sellers and Buyer shall use all reasonable endeavours (so far as lies within their respective powers), at their own cost, to procure that the Conditions are satisfied as soon as practicable and in any event no later than the Long Stop Date, and shall not, and shall procure that none of their respective Affiliates or Representatives shall take any action that could reasonably be expected to adversely affect the satisfaction of the Conditions. Each Party shall bear its own costs and expenses incurred in relation to the satisfaction of the Conditions.

(b) Upon any Party becoming aware that any of the Conditions have been satisfied, it shall promptly within two Business Days notify the other Parties of the satisfaction of such Condition. If at any time any Party becomes aware of any event, circumstance or condition that would be reasonably likely to prevent a Condition being satisfied it shall forthwith inform the other Parties.

(c) Foreign Investment Authorization. Buyer shall use its reasonable endeavours to obtain the Foreign Investment Authorization as soon as practicable and in any event no later than the Long Stop Date, and shall make, no later than fifteen (15) Business Days after the date hereof, all notifications and filings necessary to obtain the Foreign Investment Authorization, provided however that the Management Sellers agree, and have caused the Company and its Subsidiary to reasonably cooperate and provide as soon as possible following the date of this Agreement and upon Buyer's request all information, documents, data and other information which, based on Buyer's reasonable assessment, are required in order to prepare, submit, modify and supplement filings, notices or to respond to inquiries received in connection with, or to comply with any other necessary submissions with respect to, obtaining the Foreign Investment Authorization. The Buyer agrees with the Sellers to (x) provide the Sellers Representative with the reasonable opportunity to review and provide comments on drafts of any notifications, submissions and responses in relation to the Foreign Investment Authorization, (y) promptly send to the Sellers Representative all material notifications, submissions, responses and communications in relation thereto and (z) not participate in any meeting with the French Ministry of Economy without giving in advance the Sellers Representative the opportunity to attend such meeting (to the extent acceptable by the French Ministry of Economy), all to the extent only that to do so is reasonably practicable and would not entail the disclosure of commercially sensitive information or non-public material information of Buyer and its Affiliates.

(d) Waiver. Buyer may, to such extent as it thinks fit and is legally entitled to do so, waive the Conditions set out in Section 4.2 in whole or in part, by written notice to the Sellers Representative.

5. TERMINATION

5.1 Termination

(a) At any time prior to the Closing, this Agreement may be terminated:

(i) by mutual written consent of Buyer and the Sellers Representative on behalf of the Sellers;

(ii) by either Buyer or the Sellers, by written notice to the other, if after the date of this Agreement any Authority having competent jurisdiction shall have issued any order, decree or judgment that permanently prohibits or makes illegal the Closing, provided that such order, decree or judgment shall have become final and non-appealable;

(iii) by Buyer, by written notice to the Sellers Representative, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Sellers set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 4.2(a) not be satisfied, and such breaches have not been cured within 20 days after written notice thereof has been received by the Sellers Representative or are incapable of being cured by the Long Stop Date; and

(iv) by either Buyer or the Sellers Representative, by written notice to the other, if any of the Conditions set out in Section 4.1 are not satisfied by the Long Stop Date; it being specified that if the Foreign Investment Authorization is not obtained (for any reason whatsoever) or if the Condition set forth in Section 4.1(a) is not fulfilled on or prior the Long Stop Date, the Buyer shall pay on demand to the Sellers a break-up fee of 1,000,000 euros (the **Break Up Fee**), within five (5) Business Days following the receipt of the written notice delivered pursuant to this paragraph, in the proportion for each Seller set out in the updated Pre-Closing Schedule and to the bank accounts specified in the Funds Flow Memorandum. The Buyer acknowledges that the Break-Up Fee is not a penalty (*clause pénale*), and hereby waives any claim in connection with the amount thereof. The Break-Up Fee shall be due without prejudice to any other rights or remedies that the Sellers may have against Buyer with respect to any breach by the Buyer under this Agreement.

5.2 Effect of Termination

In the event of termination of this Agreement in accordance with this Section 5, this Agreement shall cease to have effect immediately except for the provisions of Sections 13, 14, 21, 22, and 24 and neither Party shall have any claim against any other Party, save for any claim arising from a breach of any of the undertakings under Section 4.

6. PRE-CLOSING COVENANTS

6.1 Conduct of Business up to Completion

(a) Conduct of business. Except to the extent expressly provided otherwise herein, required to comply with applicable Laws or as consented to in writing by Buyer, during the period from the date of this Agreement until the Closing Date, the Sellers, each within the limits of its respective power and authority within the Company, shall, and shall procure that each Group Company:

(i) conduct the Business in the ordinary course of business (except to the extent expressly provided otherwise herein or disclosed in Schedule 6.1 or as consented to in writing by Buyer);

(ii) (i) pay and perform all of its undisputed debts and other obligations (including Taxes and accounts payable) in the ordinary course of business, (ii) use commercially reasonable efforts, consistent with past practice and policies, to collect accounts receivable and not extend credit outside of the ordinary course of business, (iii) manage its cash assets and working capital (including the timing of collection of accounts receivable and of the payment of accounts payable and the management of inventory) in the ordinary course of business, (iv) sell the Company's products and services consistent with past practice as to discounting, license, incentive programs, reimbursement and revenue recognition and other terms, and (v) use its commercially reasonable efforts to preserve intact its present business organizations, keep available the services of its present officers and employees and preserve its relationships with customers, suppliers, distributors, licensors, licensees, and others having business dealings with it, to the end that its goodwill and ongoing businesses shall be unimpaired at the Closing;

(iii) assure that each of its Contracts (other than with Buyer) entered into after the date of this Agreement will not require the procurement of any consent, waiver or novation or provide for any change in the obligations of any Party thereto in connection with, or terminate as a result of the consummation of, the Transaction, and shall give reasonable advance notice to Buyer prior to allowing any Material Contract or right thereunder to lapse or terminate by its terms;

(iv) maintain each of its leased premises in accordance with the terms of the applicable lease;

(v) to the extent not otherwise required by this Section 6.1, promptly notify Buyer of (i) any change, occurrence or event not in the ordinary course of business, (ii) any change, occurrence or event that, individually or in the aggregate with any other changes, occurrences and events, results in, or would reasonably be expected to result in, a material breach by the Sellers of any of the Warranties or any of their respective covenants set forth in this Agreement, (iii) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the Transaction, or (iv) any failure to comply with or satisfy in any material respect any covenant, condition or agreement that, individually or in the aggregate with any other failure, would reasonably be expected to cause any of the applicable conditions to the Closing set forth in Section 4 not to be satisfied by the Long Stop Date, provided that, notwithstanding anything herein to the contrary, any failure of the Sellers to provide notice pursuant to this paragraph (vi) shall not constitute a breach of this Agreement.

(b) Restrictions on Conduct of Business. Without limiting the generality of the foregoing, and except (x) as otherwise expressly permitted under this Agreement or disclosed in Schedule 6.1, (y) with the prior written consent of Buyer or (z) as immediately required to comply with applicable Laws or any Authority based on outside counsel's written opinion made available to the Buyer no later than 5 days before the decision is made, the Sellers, each within the limits of its respective power and authority within the Company, shall from the date of this Agreement until the Closing:

(i) not create any Encumbrance over, or sell or dispose of, the Securities or any interest in any share or loan capital or other security of any of the Group Companies;

(ii) procure that none of the Group Companies:

(A) creates, allots, issues, redeems or repurchases any share, loan capital or other security or grants any options over, or any other right in respect of, any share, loan capital or other security;

(B) enters into any transaction with any member of the Sellers Group;

(C) declares, makes or pays a dividend or other distribution (whether in cash, stock or in kind) or makes any reduction of its paid-up share capital, except to another Group Company

(D) approve a winding-up, merger, split-up, contribution or sale of any Group Company's business as a whole or of any of its divisions (*branche d'activité*) where such transaction involves a Third Party (other than any Group Company)

(E) increases its working capital requirement other than (i) in the ordinary and customary course of business and (ii) in accordance with past practices and applicable regulations;

(F) pays or agrees to pay fees and expenses to its advisors, the Sellers or the Sellers' advisors in connection with the Closing;

(G) creates, grants, issues or varies any Encumbrance over its shares, assets or undertaking (excluding any Encumbrances created, granted or issued by the Group Companies pursuant to or under the Indebtedness);

(H) makes any alteration to its Organizational Documents except for technical amendments;

(I) makes any changes to its accounting procedures or principles by reference to which its accounts are prepared or its accounting reference date (except as required by Laws);

(J) incurs any capital expenditure in excess of an aggregate amount equal to €200,000 or any capital expenditure on any individual item in excess of €100,000;

(K) borrows any money (other than by bank overdraft or similar facility in the ordinary course of business and within limits subsisting at the date of the Agreement) or enters into any foreign exchange contracts, interest rate swaps or other derivative instruments;

(L) enters into any joint venture, partnership or agreement or arrangement for the sharing of profits or assets;

(M) acquires (whether by one transaction of by a series of transactions) the whole, or a substantial or material part of the business, undertaking or assets of any other person;

(N) disposes of (whether by one transaction or by a series of transactions) the whole or any substantial or material part of its business, undertaking or any other of its material assets;

(O) enters into, makes a bid, proposal or offer likely to lead to, modifies or terminates any Material Contract;

(P) enters into or permit any amendment, supplement or waiver or other modification in respect to any loan or other financial facilities granted to a Group Company (except form another Group Company);

(Q) enters into any financial lease, lease hire or hire purchase agreement or agreement for payment on deferred terms, other than in the ordinary course of business;

(R) institutes, engages in or settles any legal proceedings (except in respect of debt collection in the ordinary course of business) for an amount greater than €75,000;

(S) does not modify or request the modification of any authorization or permits required for the conduct of its business as currently conducted, for its financing needs or for the holding and use of its assets, as currently held or used except in the ordinary course of business and consistent with past practices;

(T) engages or employs or makes any offer to employ any new persons other than those listed in Schedule 6.1 or to replace current employees on substantially the same terms;

(U) takes any steps, directly or indirectly, to terminate the contract of employment of any employee or corporate officer with an annual gross fixed compensation exceeding €120,000, or induce or attempt to induce any such employee and/or corporate officer to terminate his employment, other than for gross misconduct;

(V) makes any changes (other than those required by Law or the terms of an Employee Benefit Plan) to the terms and conditions of employment (including the provision of any contractual or non-contractual benefits) of directors, officers or any of the Key Employee of the Group (including the provision of any contractual or non-contractual benefits);

(W) makes any changes (other than those required by Law or the terms of an Employee Benefit Plan) to the terms and conditions of employment (including the provision of any contractual or non-contractual benefits) of employees other than directors and officers of the Group (including granting any increase in compensation, new options or other entitlements under existing schemes or benefits) where individually the total gross salary costs would be increased by 5%, and where the total gross salary costs of the Group would be increased in aggregate by 1%;

(X) enters into any collective agreement with respect to the workforce of the Group; or

(Y) enters into any agreement or arrangement (whether in writing or otherwise) to do any of the foregoing or allow or permit any of the foregoing.

(c) Subject to compliance with competition Laws during the period from the date hereof, and continuing until the earlier of the termination of this Agreement and the Closing Date, the Sellers, each within the limits of its respective power and authority within the Company, shall procure that each Group Company allows Buyer and its Representatives (as well as its and their advisors), upon reasonable notice and during working hours, access to its books and records, other than materials subject to any confidentiality restrictions in favour of Third-Party, and to the properties and the Group's management, where such access is reasonably required by Buyer for the purposes

of the consummation of the Transaction and the actions contemplated by the Transaction Documents, provided that the Group Companies (and their management and employees) shall not be required to provide any access or disclose any information to the Buyer if such access or disclosure, would, in the Sellers Representative's sole discretion, acting reasonably:

(i) cause material harm to the Group Companies if the transactions contemplated under this Agreement are not consummated;

(ii) jeopardize any attorney-client or other legal privilege;

(iii) contravene any applicable Law; or

(iv) interfere unreasonably with the conduct of the business of the Group Companies.

(d) Subject to compliance with competition Laws, during the period from the date hereof and continuing until the earlier of the termination of this Agreement and the Closing Date, the Company shall confer from time to time as reasonably requested by Buyer with one or more Representatives of Buyer to discuss any material changes or developments in the operational matters of the Company and the Subsidiary and the general status of the ongoing Business.

(e) If at any time prior to or at Closing any Seller, any member of the Sellers' Group or any of the Group Companies becomes aware that any of the matters set out in paragraph (b) above has occurred, or there is a reasonable expectation that any of such matters might occur, the Management Sellers shall promptly (i) notify Buyer in sufficient detail to enable Buyer to make an accurate assessment of the situation (and for the avoidance of doubt, the delivery of such notice shall not limit or otherwise affect the remedies available to Buyer), and (ii) if requested by Buyer, use its reasonable endeavours to procure that the notified occurrence is prevented or remedied.

(f) For the purpose of any consent which shall be requested from Buyer pursuant to this Clause, it is specifically agreed that:

(i) Buyer hereby designates Brent Vetter who shall have full capacity and right to give any such consents on behalf of Buyer during the term of this Agreement;

(ii) the Sellers hereby designate Stéphane Debono who shall have full capacity and right to represent the Sellers in relation thereto and in particular, for the purposes of sending and receiving any notice to be made pursuant to this Clause;

(iii) if, at the end of a period of five Business Days from the receipt by Buyer of any such request for consent, Buyer has not notified Stéphane Debono of its objection to the proposed action, Buyer shall be deemed to have consented to such proposed action; and

(iv) any such consent shall not be unreasonably withheld or delayed by Buyer, taking into consideration the interest of the Group Companies.

6.2 third-party consents

(a) The Management Sellers shall, each within the limits of its respective power and authority, use their commercially reasonable efforts (which shall not require the Company or the Subsidiary to grant any material concession or make any material payment to any person or be under any obligation which may compromise any right, asset or benefit or to pay any amount or incur any liability in seeking such consents) to obtain, as soon as practicable prior to Closing, and deliver to Buyer at or prior to Closing, all consents, waivers or approvals required under each Material Contracts to be listed in Schedule 20 (*Material Contracts*) and any Contract entered into after the date of this Agreement that would have been required to be listed Schedule 20 (*Material*

Contracts) if entered into prior to the date of this Agreement, in order to ensure that such Material Contracts will continue in force on the same terms and conditions further to Closing.

(b) The Management Sellers shall keep Buyer regularly informed of the status of the negotiation with INSERM *(Institut National de la Santé et de la Recherche Médicale*) in connection with the agreements currently in force within the Group, and of any material issues arising therefrom, and to take into account in good faith any reasonable comments that Buyer may make in this respect.

6.3 No Solicitation

(a) During the period from the date hereof and continuing until the earlier of the termination of this Agreement and the Closing Date, each of the Sellers and the Company shall not, and shall not authorize or permit the Subsidiary or any of their respective Representatives to, directly or indirectly, (i) solicit, initiate, seek, entertain, knowingly encourage, facilitate, support or induce the making, submission or announcement of any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (ii) enter into, participate in, maintain or continue any communications (except solely to provide written notice as to the existence of these provisions) or negotiations regarding, or deliver or make available to any person any non-public information with respect to, or take any other action regarding, any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (iii) agree to, accept, approve, endorse or recommend (or publicly propose or announce any intention or desire to agree to, accept, approve, endorse or recommend) any Acquisition Proposal, (iv) enter into any letter of intent or any other Contract contemplating or otherwise relating to, or that would reasonably be expected to lead to, any Acquisition Proposal, (v) submit any Acquisition Proposal to the vote of any holder of Securities or (vi) enter into any other transaction or series of transactions not in the ordinary course of business, the consummation of which would impede, interfere with, prevent or delay, or would reasonably be expected to impede, interfere with, prevent or delay, the consummation of the Transaction. The Company shall, and shall cause the Subsidiary and their respective Representatives to, (A) immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any persons conducted prior to or on the date of this Agreement with respect to any Acquisition Proposal and (B) immediately revoke or withdraw access of any person (other than Buyer and its Representatives) to any data room (virtual or actual) containing any non-public information with respect to the Company or the Subsidiary in connection with an Acquisition Proposal and request from each person (other than Buyer and its Representatives) the prompt return or destruction of all non-public information with respect to the Company or the Subsidiary previously provided to such person in connection with an Acquisition Proposal.

(b) The Sellers Representative and/or the Company shall as soon as practicable notify Buyer orally and in writing after receipt by any Seller or the Company or the Subsidiary (or, to the knowledge of the Sellers Representative and/or the Company, by any of the Sellers', the Company's or the Subsidiary' Representatives) of: (i) any Acquisition Proposal, (ii) any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (iii) any other notice that any person is considering making an Acquisition Proposal or (iv) any request for non-public information relating to the Company or the Subsidiary or for access to any of the properties, books or records of the Company or the Subsidiary by any person or persons other than Buyer and its Representatives. Such notice shall describe, to the extent not confidential, (A) the material terms and conditions of such Acquisition Proposal, inquiry, expression of interest, proposal, offer, notice or request and (B) the identity of the person or group of persons making any such Acquisition Proposal, inquiry, expression of interest, proposal, offer, notice or request. The Sellers Representative and/or the Company shall keep Buyer promptly and fully informed, to the extent not confidential, of the status and details of, and any modification to, any such inquiry, expression of interest, proposal or offer and any

correspondence or communications related thereto and shall provide to Buyer a true, correct and complete copy of such inquiry, expression of interest, proposal or offer and any amendments, correspondence and communications related thereto, if it is in writing.

6.4 Employees

(a) Between the date hereof and the Closing Date, the Management Sellers shall use reasonable efforts to cause the Key Employees listed on Schedule 6.4 and the employees who are not Key Employees listed in Schedule 6.4 to execute amendment(s) to their employment contract (together the **Employment Agreement Amendments**), in each case substantially in the form set forth in Schedule 6.4(a).

(b) Between the date hereof and the Closing Date, the Management Sellers shall use reasonable efforts to cause the Continuing Employees to execute confirmatory assignments of Intellectual Property (the **US IP Assignment Agreements**), substantially in the form set forth in Schedule 6.4(b).

7. CLOSING

7.1 date and place of Closing

(a) Subject to Section 5, Closing shall take place remotely via exchange of documents and signatures (provided however that the up to date *registre de mouvements de titres* and *comptes d'actionnaires* will be physically handed over to Buyer's counsel in Paris).

(b) Subject to Section 5, Closing shall take place (i) on the first Business Day of the calendar month immediately following the calendar month during which the Conditions are all satisfied or waived in accordance with Section 4; provided further that if there are less than seven (7) Business Days remaining in the calendar month when the Conditions are all satisfied or waived in accordance with Section 4, then the Closing will occur on the first Business Day in the next following calendar month or (ii) at such other place and time as the Buyer and the Sellers Representative may agree (the **Closing Date**).

7.2 Deliveries at closing

7.2.1 Deliveries by the Sellers

(a) At Closing, the Sellers Representative shall deliver to Buyer or procure the delivery to Buyer of:

(i) originals of the up to date share transfer registers (*registre de mouvements de titres*), together with the up to date securityholder's individual accounts (*comptes individuels d'actionnaires*) for the Company, with entries made to record the transfer of the Transferred Securities to Buyer, free and clear of all Encumbrances, as of the Closing Date;

(ii) a share transfer form (*ordre de mouvement*) in respect of the Transferred Securities set forth against the name of each Seller in Schedule 1 into the name of Buyer, duly executed by the relevant Seller;

(iii) in respect of the Company and the Subsidiary, the resignation of each director or corporate officer or legal representative of such Group Company as listed in Schedule 7.2.1(a)(iii), it being specified that such resignation shall take effect unconditionally on Closing, shall include an irrevocable waiver by the relevant director or corporate officer or legal representative of any claim against the Group Companies in respect of their position and shall be in the Agreed Form set out in Schedule 6;

(iv) a written statement substantially in the form set out in Schedule 7 confirming that, on the Closing Date, the Sellers have no outstanding claims against any Group Company or any of their directors, corporate officers, legal representatives or employees and irrevocably waive any claims they may have against them following Closing, it being specified that such statement of release does not apply to any salary or other employment-related payments due to any Seller in their capacity as directors, corporate officers or employees of any Group Company;

(v) an original copy of the Escrow Agreement duly executed by the Sellers as provided in Section 3.2;

(vi) an original copy of the amendment of the Free Share 2018 Plan, the Amended SSHA, the Put Option and the Put & Call Option Agreement duly executed by the relevant holders of Free Shares 2018;

(vii) an original copy of the Employment Agreement Amendments duly executed by the Founders and those of the Key Employees who will have executed such Employment Agreement Amendment as referred to in Section 6.4(a);

(viii) copies of executed payoff letters referred to in Section 3.4(d) relating to any Indebtedness for borrowed money referred to in limbs (a) and (b) of the definition of Indebtedness outstanding as of immediately prior to Closing, it being specified that at Closing, the amount of any Closing Indebtedness shall be repaid by Buyer in accordance with Section 3.4(d);

(ix) in relation to any Encumbrances to which the Company or any of the Group Companies is a party in connection with the Closing Indebtedness repaid at Closing and any Encumbrances relating to the Securities to which any person is a party and any instruments and any covenants connected therewith a discharge or release in Agreed Form;

(x) all documentation and information reasonably required to comply with the Anti-Corruption Laws and the Anti-Money Laundering Laws requested by the Buyer reasonably in advance;

(xi) a copy of the resolutions as are referred to in paragraph (b);

(xii) an original copy of the Option Payment Agreement duly executed by each holder of Options listed in Schedule 1, Buyer and the Company; and

(xiii) evidence that prior notice has been given to the relevant landlord in accordance with the provisions of the lease agreement(s) listed in Schedule 20 (*Material Contracts*); and

(xiv) evidence of the termination of the contracts referred to in Schedule 10 and repayment of Galon's Debt.

(b) At Closing the Sellers shall procure that board resolutions and resolutions of the supervisory board and/or shareholders resolutions, where required of each Group Company in connection with the

change of name if requested and chosen by Buyer at least ten (10) Business Days prior to the Closing Date, or the appointment of any director of such Group Company as from the Closing Date if requested and designated by the Buyer at least ten (10) Business Days prior to the Closing Date.

7.2.2 Deliveries by Buyer

(a) At Closing Buyer shall:

(i) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer orders corresponding to the Closing Payment In Cash in accordance with Section 3.4,

(ii) deliver or cause to be delivered to each Seller evidence of book-entry notations representing a number of shares of Buyer Common Stock equal to the portion of the Closing Payment in Stock to which each Seller is entitled hereunder, in each case as applicable in accordance with Section 3.4;

(iii) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer order corresponding to the payment of the Escrow Amount and the PACA Amount to the Escrow Account in accordance with Section 3.4;

(iv) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer order corresponding to the payment of the Sellers' Costs;

(v) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer order corresponding to the payment of the Closing Indebtedness in accordance with Section 3.4;

(vi) deliver or cause to be delivered to the Sellers a SWIFT-type wire transfer order corresponding to the payment of the Vested Option Payment in accordance with Section 3.4;

(vii) deliver to the Sellers Representative:

(A) the tax transfer forms (*formulaire cerfa n°2759-SD*) in respect of all such Transferred Securities, duly executed by Buyer;

(B) an original copy of the Escrow Agreement duly executed by the Buyer as provided in Section 3.2;

(C) an original copy of the Amended SSHA and of the Put Option for each holder of Free Shares 2018 duly executed by the Buyer;

(D) an original copy of the Put & Call Option Agreement for each Founder duly executed by the Buyer;

(E) an original copy of the Option Payment Agreement for each holder of Options listed in Schedule 1 duly executed by the Buyer and such holder of Options;

(F) an original copy of equity letter from the Buyer substantially in the form set out in Schedule 7.2.2(a)(vii) duly executed by the Buyer; and

(G) a certified copy of a board resolution of Buyer approving the Transaction and the execution by Buyer of the Transaction Documents and any other documents referred to in this Agreement;

(viii) deliver to the Sellers Representative all documentation and information reasonably required to comply with the Anti-Corruption Laws and the Anti-Money Laundering Laws requested by the Sellers Representative reasonably in advance.

7.2.3 Indivisibility

(a) Each Party shall further execute and deliver to the relevant Parties all other documents and take all necessary measures that may be reasonably required by any other Party to carry out the transactions contemplated in this Agreement.

(b) All matters at Closing will be deemed to take place simultaneously and all documents and items delivered and payments made in connection with Closing shall be held by the recipient to the order of the person delivering them until such time as Closing takes place. Each of such actions, deliveries and payments shall be deemed to have occurred as at the Closing Date.

(c) All of the actions required for Closing described in paragraphs 7.2.1 to 7.2.2 above are conditional upon the occurrence of all other such actions. In the event that any Party fails to complete any of the actions and deliveries set forth in Sections 7.2 and 3.4 on the Closing Date, then the other Parties shall be entitled to refuse to proceed with the Closing and shall have the right to terminate this Agreement, without incurring any liability *vis à vis* the other Parties in connection with such refusal and termination. Such right to terminate this Agreement is in addition and without prejudice to all other rights and remedies available to the non-defaulting Parties, including the right to claim damages and/or the right to require the specific performance (*exécution forcée*) of the Transaction in accordance with the provisions of Section 15.

8. POST-CLOSING OBLIGATIONS

8.1 Books and Records

As soon as possible after Closing the Management Sellers shall send to Buyer, to the extent not already in the possession of any of the Group Companies, all business records, tangible data, documents, management information systems (including related computer software), files, customer lists, supplier lists, blueprints, specifications, designs, drawings, plans, operation or maintenance manuals, bids, personnel records, invoices, sales literature, all Tax Returns and all worksheets, notes, files or documents related thereto, and all other books and records maintained by the Company with respect to the Business and/or relating to each Group Company up and until the Closing Date, in each case if not required to be delivered at Closing (the **Books and Records**).

(a) The Buyer shall procure that (i) as from Closing, the Company and its Subsidiary shall maintain its Book and Records until the expiration of any applicable statutory period requiring the maintenance of such Books and Records and that (ii) until the later of the date of winding-up of the relevant entity and the fifth anniversary of the Closing, the Group Companies shall, subject to customary protection and covenants relating to confidential information, provide promptly to the Sellers access to, and copies of, such Books and Records and shall provide such other assistance (for instance, by making available employees to provide additional information and explanations on any materials so provided) as may be reasonably necessary for the Sellers and their Affiliates to fulfil their respective obligations including pursuant to applicable Tax, accounting or other Laws unless such access or disclosure, would, in the Buyer's sole discretion, acting reasonably:

(i) result in the disclosure of commercially sensitive or inside information;

(ii) cause material harm to the Group Companies;

(iii) jeopardize any attorney-client or other legal privilege;

(iv) contravene any applicable Law; or

(v) interfere unreasonably with the conduct of the business of the Group Companies.

8.2 Money Laundering and KYC

Each Seller undertakes to provide, and the Management Sellers shall procure that any relevant Group Company provides, all information and documents necessary as may be reasonably required by any member of Buyer Group in connection with the relevant provisions of the Anti-Money Laundering Laws, the Anti-Corruption Laws and/or the Sanctions Regulations.

The Buyer undertakes to provide, and to procure that any relevant member of the Buyer Group or any relevant Group Company provides all information and documents necessary as may be required by any member of Sellers Group in connection with the relevant provisions of the Anti-Money Laundering Laws, the Anti-Corruption Laws and/or the Sanctions Regulations.

8.3 Relations with the Sellers

8.3.1 Contracts with the Sellers Group

Except as disclosed in Schedule 10, each Seller shall ensure that upon Closing, (i) all contracts identified in Schedule 10 entered into between certain Group Companies and such Seller will be terminated with effect as from the Closing Date, at no cost to any of Buyer or any Group Company, save as otherwise provided in the relevant contracts and (ii) each Group Company is released from all existing Third Party Guarantees given in respect of obligations of such Seller (or any member of its group). The Management Sellers shall, each within its respective power and authority within the Company, cause the Company to ensure the foregoing.

8.3.2 Release of Third Party Guarantees

Except as disclosed in Schedule 8.3.2, each Seller shall ensure that as soon as reasonably practicable after Closing each Group Company is released from all Third Party Guarantees given by such Group Company in respect of obligations of such Seller (or any member of its group). The Management Sellers shall, each within its respective power and authority within the Company, cause the Company to ensure the foregoing.

The Buyer shall ensure that as soon as reasonably practicable after Closing any Seller is released from all Third Party Guarantees given by it in respect of obligations of a Group Company.

8.4 Shares of Buyer Common Stock; Resale Registration Statement

8.4.1 Shares of Buyer Common Stock

The shares of Buyer Common Stock issued pursuant to the terms of this Agreement will be issued in a transaction exempt from registration under the Securities Act of 1933, as amended (the **Securities Act**) (by reason of Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D promulgated by the SEC under the Securities Act and/or Regulation S promulgated under the Securities Act) and therefore may not be re-offered or resold other than in conformity with the registration requirements of the Securities Act and such other applicable rules and regulations or pursuant to an exemption therefrom. All recipients of such shares of Buyer Common Stock either shall be “accredited investors” or not “U.S. Persons” as such terms are defined in Regulation D and Regulation S, respectively. The shares of Buyer Common Stock to be issued pursuant to the terms of this Agreement will be “restricted securities” within the meaning of Rule 144 under the

Securities Act and may not be offered, sold, pledged, assigned or otherwise transferred unless (A) a registration statement with respect thereto is effective under the Securities Act and any applicable state securities laws or (B) an exemption from such registration exists and either Buyer receives an opinion of counsel to the holder of such securities, which counsel and opinion are reasonably satisfactory to Buyer, that such securities may be offered, sold, pledged, assigned or transferred in the manner contemplated without an effective registration statement under the Securities Act or applicable state securities laws, or the holder complies with the requirements of Regulation S, if applicable. Shares of Buyer Common Stock issued pursuant to the terms of this Agreement will bear an appropriate legend and restriction on the books of Buyer's transfer agent to that effect.

8.4.2 Resale Registration Statement

Within ten (10) Business Days following the Closing Date with respect to a registration statement on Form S-1 and two (2) Business Days following the Closing Date with respect to a registration statement on Form S-3 (or any prospectus supplement thereto), Buyer shall file with the SEC, and, if applicable, use commercially reasonable efforts to cause to be declared effective as soon as reasonably practicable after filing, a registration statement on Form S-1 (solely to the extent Form S-3 (including Form S-3ASR) is then unavailable for use by the Buyer), a shelf registration statement on Form S-3 (solely to the extent Form S-3 ASR is then unavailable for use by the Buyer), or a prospectus supplement to Buyer's existing automatic shelf registration statement on Form S-3ASR (File No. 333-252681) (including any amendments or supplements, the "**Registration Statement**"), and the prospectus (including any amendments or supplements, the "**Prospectus"**) forming part of the Registration Statement in compliance with Rule 415 under the Securities Act covering the resale on a continuous basis of all of the Registrable Securities *provided*, that Buyer shall only be obligated to file (or supplement or amend) the Registration Statement during an "open trading window" as determined by Buyer's insider trading policies. As a condition to its obligations under this Section, Buyer may require each Holder of Registrable Securities (as hereinafter defined) as to which any registration is being effected to (i) complete a stockholder questionnaire in the form attached hereto as Schedule 8.4.2 and to furnish Buyer with such information regarding such Person that is necessary to satisfy the disclosure requirements relating to the registration and the distribution of such securities under the Securities Act and the rules and regulations promulgated thereunder as Buyer may from time to time reasonably request in writing and (ii) promptly notify Buyer in writing of any changes in the information set forth in the applicable Registration Statement or Prospectus after it is prepared regarding the Holder of Registrable Securities. None of the information supplied (or to be supplied) by or on behalf of any of the Holders of Registrable Securities for inclusion or incorporation by reference in the applicable Registration Statement or Prospectus will, at the time the Registration Statement is declared effective under the Securities Act (or with respect to any post-effective amendments or supplements thereto, at the time such post-effective amendments or supplements become effective under the Securities Act), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading. For the purposes of this Section, a "Holder of Registrable Securities" refers solely to a holder of Registrable Securities as of or following the Closing Date.

8.4.3 Blackout Periods

Buyer may, by prior written notice to all Holders of Registrable Securities (each such notice, a **Blackout Notice**), (a) delay the filing of the Registration Statement or a request for acceleration of the effective date or (b) suspend the Registration Statement after effectiveness and require that the Holders of Registrable Securities immediately cease sales of shares pursuant to any Registration Statement in each case for a period of not more than 60 days in the event that (i) Buyer is engaged in any activity or transaction or preparations or negotiations for any activity or transaction that

Buyer desires to keep confidential for business reasons, if Buyer determines in good faith that the public disclosure requirements imposed on Buyer under the Securities Act in connection with such Registration Statement would require at that time disclosure of such activity, transaction, preparations or negotiations and such disclosure could result in imminent and material harm to Buyer or (ii) any other event occurs that makes any statement of a material fact made in such Registration Statement, including any document incorporated by reference therein, untrue or that requires the making of any additions or changes in such Registration Statement in order to make the statements therein not misleading, and in each case, if a similar blackout period is imposed by the Buyer on all other registration statements the Buyer has on file with the SEC; provided, however, that Buyer may not invoke this right more than once in any 12-month period. If Buyer suspends the Registration Statement and requires the Holders of Registrable Securities to cease sales of shares pursuant to this Section, Buyer shall, as promptly as reasonably practicable (and following the termination of the circumstance which entitled Buyer to do so, in the case of a Blackout Notice delivered pursuant to clause (i) of the prior sentence), take such actions as may be reasonably necessary to file or reinstate the effectiveness of such Registration Statement and give written notice to all Holders of Registrable Securities authorizing them to resume sales pursuant to such Registration Statement. If as a result thereof the Prospectus included in any Registration Statement has been amended to comply with the requirements of the Securities Act, Buyer shall enclose such revised Prospectus with the notice to the Holders of Registrable Securities given pursuant to this Section, and the Holders of Registrable Securities shall make no offers or sales of shares pursuant to such Registration Statement other than by means of such revised Prospectus. Buyer need not specify the nature of the event giving rise to any delay or suspension in any notice to Holders of Registrable Securities. For the avoidance of doubt, the restrictions in this paragraph shall be in addition to any normal quarterly blackouts that may apply to directors, officers and employees of Buyer following the Closing Date pursuant to Buyer's insider trading policies.

8.4.4 EXPENSES

All expenses incident to Buyer's performance of, or compliance with, its obligations in connection with the registration of Registrable Securities under this Section 8.4 shall be borne by Buyer. Buyer shall not be responsible for the fees and expenses of any counsel, or any of the accountants, agents, or experts retained by Sellers or any Holder of Registrable Securities in connection with the sale of Registrable Securities. Sellers shall also bear and pay the discounts, brokerage fees and underwriting fees, if any, applicable to securities offered for its account in connection with any registrations, filings and qualifications made pursuant to this Agreement.

8.5 Employment Matters

8.5.1 Continuing Employees

The Buyer shall provide, or shall cause the Affiliate of the Buyer that will employ the Continuing Employees to provide, through December 31, 2021, to each Continuing Employee: (i) the same or greater base salary or wage rate and target cash incentive opportunity that, are no less favorable than were provided to such Continuing Employee as of immediately prior to the Closing; (ii) employment at a location that does not increase the one-way commute of the Continuing Employee by more than 50 kilometers from his/her commute as of the Closing; and (iii) employee benefits (other than equity-based benefits) that, with respect to such Continuing Employee, are substantially equivalent to the benefits (including severance benefits, vacation and sick or other paid leave accrual rates) provided by the Company or any of its Affiliates to such Continuing Employee immediately before the Closing.

8.5.2 No Third Party Beneficiaries

Nothing expressed or implied in this Section 8.5 shall confer upon any of the Company Employees any additional rights or remedies, including any additional right to employment, or continued employment for any specified period, of any nature or kind whatsoever under or by reason of this Agreement. Notwithstanding anything herein to the contrary, no provision of this Agreement is intended to, or does, constitute the establishment or adoption of, or amendment to, any employee benefit plan (within the meaning of Section 3(3) of ERISA or otherwise) of the Sellers, its Affiliates, a Group Company or the Buyer, and no person participating in any such employee benefit plan maintained by the Sellers, its Affiliates, a Group Company or the Buyer shall have any claim or cause of action, under ERISA or otherwise, in respect of any provision of this Agreement as it relates to any such employee benefit plan or otherwise.

8.6 No Claims

Without prejudice to any of the Buyer's rights under the Transaction Documents (including without limitation under Section 11 hereof and under the relevant employment agreements), and save in case of fraud or criminal offense, the Buyer shall not, and shall procure that the Company or its Subsidiary shall not, bring any claim, action, suit or litigation (or facilitate any such claim, action, suit or litigation from any Person), whether directly or indirectly or through a third party, against any of the Group Company's directors, officers or members of the board of directors, whether former or actual, which in any way relate to (i) the transactions contemplated by this Agreement, its preparation or performance (including the preparation of the Data-Room) or (ii) the management, direction or supervision of the Group Companies prior to the Closing, and the Buyer shall hold harmless any such persons from and against any and all losses suffered in connection with any of the aforementioned claim, action, suit or litigation brought by any person.

8.7 Indemnification

(a) Buyer shall, notwithstanding any termination of this Agreement, indemnify, defend and hold harmless each Seller, its officers, directors, agents, partners, members, managers, stockholders, Affiliates and employees, each Person who controls a Seller (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, managers, stockholders, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and investigation and reasonable attorneys' fees) and expenses (collectively, "**Specific Losses**"), as incurred, that arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, or (ii) any violation or alleged violation by Buyer of the Securities Act, Exchange Act or any state securities law or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except that Buyer shall not be liable for Specific Losses to the extent that any such Specific Losses arise out of or are based upon actions or omissions made in reliance upon and in conformity with the information supplied by a Seller or any Holder of Registrable Securities, it being understood that such information with respect to any Seller is limited to the name of the Seller, the number of Registrable Securities offered by the Seller and the address and other information with respect to such Seller that appear in the footnotes under the caption "Selling Stockholder" (or such other similarly captioned section) in the Registration Statement, Prospectus, or any or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus (such information, the **Selling Holder Information**). Such indemnity shall

remain in full force and effect regardless of any investigation made by or on behalf of an Indemnified Party (as defined in 8.7(c)) and shall survive the transfer of the Registrable Securities by a Seller.

(b) Each Seller shall, notwithstanding any termination of this Agreement, severally and not jointly, indemnify and hold harmless Buyer, its officers, directors, agents, partners, members, managers, stockholders, Affiliates and employees, each Person who controls Buyer (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, managers, stockholders, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against all Specific Losses, as incurred, to the extent such Specific Losses arise out of or are based upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, or any form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading to the extent that such untrue statements or omissions are based solely upon the Selling Holder Information with respect to such Seller. In no event shall the liability of any Seller hereunder be greater in amount than the dollar amount of the net proceeds received by such Seller upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) If any action, claim, suit, investigation or proceeding ("**Specific Proceeding**") shall be brought or asserted against any Person entitled to indemnity hereunder (an "**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all reasonable fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that such failure shall have materially prejudiced (through the forfeiture of substantive rights or defenses) the Indemnifying Party. After notice from the Indemnifying Party to such Indemnified Party of its election so to assume the defense thereof, the Indemnifying Party shall, subject to the immediately following paragraph, not be liable to such Indemnified Party for any legal expenses of other counsel subsequently incurred by such Specific Indemnified Party, in connection with the defense thereof. An Indemnified Party shall have the right to employ separate counsel in any such Specific Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Specific Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Specific Proceeding; or (3) the named parties to any such Specific Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest exists if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); provided, that the Indemnifying Party shall not be liable for the fees and expenses of more than one separate firm of attorneys at any time for all Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any such Specific Proceeding effected without its written consent, but if settled with such consent, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any Specific Losses by reason of such settlement. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Specific Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes

an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Specific Proceeding. Subject to the terms of this Agreement, all fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Specific Proceeding in a manner not inconsistent with this Section 8.7) shall be paid to the Indemnified Party, quarterly in arrears as they are incurred following written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally judicially determined to not be entitled to indemnification hereunder. The failure to deliver written notice to the Indemnifying Party within a reasonable time of the commencement of any such action shall not relieve such Indemnifying Party of any liability to the Indemnified Party under this Section 8.7, except to the extent that the Indemnifying Party is materially prejudiced (through the forfeiture of substantive rights or defenses) in its ability to defend such action.

(d) If a claim for indemnification under Section 8.7(a) or 8.7(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Specific Losses, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Specific Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Specific Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Specific Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Specific Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section 8.7 was available to such party in accordance with its terms. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8.7(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 8.7(d), (A) no Seller shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Seller from the sale of the Registrable Securities subject to the Specific Proceeding exceeds the amount of any damages that such Seller has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (B) no contribution will be made under circumstances where the maker of such contribution would not have been required to indemnify the Indemnified Party under the fault standards set forth in this Section 8.7. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) The indemnity and contribution agreements contained in this Section 8.7 are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties and are not in diminution or limitation of the indemnification provisions under this Agreement.

9. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to the Sellers as follows, which representations and warranties are, as of the date hereof, and will be, as of the Closing Date, true and correct. Except for the representations and warranties contained in this Section 9, Buyer make no other express or implied representation or warranty to the Sellers. For the avoidance of doubt, Buyer shall not grant the Sellers any representations and warranties as to the tax treatment resulting from the Transaction (including the contribution of the Transferred Securities pursuant to Section 3.1(c)), and shall not be liable for any Tax liability in relation thereto.

9.1 Organization; authority

(a) Buyer is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization with full corporate power and authority to own and lease its properties and assets and conduct its business as such business is presently being conducted.

(b) Buyer has all requisite corporate power and authority, and has taken all corporate action necessary, to execute and deliver this Agreement and the other Transaction Documents to be executed and delivered to which it is a party, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. The board of directors of Buyer has duly approved the execution and delivery by Buyer of this Agreement and the other Transaction Documents to which Buyer is to be a party and the consummation by Buyer of the transactions contemplated hereby and thereby. No other corporate proceedings on the part of Buyer are necessary to authorize this Agreement and the other Transaction Documents to which Buyer is or will be a party and the transactions contemplated hereby and thereby.

(c) This Agreement has been duly executed and delivered by Buyer and is, and upon execution and delivery of the other Transaction Documents to which Buyer is or will be a party, the other Transaction Documents will be, legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally or by equitable principles (whether considered in an action at law or in equity).

9.2 issuance and listing of shares

The Buyer Common Stock, which will be delivered to the Sellers in accordance with this Agreement as part of the Final Consideration, will be duly authorized, validly issued free from any Encumbrances, fully paid and non-assessable, and shall have been approved for listing (subject to official notice of issuance) on Nasdaq.

9.3 NASDAQ Compliance

Buyer is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of Nasdaq.

Buyer qualifies as a Well-Known Seasoned Issuer as defined in Rule 405 of the Securities Act.

9.4 No Conflict or Violation.

Neither the execution, delivery or performance of this Agreement or the other Transaction Documents, nor the consummation of the transactions contemplated hereby or thereby, nor compliance by Buyer with any of the provisions hereof, will (a) violate or conflict with any provision of the Organizational Documents of Buyer, (b) violate, conflict with, or result in or constitute a default under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any

Encumbrance upon any of Buyer's assets under, any of the terms, conditions or provisions of any contract, Indebtedness, note, bond, indenture, security or pledge agreement, commitment, license, lease, franchise, permit, agreement, authorization, concession, or other instrument or obligation to which Buyer is a party, or (c) violate any Laws, except in each case for any violation, conflict, default, termination, acceleration or creation of Encumbrance which would not prevent or materially delay the ability of Buyer to consummate the transactions contemplated by this Agreement or the other Transaction Documents.

9.5 Consents and approvals

Except as set forth in this Agreement, no notice to, declaration, filing or registration with, or authorization, consent or approval of, or permit from, any person or any Authority is required to be made or obtained by the Buyer or any Affiliate of the Buyer in connection with the execution, delivery and performance of this Agreement and the other Transaction Documents to which the Seller is to be a party and the consummation of the transactions contemplated by this Agreement and by the other Transaction Documents by the Seller.

9.6 No Brokers

No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission, or the reimbursement of expenses, from Buyer nor any of its Representatives or Affiliates in connection with the Transaction.

9.7 SEC Reports and Financial Statements

Since January 1, 2019, Buyer has timely filed or furnished all forms, statements, schedules, documents and reports required to be filed or furnished prior to the date hereof by it with the SEC (such forms, statements, schedules, documents and reports the **Buyer SEC Documents**). As of their respective filing dates, or, if amended prior to the date hereof, as of the date of (and giving effect to) the last such amendment, the Buyer SEC Documents complied in all material respects with the applicable requirements of the Sarbanes-Oxley Act, the Securities Act and the Exchange Act, as the case may be, and the applicable rules and regulations promulgated thereunder and the listing and corporate governance rules and regulations of the Nasdaq, and none of the Buyer SEC Documents contained (or with respect to Buyer SEC Documents filed after the date hereof, will contain) any untrue statement of a material fact or omitted (or with respect to Buyer SEC Documents filed after the date hereof, will omit) to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Since January 1, 2018, neither Buyer nor any of its subsidiaries has received from the SEC or any other Authority any written comments or questions with respect to any of the Buyer SEC Documents (including the financial statements included therein) that are not resolved, or, as of the date hereof, has received any written notice from the SEC or other Authority that such Buyer SEC Documents are being reviewed or investigated, and, to Buyer's knowledge, there is not, as of the date hereof, any investigation or review being conducted by the SEC or any other Authority of any Buyer SEC Documents.

The consolidated financial statements (including all related notes and schedules) of Buyer included or incorporated by reference in the Buyer SEC Documents when filed or, if amended prior to the date hereof, as of the date of (and giving effect to) the last such amendment, complied in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, in each case in effect at the time of such filing, and fairly present in all material respects the consolidated financial position of Buyer and its consolidated subsidiaries, as at the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the

case of the unaudited quarterly financial statements, to normal year-end audit adjustments and any other adjustment described therein permitted by the rules and regulations of the SEC and to the absence of notes) in conformity with generally accepted accounting principles applied on a consistent basis during the periods involved (subject, in the case of the unaudited quarterly financial statements, to normal year-end audit adjustments and any other adjustment described therein permitted by the rules and regulations of the SEC and to the absence of notes).

Neither Buyer nor any of its subsidiaries is a party to, or has any Contract to become a party to, any joint venture, off-balance sheet partnership or any similar Contract, including any Contract relating to any transaction or relationship between or among Buyer or any of its subsidiaries, on the one hand, and any unconsolidated affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any off-balance sheet arrangements (as defined in Item 303(a) of Regulation S-K of the SEC), in any such case, where the purpose of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, Buyer in Buyer's published financial statements or any Buyer SEC Document.

9.8 Internal Controls and Procedures

Buyer has established and maintains, and at all times since January 1, 2018 has maintained, disclosure controls and procedures and internal control over financial reporting, respectively, to the extent required under Rule 13a-15 under the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**) as required by Rule 13a-15 under the Exchange Act, designed 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. Buyer's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by Buyer in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to Buyer's management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act. Since January 1, 2018, to Buyer's knowledge, Buyer's principal executive officer and its principal financial officer have disclosed to Buyer's auditors and the audit committee of Buyer's board of directors (the material circumstances of which (if any) and significant facts learned during the preparation of such disclosure have been made available to the Company prior to the date hereof) (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting, (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting and (iii) any written claim or allegation regarding clauses (i) or (ii). Since January 1, 2018 through the date hereof, to Buyer's knowledge, neither Buyer nor any of its subsidiaries has received any material, unresolved complaint, allegation, assertion or claim regarding the accounting or auditing practices, procedures, methodologies or methods of Buyer or any of its subsidiaries or their respective internal accounting controls.

9.9 No Undisclosed Liabilities

Except as set out in Buyer's audited consolidated accounts as at, and in respect of the financial year ended on, the Balance Sheet Date, comprising the balance sheet and the related profit and loss statement included in the Buyer SEC Documents filed or furnished prior to the date hereof, none of Buyer or any member of Buyer Group has any material liability required to be reflected as such in balance sheet pursuant to applicable generally accepted accounting principles, except for (i) liabilities reflected or reserved against in such accounts, (ii) liabilities incurred in the ordinary course of business since the Balance Sheet Date, (iii) liabilities in connection with this Transaction

or the acquisition of Decipher Biosciences, Inc. and the financing thereof, or (iv) liabilities which would not reasonably be expected to have a Material Adverse Effect.

9.10 Absence of Certain Changes or Events

From January 1, 2021 through the date hereof, there has not occurred any fact, event, change, development, circumstance or effect that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Buyer.

9.11 Compliance

Since January 1, 2018, Buyer has been in compliance in all material respects with Anti-Money Laundering Laws, Anti-Corruption Laws and Sanctions Regulations.

Buyer certifies, pursuant to Anti-Money Laundering Laws, Anti-Corruption Laws and Sanctions Regulations:

(i) it acts for its own benefit;

(ii) the origin and source of funds paid to the Sellers for the purchase of the Transferred Securities is legal and does not come from (i) an activity contrary to Anti-Money Laundering Laws, the Anti-Corruption Laws and/or the Sanctions Regulations and (ii) a Sanctioned Country; and

(iii) it has not facilitated by any means the misleading justification of the origin of goods or income of the perpetrator of a crime or an offense which has brought him a direct or indirect profit, or provided an assistance for any investment, concealment or conversion transaction of the direct or indirect outcome of any crime or offense or the financing of a terrorist activity.

As of the date hereof, Buyer is not a Sanctioned Person.

10. REPRESENTATIONS AND WARRANTIES OF THE SELLERS

(a) Each of the Sellers hereby individually represents to Buyer, in respect of itself and only with respect to the Transferred Securities it/he/she owns, that each Fundamental Warranty set forth in Section 1 of Exhibit B (*Representations and warranties of the Sellers*) is true and correct as of the date hereof, and will remain, as of the Closing Date, true and correct, except to the extent that any Fundamental Warranty is made as of a specific date (in which case such Fundamental Warranty shall be true and correct only as of such date).

(b) Each of the Management Sellers hereby represents to Buyer that each Business Warranty set forth in Section 2 of Exhibit B (*Representations and warranties of the Seller*) and each Tax Warranty is true and correct as of the date hereof, and will remain, as of the Closing Date, true and correct, except to the extent that any Business Warranty or Tax Warranty is made as of a specific date (in which case such Business Warranty or Tax Warranty shall be true and correct only as of such date) (for the avoidance of doubt, any claim in relation to this Section may only be made in accordance with Section 11).

(c) The Sellers make no representation and gives no warranty to the Buyer other than those expressly and specifically made and given in this Agreement, and accordingly, the Buyer shall not be entitled to make any claim on the basis of any other representation or warranty. In particular, without limiting the generality of the foregoing, the Sellers makes no representation or warranty whatsoever in relation to: (i) the accuracy or completeness of any projections, business plans, budgets, or other forward looking information delivered to the Buyer, its advisors or Affiliates

during their examination of the Group Companies, or (ii) the future relations of the Group Companies with any Authorities, customers, suppliers, consultants, employees or any other third party, unless otherwise expressly provided herein.

(d) The Warranties are given subject to matters fairly disclosed (with sufficient details to enable Buyer advised by its advisors to identify the nature and scope of the matter disclosed and to make a reasonably informed assessment of its impact on the relevant Group Company and/or its business) in the Agreement. The Seller shall not be liable to the Buyer in respect of any Loss arising from facts, events or circumstances referred to or fairly disclosed in this Agreement (including, for the avoidance of doubt, in any of its Schedules and Exhibits, it being specified that any disclosure made in a Schedule or in an Exhibit relating to a given Warranty is deemed to be made against all the other Warranties where the inaccuracy of such other Warranties is readily apparent in the disclosure). No other information of which Buyer has knowledge shall prejudice any claim made by Buyer under the Agreement or operate to reduce any amount recoverable thereunder.

(e) Each of the Warranties shall be interpreted as a separate and independent Warranty and, unless otherwise specifically provided, shall not be restricted or limited by reference to any other representation, warranty or term of the Agreement.

(f) Except as disclosed in Schedule 10(f), the Sellers waive and shall procure that all members of the Sellers Group shall waive any rights and remedies they may have against any member of Buyer Group or any Group Company or any of their respective present or former employees, directors, agents, officers or advisers with respect to claims arising out of any information, opinion or advice supplied or given (or omitted to be supplied or given) in connection with the Transaction other than in the case of fraud and agrees that no such rights or remedies shall constitute a defence to any claim by Buyer under this Agreement.

(g) Each Seller receiving Registrable Securities pursuant to this Agreement meets the criteria of an “accredited investor” as defined in Rule 501(a) of Regulation D adopted under the Securities Act.

(h) Each Seller understands that the Registrable Securities are “restricted securities”, the issuance of which has not been registered under the Securities Act or any applicable state securities law and that Sellers are acquiring the Registrable Securities as principal for their own accounts and not with a view to, or for distributing or reselling such Registrable Securities or any part thereof in violation of the Securities Act or any applicable state securities laws, provided, however, that by making the representations herein, Sellers do not agree to hold any of the Registrable Securities for any minimum period of time and reserves the right, subject to the provisions of this Agreement, at all times to sell or otherwise dispose of all or any part of such Registrable Securities pursuant to an effective registration statement under the Securities Act or under an exemption from such registration and in compliance with applicable federal and state securities laws. The Sellers do not presently have any agreement, plan or understanding, directly or indirectly, to distribute or effect any distribution of any of the Registrable Securities (or any securities which are derivatives thereof) to or through any person or entity.

(i) The Sellers are able to bear the economic risk of an investment in the Registrable Securities and have sufficient knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of ownership of the Registrable Securities and that they are able to bear the financial risks thereof.

11. INDEMNIFICATION BY THE SELLERS

11.1 repayment obligations

(a) Subject to the provisions of this Section 11 from and after the Closing Date:

(i) all the Sellers shall, severally and not jointly (*conjointement et non-solidairement*), in accordance with their *pro rata* portion as set out in Exhibit D, indemnify and hold harmless the Buyer from and against any and all Losses borne by a Group Company and/or the Buyer, as applicable, which arise directly in connection with the following matters: any inaccuracy or breach of any Business Warranty made by the Management Sellers in Section 2 of Exhibit B or any Tax Warranty (and in such a case, the Sellers shall have no recourse against the Management Sellers); and

(ii) each Seller shall individually indemnify and hold harmless the Buyer from and against any and all Losses borne by a Group Company and/or the Buyer, as applicable which arise directly in connection with: (x) any inaccuracy or breach of any Fundamental Warranty made by such Seller in Section 1 of Exhibit B and (y) any breach, non-compliance or non-performance of any covenants or agreements made by such Seller contained in the Agreement.

(b) Any claim against any of the Sellers in connection with this Agreement shall be made in accordance with this Section 11 and any payment due by a Seller thereunder (a **Refund**) shall have the nature of a reduction of the part of the Final Consideration paid to such Seller for his Transferred Securities (*réduction de prix*), unless otherwise required by applicable Laws.

(c) The amount of the Refund paid to the Buyer by the Sellers under this Section 11 shall ultimately be borne: (x) in respect of Section 11.1(a)(i), by the Sellers in the proportions shown opposite their names in Exhibit D as may be updated from time to time after the date hereof by a notice sent by the Sellers to the Buyer (so long as such revised proportions total 100%) and (y) in respect of Section 11.1(a)(ii), by the relevant Seller only. The Buyer shall not incur any liability to the Sellers for such allocation or for any failure by the Sellers Representative or any other person to allocate the payment for the Refund between the Sellers in accordance with this paragraph.

(d) When a Refund is subject to any corporate income Tax or if any non-refundable and non-creditable deductions or withholdings are required by Law to be made from such Refund, its amount shall be increased by an additional amount as will, after such corporate income Tax has been paid or such deduction or withholding has been made, leave the Buyer and / or the Group Companies with the same amount as they would have been entitled to receive in the absence of any such requirement to pay corporate income Tax or make a deduction or withholding. In the event where Buyer assigns its rights under this Agreement in accordance with Section 20(a) below, any increased payment that the assignee would be entitled to receive in accordance with this Section (d) shall not exceed the increased payment that the Buyer would have been entitled to receive in accordance herewith if the assignment had not occurred.

11.2 limitations

(a) Save for fraud, no Claim shall give rise to an indemnification obligation by the Sellers under this Agreement if notice of such Claim is not made in writing, describing the Claim, the amount thereof (if known and quantifiable), and the basis thereof, to the relevant Seller(s) and the Sellers Representative (i) in respect of any Claim in connection with a breach of the Fundamental Warranties and Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B, prior or on the date falling 30 Business Days following the expiration the

applicable statute of limitation, (ii) in respect of any Claim in connection with a breach of the Tax Warranties, prior to or on the date which is 3 years after Closing Date, and (iii) in any other case, prior or on the date which is 18 months after Closing (the **Claim Notice**), provided that any Claim shall be deemed to be withdrawn 6 months after the date on which the Claim Notice was notified to the relevant Sellers and the Sellers Representative, unless legal proceedings in respect of such claim have been commenced and are being pursued with reasonable diligence. The Buyer shall notify the Claim Notice to the relevant Sellers and the Sellers Representative no later than 60 days after the Buyer or the relevant Group Company acquires knowledge that the relevant event, fact or circumstance is a basis for the Claim (or, in case the relevant Claim Notice relates to a Third-Party Claim, it shall be delivered in accordance with Section 11.4(a)), provided that any failure to so notify or any delay in notifying the Sellers Representative shall not relieve the Sellers of their obligations hereunder, except to the extent that the Sellers are actually prejudiced by such failure or delay.

(b) Except for breaches of the Fundamental Warranties, Tax Warranties and Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B, no Loss may be claimed under this Section 11 by the Buyer or shall be reimbursable or shall be included in calculating the Threshold Amount, other than indemnifiable Losses in excess of €25,000 resulting from any single claim or aggregated claims arising out of similar facts or circumstances.

(c) No amount shall be payable to the Buyer in satisfaction of Claims unless and until the aggregate amount of all indemnifiable Losses of the Buyer and/or Group Companies arising therefrom exceeds €500,000 (the **Threshold Amount**), at which time the Sellers shall indemnify the Buyer for all Losses from the first euro (including for the avoidance of doubt the Threshold Amount) up to an amount not to exceed 10% of the Final Consideration actually received (the **Cap**), provided however that:

(i) (x) the Threshold Amount shall not apply with respect to any Losses resulting from, arising out of or relating to breaches of the Fundamental Warranties or the Tax Warranties or Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B, and none of such Losses shall count towards the satisfaction of the Threshold Amount and (y) the Cap shall not apply with respect to any Losses resulting from, arising out of or relating to breaches of the Fundamental Warranties and Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B and none of such Losses shall count towards the satisfaction of the Cap;

(ii) the indemnification obligation of each Seller shall not exceed 10% of the Final Consideration actually received by such Seller for his/her/its Transferred Securities and, with respect to each Founder, his/her Free Shares 2018 (including without limitation the Escrow Amount and the Holdback Amount as the case may be), it being specified that this cap shall not apply with respect to any indemnification resulting from, arising out of or relating to breaches of the Fundamental Warranties or Business Warranties set out in the first sentence of paragraph (a), paragraphs (b), (d), (f), the first sentence of paragraph (g) and the first sentence of paragraph (h) of Section 2.1 (*Organization of the Company and its Subsidiary*) and Section 2.22 (*No Brokers or Transactions Fees*) of Exhibit B;

(iii) if a Claim is made in connection with a breach of the Tax Warranties after the Release Date, the aggregate liability of the Sellers for Losses resulting therefrom shall not exceed an amount equal to (the **Additional Tax Cap**):

Min (Cap – X ; € 10,000,000 – Y), where:

X means all sums claimed by the Buyer or, as the case may be, paid to the Buyer, under this Section 11 on or prior to the Release Date in relation to any Claims (including Claims made in connection with a breach of Tax Warranties but excluding Claims made in connection with a breach of the Fundamental Warranties);

Y means all sums claimed by the Buyer or, as the case may be, paid to the Buyer, under this Section 11 on or prior to the Release Date in relation to any Claims made in connection with a breach of the Tax Warranties;

For the avoidance of doubt, any Claim made in connection with a breach of the Tax Warranties before the Release Date but pending as at such date shall be subject to the Cap and not the Additional Tax Cap.

(d) Except in the case of fraud, in no event shall the aggregate amount of all payments made by any Seller in satisfaction of Claims under this Section shall exceed such Seller's *pro rata* portion as set out in Exhibit D of all Losses, and in no event shall the aggregate amount of all payments made by any Seller exceed the Final Consideration actually received by such Seller for his/her/its Transferred Securities and, with respect to each Founder, his/her Free Shares 2018 (including without limitation the Escrow Amount and the Holdback Amount as the case may be).

(e) For the avoidance of doubt, the Buyer may give notice of any single Claim in accordance with this Section, whether or not the Threshold Amount has been exceeded at the time the notice is given.

(f) The Buyer shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity (i) more than once in respect of the same Loss, regardless of whether more than one Claim arises in respect of it and (ii) for any breach of the Sellers' Warranties, covenants or obligations contained herein giving rise to a Loss that is already taken into account in the post-Closing adjustment process set out in Section 3.5.

(g) For the purposes of this Section 11, any Loss shall be determined without regard to any multiple, valuation factor, price earning or equivalent ratio implicit in negotiating and/or settling the Final Consideration.

(h) The Sellers shall not be liable for indemnification in respect of any Loss under this Section 11 resulting directly from any action taken between the date hereof and the Closing Date, which action has been expressly authorized pursuant to Section 6.1.

(i) If any Loss is recovered by a Group Company and/or by the Buyer, in whole or in part, from any third party after the payment by the Sellers to Buyer pursuant to this Section 11 in respect of such Loss, amounts so recovered as reduced by the cost incurred by the Buyer and the Group Companies to receive such amounts shall be credited to the Sellers in accordance with their *pro rata* portion of the payment made by them to the Buyer. Without prejudice to the foregoing, if the Sellers makes any payment in respect of any Loss pursuant to this Section 11 and the Buyer or the Group Companies could have recovered all or a portion of such Loss from a third party, the Buyer or the Group Companies shall assign to the Sellers Representative its rights to proceed against the relevant third party to the extent necessary to permit the Sellers Representative to recover from the third party the amount paid by the Sellers; provided however that this assignment of rights shall not apply against, and the Sellers shall not be entitled to recovery from, any third party who is an

employee, supplier, distributor, partner, licensor of intellectual property or a customer or any of the Group Companies.

(j) The Sellers shall not be obligated to indemnify the Buyer for any Tax reassessment, the only effect of which would be to shift the income or expense of one financial year to another, and that does not give rise to any additional Tax burden for the Group Companies in comparison to that which they would bear in the absence of such reassessment, except for the amount of any penalty, late payment interest or fine resulting from such reassessment and any related costs (including any treasury costs), fees and charges. The Sellers shall not be obligated to indemnify the Buyer for any value added tax liability which is recoverable by any of the Group Companies and results in no actual charge to the Group Companies.

(k) Notwithstanding anything to the contrary in this Agreement, the Sellers shall not be obligated to indemnify the Buyer for any reduction of any Tax loss carry back or carry forward, Tax credit or other Tax relief shown on any Tax Returns of any of the Group Companies and any decrease in deferred tax asset shown on any financial statements of any of the Group Companies (including as a result, as the case may be, of a Tax reassessment by the Tax authorities), except in the case where any such Tax loss carry back or carry forward, Tax credit, Tax relief or other deferred Tax asset was taken into account for the calculation of the Net Cash Amount or Net Working Capital Amount (either as such or because it gave rise to a cash Tax saving or payment which a Group Company benefited from prior to the Closing Date). For the avoidance of doubt, it is specified that the Sellers shall be obligated to indemnify the Buyer for any reduction of the French research and development tax credit (including as a result, as the case may be, of a Tax reassessment by the Tax authorities) that was either accounted for as a receivable or already cashed in by the Company on the Closing Date.

(l) The Sellers shall not be held liable for indemnification in respect of any Loss resulting solely from, or increased by, any voluntary action or omission on the part of the Buyer or any of the Group Companies after the Closing Date, including any change in the accounting principles previously applied by any of the Group Companies.

(m) No indemnity will be due by the Seller to the Buyer if the Loss arises from the entry into force or the modification of a Law and/or the levy or modification of any Tax or Tax rate after the date hereof, even if such change has a retroactive effect.

(n) For all purposes of this Section 11, in calculating the amount of any "Loss", there shall be deducted (i) the amount of any indemnification or other recoveries (including insurance proceeds) payable to the Buyer or any of the Group Companies in connection with the facts, matters or circumstances giving rise to the right of indemnification as reduced by the cost incurred by the Buyer and the Group Companies to receive such indemnification or other recoveries and (ii) the amount of any reserve or provision with respect to such Loss recorded in the Accounts and taken into account in the Net Cash Amount or the Working Capital Amount.

(o) In assessing any Loss, any Tax saving which is or will effectively be available to the Buyer or the relevant Group Company as a direct result of the accrual, incurrence or payment of any such Loss with respect to the financial year(s) when the said Loss is accrued, incurred or paid, shall be deducted from the amount of such Loss.

(p) The Buyer shall use and, shall procure to the extent of its powers as shareholder of the Company that the Group Companies shall use, commercially reasonable endeavors to avoid or mitigate the amount of any Loss, to the extent such action does not prevent the Group Companies from operating the Business in the ordinary course. For the avoidance of doubt, Buyer shall not be required to cease or reduce developing, promoting, manufacturing, having manufactured, using,

marketing, selling, offering for sale or importing, exporting or distributing the Group Companies' products and services or exploiting their Intellectual Property Rights in order to mitigate Loss.

11.3 Contingent Liabilities

The Sellers shall not be liable in respect of any contingent liability in relation to any Claim unless and until such contingent liability becomes an actual liability and is due and payable. This is without prejudice to the right of the Buyer to give notice of the relevant Claim to the Sellers Representative notwithstanding the fact that the liability may not have become an actual liability. The fact that the liability may not have become an actual liability within the time limits provided in paragraph 11.2 shall not exonerate the Sellers in respect of any Claim properly notified within such time limits.

11.4 Conduct Of Third Party Claims

(a) If, after Closing, a Claim Notice relates to any action, lawsuit, proceeding, investigation or other claim brought against the Buyer and/or a Group Company by a Third-Party (a **Third-Party Claim**), Buyer shall give written notice within ten (10) Business Days after the Buyer or the relevant Group Company acquires knowledge of the event, fact or circumstance giving rise to such Claim to the Sellers Representative describing the Third-Party Claim, the amount thereof (if known and quantifiable), and the basis thereof; provided that any failure to so notify or any delay in notifying the Sellers Representative shall not relieve the Sellers of their obligations hereunder, except to the extent that the Sellers are actually prejudiced by such failure or delay.

(b) After such notice, if the Third-Party Claim may result in a claim against the Sellers and the relevant Sellers have unequivocally accepted the principle of their liability hereunder (it being provided that the amount of the Loss which should be indemnified by the Sellers shall be determined in accordance with the terms and limitations set forth in this Section 11), the Sellers Representative, on behalf of the Sellers, shall be entitled, at the risk and expense of the Sellers, to participate in the defense of such claim and consult with Buyer in any defense of such claim, it being understood that:

(i) Buyer shall have the sole right to control such defense and appoint a lead counsel reasonably acceptable to the Sellers Representative, and shall conduct such defence in good faith;

(ii) if the Buyer and/or a Group Company receive any communication or notice in relation to any Third-Party Claim, the Buyer shall, and shall procure that the relevant Group Company shall, within five (5) Business Days from such receipt, inform the Sellers Representative and provide the Sellers Representative with a copy of such communication or notice; provided that any failure to so notify or any delay in notifying the Sellers Representative shall not relieve the Sellers of their obligations hereunder, except to the extent that the Sellers are actually prejudiced by such failure or delay;

(iii) the Buyer shall give, and shall procure that the relevant Group Company gives, to the Sellers Representative and its advisors the opportunity to comment and the right to object with respect to the defense/settlement of any such Third-Party Claim, it being specified that the Buyer shall, and shall procure that the relevant Group Company shall, take into account all reasonable comments of the Sellers Representative and/or its advisors as to the direction and strategy and contents of the defense/settlement; and

(iv) more specifically, in the case of a Third-Party Claim relating to a Tax audit, claim or reassessment, the Buyer shall, and shall procure that the relevant Group Company shall, (i) communicate to the Sellers Representative a copy of any communication or notice sent by the Tax authorities in relation to such Tax audit, claim or reassessment, within ten (10) Business Days from their receipt, (ii) request the Sellers Representative to provide comments in writing on the draft responses to the Tax authorities prepared by the Buyer, and/or the relevant Group Company and incorporate all reasonable comments of the Sellers Representative into such responses, and (iii) invite the Sellers Representative in due time to all meetings with the Tax auditors or Authorities which may be set up in relation to such Tax audit, claim or reassessment.

(c) If the Sellers Representative, on behalf of the Sellers, has decided not to participate in the defence of such claim Third-Party Claim, the Buyer shall (i) conduct such defence in good faithand in a manner a reasonable and prudent defendant would conduct such Third-Party Claim, (ii) promptly provide the Sellers Representative with a copy of any communication or notice received by the Buyer and/or a Group Company in relation to such Third-Party Claim and (iii) keep the Sellers Representative regularly informed of the status thereof.

(d) In all cases, the Buyer shall, and shall procure that the relevant Group Company shall, reasonably cooperate with the Sellers Representative in the negotiation, conduct, defense and/or settlement of any Third-Party Claim. Conversely, the Seller Representative shall have regard to the corporate interest of the relevant company in the context of the Third-Party Claim.

(e) The Sellers shall not be liable for any compromise or settlement or waiver of any appeal or other remedy of any such Third-Party Claim effected without the prior written consent of the Sellers Representative (which consent shall not be unreasonably withheld, conditioned or delayed), except where more than 50% of the Loss that may be incurred by the Buyer or any Group Company absent such compromise or settlement or waiver would not be payable by the Sellers pursuant to the provisions of this Agreement. Notwithstanding the foregoing, in the event that the Sellers refuse to consent to a compromise or settlement proposed by Buyer, and it is subsequently determined pursuant to the provisions of this Agreement that the facts underlying such Third-Party Claim constituted a breach of the representations made in this Agreement, Buyer may recover for its Losses in respect of such Claim (subject to the limitations set forth in this Agreement) notwithstanding Seller's refusal to consent to such proposed compromise or settlement, or if it is determined that Sellers' refusal was unreasonably withheld, conditioned or delayed.

11.5 Payment

(a) The payment of any sum due by the Sellers under this Section 11 shall be made by the Sellers in connection with any Claim, within ten Business Days following the acceptance of the Claim by the Sellers Representative, or in the event of a disagreement between the Parties, following the date on which a notification of as the case may be (i) an enforceable decision on the merits (*décision exécutoire au fond*) is served in respect of any such disagreement between the Parties related to or in connection with a Third-Party Claim, and (ii) an immediately enforceable decision is served in respect of any such disagreement between the Parties related to or in connection with any other Claim (such disagreement being settled in accordance with Section 24); provided that any payment of any sum due by the Sellers under this Section 11 shall be recovered first from the Escrow Amount, in which case Buyer shall within three days after the determination of the amount thereof, deliver a written instruction (together with a copy of the relevant court decision or settlement agreement) to the Escrow Agent instructing such Escrow Agent (x) to release the appropriate portion of the Escrow Amount to an account designated by Buyer, it being specified for the avoidance of doubt that if any payment of any sum due by the Sellers under this Section 11

shall be made prior to the First Installment Date, then the portion of the Escrow Amount to be released shall be limited to the portion allocable to the Sellers other than the Founders and the Estate Vehicles (in which case, the portion allocable to Founders and Estate Vehicles will be paid (i) by way of set-off against the relevant Founder's First Contingent Consideration in accordance with the terms of the Put & Call Option Agreement or (ii) if such Founder is not entitled to the First Contingent Consideration, directly by such Founder or Estate Vehicle). If the Escrow Amount attributable to a Seller is insufficient to recover its allocable portion in respect of any Claims, then Buyer may, in accordance with this Agreement, seek recovery directly from such Seller individually.

(b) In the event of a Tax proceeding in respect of which Buyer has a Claim, and if the Sellers have unequivocally accepted the principle of their liability hereunder in respect of that Claim (it being provided that the amount of the Loss which should be indemnified by the Sellers shall be determined in accordance with the terms and limitations set forth in this Section 11), the Sellers Representative may require Buyer and the Group Company concerned to ask for a deferral of payment of Taxes including any "*sursis de paiement*" pursuant to the provisions of Section L. 277 of the Book of Tax Procedures (*Livre des Procédures Fiscales*), but only to the extent that any cost incurred by the concerned Group Company in relation to the implementation of any guarantee that may be required to benefit from any such deferral of payment shall be borne by the Sellers.

11.6 Sellers Access

In the event of a Claim, Buyer shall, subject to the Sellers giving such undertakings as to confidentiality as Buyer may reasonably require, procure that the Sellers and their Representatives (as well as their respective advisors) are provided, upon reasonable notice and during working hours, access to such information, records, premises and personnel of the relevant Group Companies as the Sellers may reasonably require (not being any which would otherwise be subject to legal privilege) to investigate, avoid, remedy, dispute, resist, appeal, compromise or contest such Claim.

12. PROTECTION OF GOODWILL

(a) In order to confer upon Buyer the full benefit of the business and goodwill of the Group, each Seller undertakes to Buyer and each member of the Buyer Group that it shall not either alone or in conjunction with or on behalf of any other person, do any of the following during a period of three years following the Closing Date offer employment to, enter into a contract for the services of, or attempt to entice away from any of the Group Companies, any individual who is at that time, and was at the Closing Date, employed or directly engaged in a key executive or managerial position with any of the Group Companies (except a person who responds, without any form of approach or solicitation by or on behalf of any member of the Sellers Group, to a general public advertisement made in the ordinary course of business) or procure or facilitate the making of any such attempt by any other person;

(b) In addition and in furtherance of the above, each Management Seller undertakes to Buyer and each member of the Buyer Group that it shall not either alone or in conjunction with or on behalf of any other person, do any of the following during a period of three years following the Closing Date:

(i) except in the ordinary course of business, deal with or canvass, solicit or seek to solicit the custom of any person who has been a regular customer of any of the Group Companies at any time within the 12 months immediately prior to Closing if that dealing or solicitation causes or could cause such customer to cease being a customer of any of the Group Companies; and

(ii) except in the ordinary course of business, solicit or entice away from any of the Group Companies any supplier who had supplied goods and/or services to any of the Group Companies at any time during the 12 months immediately prior to Closing if that solicitation or enticement causes or could cause such supplier to cease supplying, or materially reduce its supply of, those goods and/or services to any of the Group Companies.

(c) The undertakings in this Section 12 are intended for the benefit of Buyer and each Group Company and apply to actions carried out by the relevant Sellers in any capacity whatsoever and whether directly or indirectly, on the Management Sellers' or any Affiliate of the Management Sellers' own behalf, on behalf of any other person or jointly with any other person.

(d) Each Management Seller and Seller who is a natural person agrees that the undertakings contained in this Section 12 are reasonable and necessary for the protection of Buyer's legitimate interests in the goodwill of the Group Companies and do not prevent the relevant Management Sellers and Sellers to exercise another professional activity complying with their professional training and experience.

(e) Without prejudice to Section (c), if any undertaking in this Section 12 is found by any court or other competent Authority to be void or unenforceable the Management Sellers, the relevant Sellers and the Buyer shall negotiate in good faith to replace such void or unenforceable undertaking with a valid provision which, as far as possible, has the same commercial effect as the provision which it replaces and the validity of the other undertakings shall not be affected.

(f) The Sellers acknowledge that the violation of any such undertakings may generate a damage to Buyer and the Group Companies of such significance that it would not be sufficiently compensated by the allocation of damages. Consequently, Buyer expressly reserve the right to request for any conservatory or enforceable measure pertaining to prohibit the conduct of any activities which violates any of the undertakings provided in this Section 12.

13. SELLERS REPRESENTATIVE

(a) Subject to Section (c), each Seller hereby irrevocably appoints Vincent Fert, effective from and after the date of this Agreement, to act as the Sellers Representative (the **Sellers Representative**) and to represent each Seller for the purposes of: (i) any consent, notice, action or step to be given, received, conducted or taken hereunder by the Sellers, (ii) handling, disputing or settling or otherwise dealing with any and all claims under this Agreement, (iii) any dispute arising in connection with this Agreement, (iv) any amendment to be made to this Agreement and (v) more generally, exercising all the rights and obligations of the Sellers under this Agreement, in accordance with the provisions of Article 1153 *et seq.* of the French Civil Code.

(b) Each Seller hereby specifically authorizes, under Article 1161 of the French Civil Code, the Sellers Representative to act as representative of several of them for the purpose of the negotiation and execution on their behalf of any agreement or document to which such Sellers (including as applicable the Sellers Representative) are parties.

(c) If for any reason Vincent Fert shall not be able to act as the Sellers Representative and the Sellers nominate in writing another person to fill the role of Sellers Representative, such other person as shall be so notified in writing to Buyer by the Sellers shall be the Sellers Representative in substitution for Vincent Fert from time to time.

14. CONFIDENTIALITY AND PUBLIC DISCLOSURE

(a) The Parties hereto acknowledge that the mutual confidentiality agreement entered into between the Company and the Buyer on May 18, 2020 shall remain in full force and effect up to the Closing Date, it being agreed that should Closing not take place, it shall remain in force until its contractual termination date.

(b) Except for the press releases which the Sellers Group and the Buyer's Group agree to issue on the date hereof, pending Closing, the Sellers shall not, and the Sellers shall cause each of the Company, the Subsidiary and their respective Representatives not to, directly or indirectly, issue any press release or other public statement relating to the terms of this Agreement or use Buyer's name or refer to Buyer directly or indirectly in connection with Buyer's relationship with the Company in any media interview, advertisement, news release, press release or professional or trade publication, or in any print media, whether or not in response to an inquiry, without the prior written approval of Buyer, unless required by Laws (in which event a satisfactory opinion of counsel to that effect shall be first delivered to Buyer prior to any such disclosure) and except as reasonably necessary for the Company to obtain the consents and approvals contemplated by this Agreement.

(c) As soon as practicable after Closing, the Sellers Representative and Buyer shall procure that a joint announcement of the Transaction is made to the customers and suppliers of the Group by way of press release in Agreed Form.

(d) Subject to Section (e), each Party:

(i) shall treat as strictly confidential:

(A) any information relating to the Transaction, the provisions of this Agreement and the other Transaction Documents (including the names of the parties to such agreements) and the process of their negotiations;

(B) in the case of the Sellers, any information received or held by the Sellers or any of their Representatives which relates to the Buyer Group or, following Closing, to any of the Group Companies; and

(C) in the case of the Buyer, any information received or held by Buyer or any of its Representatives which relates to the Sellers Group or, prior to Closing, to any of the Group Companies,

(together **Confidential Information**); and

(ii) shall not, except with the prior written consent of the Sellers Representative, in the case of Buyer, or Buyer, in the case of any of the Sellers (in each case which shall not be unreasonably withheld or delayed), make use of (save for the purposes of performing its obligations under the Agreement) or disclose to any person (other than its Representatives as well as its and their advisors and providers of finance for the purposes of the Transaction in accordance with Section (e)) any Confidential Information.

(e) Each Party undertakes that it shall only disclose Confidential Information to Representatives as well as its and their advisors (and, with respect to FPCI PSIM, to its members of the investment committee of its management company or of any entity managing such fund and to its own investors, shareholders, partners or members, or any Affiliates of such fund (other than companies in the portfolio of any such Affiliates) as may be otherwise required under internal rules of PSIM), for the purpose of the Transaction where it is reasonably required for the purposes of performing its obligations under the Agreement or the other Transaction Documents and only where such

recipients are informed of the confidential nature of the Confidential Information and the provisions of this Section 14 and instructed to comply with this Section 14 as if they were a Party to it.

(f) Section (b) and (d) shall not apply if and to the extent that the Party using or disclosing Confidential Information or making such announcement can demonstrate that:

(i) such disclosure or announcement is required by Law or by any stock exchange or any Authority (including, for the avoidance of doubt, any Tax Authority) having applicable jurisdiction, including as may be required in connection with the satisfaction of the Conditions;

(ii) such disclosure or announcement is required in order to facilitate any assignment or proposed assignment of the whole or any part of the rights or benefits under the Agreement which is permitted by Section 20; or

(iii) the Confidential Information concerned has come into the public domain other than through its fault (or that of its Affiliates or Representatives) or the fault of any person to whom such Confidential Information has been disclosed in accordance with this Section (e).

(g) The provisions of this Section 14 shall survive termination of the Agreement or Closing, as the case may be, and shall continue for a period of 10 years from the date of the Agreement.

15. FURTHER ASSURANCE

(a) The Buyer shall use all reasonable efforts to, at its own cost, promptly execute and deliver all necessary documents and do all necessary things and provide all necessary information and assistance, as Sellers may from time to time reasonably require for the purpose of giving full effect to the provisions of the Agreement.

(b) The Sellers shall use all reasonable efforts to, at their own cost, promptly execute and deliver all necessary documents and do all necessary things and provide all necessary information and assistance, as Buyer may from time to time reasonably require for the purpose of giving full effect to the provisions of the Agreement.

16. SPECIFIC PERFORMANCE; REMEDIES

(a) Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party hereto shall be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party hereto of any one remedy shall not preclude the exercise of any other remedy and nothing herein shall be deemed a waiver by any party hereto of any right to specific performance or injunctive relief.

(b) Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of the Agreement are not performed in accordance with their specific terms or otherwise are breached. Without prejudice to the other remedies provided for in Article 1217 of the French Civil Code, each Party agrees that, in case of breach or non-compliance of its obligations under the Agreement, any other Party may seek the specific performance (*exécution forcée*) of such obligations in accordance with Articles 1221 and 1222 of the French Civil Code even if there is a manifest disproportion between its cost to the defaulting party and its interest for the other parties.

(c) Save as otherwise provided in this Agreement, each Party irrevocably waive any right to terminate this Agreement under Article 1226 of the Code Civil.

17. ENTIRE AGREEMENT

(a) This Agreement and the other Transaction Documents together constitute the entire agreement among the Parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties hereto with respect to the subject matter hereof, except for the confidentiality agreement, which shall continue in full force and effect, and shall survive any termination of this Agreement, in accordance with its terms.

(b) If there is any conflict between the terms of this Agreement and any other agreement, this Agreement shall prevail (as among the Parties and as among any members of the Sellers Group and any members of Buyer Group) unless (i) such other agreement expressly states that it overrides this Agreement in the relevant respect; and (ii) the Sellers and Buyer are either also parties to that other agreement or otherwise expressly agree in writing that such other agreement shall override the Agreement in that respect.

18. WAIVER AND VARIATION

(a) Unless otherwise specifically provided, a failure or delay by a Party to exercise any right or remedy provided under the Agreement or by Law, whether by conduct or otherwise, shall not constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict any further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy provided under the Agreement or by Law, whether by conduct or otherwise, shall preclude or restrict the further exercise of that or any other right or remedy.

(b) Unless otherwise specifically provided, a waiver of any right, provision, condition, consent or remedy or any discharge of any obligation or liability under the Agreement shall only be effective if given in writing and shall not be deemed a waiver of any subsequent breach or default.

(c) No variation or amendment of the Agreement shall be valid unless it is in writing and duly executed by or on behalf of Buyer and the Sellers Representative. Unless expressly agreed, no variation or amendment shall constitute a general waiver of any provision of the Agreement, nor shall it affect any rights or obligations under or pursuant to the Agreement which have already accrued up to the date of variation or amendment and the rights and obligations under or pursuant to the Agreement shall remain in full force and effect except and only to the extent that they are varied or amended.

19. SEVERABILITY

In the event that any provision of this Agreement or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and shall be interpreted so as reasonably necessary to effect the intent of the Parties hereto. The Parties hereto shall use all reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the greatest extent possible, the economic, business and other purposes of such void or unenforceable provision.

20. ASSIGNMENT

(a) Except as provided in this Section 20 neither this Agreement nor any of the rights and obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise by any of the Parties hereto without the prior written consent of the other Parties hereto, and any such assignment without such prior written consent shall be null and void, except that Buyer may assign its rights and delegate its obligations under this Agreement without the prior consent of any other party hereto to any direct or indirect wholly owned subsidiary of Buyer which is a company organized under the laws of and whose registered office is in the United States of

America, provided that (i) notwithstanding any such assignment, Buyer shall remain liable for all of its obligations under this Agreement unless a prior discharge from the Sellers Representative has been formally obtained, (ii) the assignment and the identity of the assignee shall be notified in writing to the Sellers Representative as soon as practicable, (iii) such assignment shall have no adverse consequences for the Sellers and shall not substantially affect the terms of this Agreement (in particular with respect to the Foreign Investment Authorization or the Stock Portion of the Provisional Consideration) and (iv) the results of KYC performed by the Sellers (with respect to which Buyer shall cooperate in relation thereto) in respect of such assignee are reasonably satisfactory to the Sellers.

(b) Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and assigns.

(c) Save in the event of an assignment by Buyer of the benefit of the Agreement and/or of any other Transaction Document as provided in Section (a) all rights (including that to bring a Claim to the Sellers) and obligations of Buyer will remain with Buyer notwithstanding the assignment of any or all of the Transferred Securities or the assets of any of the Group Companies.

21. NOTICES

(a) All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing, in English, and shall be deemed to have been given (a) when personally delivered, upon delivery (b) when transmitted via email to the email address set out below (subject to confirmation of delivery by a delivery receipt), upon delivery or (c) when delivered by registered letter with acknowledgment of receipt or by an internationally recognized express overnight delivery service, upon the first presentation. All notices, demands and other communications, in each case to the respective Parties, shall be sent to the applicable address set forth below, unless another address has been previously specified in writing by such party:

For any Seller:

Name: Vincent Fert
Address: Parc Scientifique de Luminy, 163 avenue de Luminy, Luminy Biotech Entreprises, 13288 Marseille 9ème
E-mail address: Vincent.Fert@haliodx.com

with a copy to:

Name: Shearman & Sterling LLP
For the attention of: Hervé Letréguilly
Address: 7, rue Jacques Bingen, 75017 Paris
E-mail address: hletreguilly@shearman.com

Name: PSIM/Bpifrance Investissement
For the attention of: Olivier Martinez
Address: 6/8 boulevard Haussmann 75009 Paris
E-mail address: olivier.martinez@bpifrance.fr

For Buyer:

Name: Veracyte
For the attention of: Bonnie Anderson
Address: 6000 Shoreline Court, Suite 300, South San Francisco, CA 94080
E-mail address: bonnie@veracyte.com

with a copy to:

Name: Latham & Watkins
For the attention of: Olivier du Mottay
Address: 45 rue Saint-Dominique, 75007 Paris (France)
E-mail address: Olivier.duMottay@lw.com

and to:

Name: Fenwick & West
For the attention of: Douglas Cogen
Address: 555 California St, San Francisco, CA 94104
E-mail address: dcogen@fenwick.com

(b) Any Party may notify the other Parties of any change to its address or other details specified in this Section 21, provided that such notification shall only be effective on the date specified in such notice or five Business Days after the notice is given, whichever is later.

(c) Any notice to be given to or by all of the Sellers under the Agreement shall be deemed to have been properly given if it is given to or by the Sellers Representative.

22. COSTS

Whether or not the Transaction is completed and except as otherwise provided in this Agreement, each Party shall bear its own costs arising out of or in connection with the preparation, negotiation and implementation of this Agreement and all other Transaction Documents. By way of exception, the taxes referred to in Article 726 of the French General Tax Code shall be borne by Buyer and Buyer shall send a notice to the Sellers Representative within 30 days as from the Closing confirming that such payment has been made.

23. PAYMENT, CURRENCY, WITHHOLDING AND DEDUCTIONS

All cash payments under or in connection with this Agreement shall be made in EUR (if the amount to be paid is not expressed in EUR, the equivalent amount in EUR shall be determined in accordance with the Exchange Rate), by electronic wire transfer, free of any bank charges and other deductions, or withholdings in immediately available funds.

24. GOVERNING LAW AND JURISDICTION

(a) This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of France.

(b) The Parties hereto irrevocably submit to the exclusive jurisdiction of the Commercial Court of Paris any disputes, and waive any objection to proceedings before such courts on the grounds of venue or on the grounds that such proceedings have been brought in an inappropriate forum.

(c) For the purposes of this Clause, dispute means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with the Agreement, including a dispute regarding the existence, formation, validity, interpretation, performance or termination of the Agreement or the consequences of its nullity and also including any dispute relating to any non-contractual rights or obligations arising out of, relating to, or having any connection with the Agreement.

In accordance with Articles 1366 *et seq.* of the French Civil Code, the Parties agree that each Party can duly execute the Agreement electronically, including by appending an electronic signature generated through DocuSign's service or any similar service, and acknowledge that such electronic signature carries the same legal value as their handwritten signature.

[*Rest of the page intentionally left blank – Signature pages follow*]

/s/ Marc Stapley

Veracyte, Inc.
By: Marc Stapley
CEO

/s/ Philippe Dhamelincourt

M.I.3 S.A
By: Philippe Dhamelincourt

/s/ Vincent Fert

Philis
By: Vincent Fert

/s/ Luc Pascal

BNP Paribas Développement
By: Luc Pascal

/s/ Vincent Fert

Vincent Fert

/s/ Olivier Martinez

FPCI PSIM
By: Bpifrance Investissement, represented by Olivier Martinez

/s/ Corinne Danan

Tabodar
By: Corinne Danan

/s/ Jos B. Peeters

Quest For Growth SA
By: Capricorn Partners NV, represented by Jos B. Peeters

/s/ Corinne Danan

Corinne Danan

/s/ Romain Rouge

FIP Amundi France Développement 2015
By: Amundi Private Equity Funds, represented by Romain Rouge

/s/Stéphane Debono

Stéphane Debono

/s/ Romain Rouge

FIP Amundi France Développement 4
By: Amundi Private Equity Funds, represented by Romain Rouge

/s/ Fabienne Hermitte

Fabienne Hermitte

/s/ Jérôme Galon

Jérôme Galon

/s/ Florence Politi

Sofipaca
By: Florence Politi

/s/ Bervin Bouani

SHAM Innovation Santé
By: Turenne Capital, represented by Bervin Bouani

/s/ Vincent Fert

Leila Boujadaine

/s/ Vincent Fert

Medoune Niang

/s/ Vincent Fert

Naoual El Asri

/s/ Vincent Fert

Antoine Pelletier

Aurélie Gentil

Catherine Gerbon

/s/ Vincent Fert

Valérie Balme

/s/ Vincent Fert

Béatrice Lagier

/s/ Vincent Fert

Sarah Debono Turcan

/s/ Vincent Fert

Agnès Martinec

/s/ Vincent Fert

Isabelle Orthlieb

/s/ Vincent Fert

Cyril Ransilhac

/s/ Vincent Fert

Olivier Biglia

/s/ Vincent Fert

Jacques Fieschi Meric

/s/ Vincent Fert

Hélène Girardi

/s/ Vincent Fert

Aurélie Catteau

/s/ Vincent Fert

Véronique Frayssinet

/s/ Vincent Fert

Florence Monville

/s/ Vincent Fert

Cécile Poggionovo

/s/ Vincent Fert

Laurence Sibiery

/s/ Vincent Fert

Marion Puimatto

/s/ Vincent Fert

Sabrina Gental

/s/ Vincent Fert

Sandra Agab

/s/ Vincent Fert

Christian Painvin

/s/ Vincent Fert

Férose Charifi

/s/ Vincent Fert

Régis Perbost

EXHIBIT A
Definitions and Interpretation

1. Definition

In this Agreement, unless the context otherwise requires:

Accounts means (i) the audited accounts of the Company as at, and in respect of the financial year ended on, the Balance Sheet Date, comprising the balance sheet and the related profit and loss statement and (ii) the audited consolidated accounts of the Company as at, and in respect of the financial year ended on, the Balance Sheet Date, comprising the balance sheet and the related profit and loss statement; and (iii) the statutory accounts of the Subsidiary as at, and in respect of the financial year ended on, the Balance Sheet Date, comprising the balance sheet and the related profit and loss statement; copies of all which are attached hereto as Schedule 12.

Acquisition Proposal means, with respect to the Company or the Subsidiary, any agreement, offer, proposal or *bona fide* indication of interest (other than this Agreement or any other offer, proposal or indication of interest by Buyer), or any public announcement of intention to enter into any such agreement or of (or intention to make) any offer, proposal or *bona fide* indication of interest, relating to: (i) any acquisition or purchase from the Company, or from the holders of Securities, by any Person of any Securities of the Company or the Subsidiary or exchange offer that if consummated would result in any Person or group of Persons beneficially owning any Securities or the Subsidiary or any merger, consolidation, business combination or similar transaction involving the Company or the Subsidiary, (ii) any sale, lease, mortgage, pledge, exchange, transfer, license (other than in the ordinary course of business), acquisition, or disposition of any material portion of the assets of the Company or the Subsidiary in any single transaction or series of related transactions, (iii) any liquidation, dissolution, recapitalization or other significant corporate reorganization of the Company or the Subsidiary, or any extraordinary dividend, whether of cash or other property or (iv) any other transaction outside of the ordinary course of business the consummation of which would impede, interfere with, prevent or delay, or would reasonably be expected to impede, interfere with, prevent or delay, the consummation of the Transaction.

Administrative Extension means any decision or measure adopted by any Authority in the context of the Covid-19 that may delay the satisfaction of the Condition, in which case the Long Stop Date may be extended accordingly at Buyer's option.

Affiliate means, in relation to a person, any other person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such person as well as with respect to any fund (ii) any person managing or advising (including by way of delegation) such fund and any other fund managed or advised (including by way of delegation) by the same person (or the same management company) or by any Affiliate, within the meaning of (i), of such Person, in each case from time to time, it being agreed that, (i) with respect with the Institutional Sellers or Buyer, it shall not include any portfolio company in which any Institutional Seller, Buyer or their respective Affiliates have invested, and (ii) with respect to any natural person, it shall include any spouse, grandparent, parent, sibling or descendant of such natural person and any entity controlled by such nature person, up to the second degree (*second degré*).

Agreed Form means, in relation to a document, the form of that document which initialled by or on behalf of each of the Parties for identification.

Agreement means this securities purchase and contribution agreement and each of its Schedules and Exhibits, as such agreement may be amended from time to time.

Anti-Corruption Laws means all applicable Laws relating to anti-bribery or anti-corruption (governmental or commercial) and trafficking of influence of any jurisdiction in which any of the Group

Company is subject to, including without limitation, the Foreign Corrupt Practices Act of 1977 as amended and/or the UK Bribery Act of 2010 and/or the French law n°2016-1691 dated 9 December 2016 (so-called Loi Sapin II) and in particular any provisions set forth in Book IV, Title III "*Des atteintes à l'autorité de l'Etat*" and Title IV "*Des atteintes à la confiance publique*" of the French *Code pénal* and/or any applicable anti-bribery and anti-corruption Law whether in connection with or arising from the OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions or otherwise, to the extent applicable.

Anti-Money Laundering Laws means all applicable Laws relating to money laundering and financing of terrorism of any jurisdiction in which any of the Group Company is subject to, including without limitation, financial recordkeeping and reporting requirements such as, USA PATRIOT Act and/or the U.S. Money Laundering Control Act of 1986 as amended and/or the EU Directive 2015/849 and/or its French application, including but not limited to the provisions set forth in Book III, Title II "*Des autres atteintes aux biens*" of the French *Code pénal*, and those relating to fight against financing of terrorism in particular those included in Book IV, Title II "*Du Terrorisme*" of the French *Code pénal* and those included in Book V, Title VI "*Obligations relatives à la lutte contre le blanchiment des capitaux, le financement des activités terroristes, les lotteries, jeux et paris prohibés et l'évasion et la fraude fiscale*" of the French *Code monétaire et financier* and/or any foreign Laws relating to money laundering and financing of terrorism, to the extent these measures are applicable.

Authority means any competent governmental, administrative, supervisory, regulatory, judicial, disciplinary, enforcement or tax raising body, authority, agency, commission, board, organization, court or tribunal of any jurisdiction, whether supranational, national, regional or local and any subdivision, department or branch of any of the foregoing.

Balance Sheet Date means December 31, 2020.

Business Day means a day (other than a Saturday or Sunday) on which banks and financial markets are open in France and in New York State.

Business Warranties means all Warranties other than the Fundamentals Warranties and the Tax Warranties, as listed in Section 2 of Exhibit B.

Buyer's Bank Account means the bank account notified to the Sellers Representative at least five Business Days before the relevant due date for payment.

Buyer Common Stock means Common Stock, par value $0.001 per share of Veracyte, Inc.

Buyer Group means Buyer and each of its Affiliates including, for the avoidance of doubt, the Group Companies from Closing.

Change of Control occurs where a person who controls any body corporate ceases to do so or if another person acquires control of such body corporate.

Claim means any claim by Buyer for the payment of a Refund by any of the Sellers in accordance with Section 11.

Closing means Closing of the Transaction in accordance with Section 7.

Closing Date means the date on which Closing takes place.

Closing Stock Price means the dollar volume-weighted average price, rounded to four decimal points, of shares of Buyer Common Stock on the principal securities exchange or securities market on which such security is then traded during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg through its "HP" function (set to weighted average) for

the period of the 10 consecutive trading days prior to the date that is three Business Days prior to the Closing Date, converted into euros based on the Designated Exchange Rate.

Company has the meaning given to it in the preamble of this Agreement.

Company Employee means an employee employed by a Group Company as of the Closing Date.

Conditions means the conditions precedent set out in Section 4.

Continuing Employee means each employee of the Subsidiary who remains an employee of a Group Company or becomes an employee of Buyer or one of its Affiliates at Closing.

Contract means any written or oral legally binding contract, agreement, instrument, commitment or undertaking of any nature (including leases, subleases, licenses, mortgages, notes, guarantees, sublicenses, subcontracts, letters of intent and purchase orders) as of the date of this Agreement or as may hereafter be in effect, including all amendments, supplements, exhibits and schedules thereto

Debt means without duplication, any Indebtedness and all (a) extension of credit under credit cards and advances, (b) accrued but unpaid corporate income Tax liabilities related to a fiscal year ended prior to the Closing Date (after giving effect to amounts which may be deducted from or offset against such Taxes) and Straddle Period Tax Liabilities related to corporate income Tax, (c) overdue payables after 90 days from invoice, (d) deferred rent, deferred compensation, social charges, bonuses, severance, consulting payments (together with the employer portion of any applicable taxes or other required payments) in each case, to the extent accrued or payable prior to the Closing, (e) defined benefit plan obligations and unfunded pension plan liabilities in each case, to the extent accrued or payable prior to the Closing, (f) transaction related costs including any transaction bonus or similar payment in connection with the Transaction contemplated hereby (in addition to those expressly specified as an Indebtedness), (g) grants and other public subsidies remaining subject to repayments or conditions and (h) accrued but unpaid interest calculated on the Closing Date, redemption or prepayment premiums or penalties and any other fees and expenses becoming due on the Closing Date or on the date of repayment and relating to any of the foregoing it being specified for the avoidance of doubt that the term "Debt" shall include the employer social charges due but unpaid or that will become due by the Company with respect to the Free Shares 2018 and Options up to the amount of social charges due by the Company for such Free Shares 2018 and Options at the end of their respective vesting periods as calculated on the basis of the Final Consideration for the Free Shares 2018 and Provisional Consideration for the Options (and disregarding any subsequent increase or decrease in the value of such Free Shares 2018 post-Closing), each up to the ratio between (i) the number of days elapsed between their grant date (*date d'attribution*) and the Closing Date and (ii) the number of days between their grant date *(date d'attribution*) and the end of their vesting period as a percentage of the total vesting term (or the Closing Date if they vest before the Closing Date).

Designated Exchange Rate means the following EUR / USD exchange rate: 1 USD = 1.2226 EUR.

Employee Benefit Plans means the employee compensation and benefit plans, programs or arrangements sponsored or maintained by the Group Companies for the benefit of any current or former Company Employee.

Encumbrance means any security interest, mortgage, charge, pledge, lien, assignment or *fiducie* by way of security, hypothecation, title retention, easement, burden, or other restriction or limitation of any kind to the rights of disposal, ownership or assignment of an asset (including any right to acquire, call option, tag along, drag along, preference or pre-emption right) whether created by Law, by contract or otherwise, but does not include any non-exclusive license or other permission to use Intellectual Property Rights.

Environment means (i) all or any of the following media (alone or in combination): air (including the air within buildings or other natural or man-made structures whether above or below ground); water (including water under or within land or in drains or sewers); soil and land and any ecological systems and living organisms supported by these media (including, for the avoidance of doubt, man) and (ii) all and any other items referred to in Article L. 511-1 of the French Environmental Code.

Environmental Law means all applicable Laws relating to the protection, or prevention of the pollution of, the Environment or the regulation of emissions, discharges, or releases of Hazardous Substances into the Environment, or the regulation of the use, treatment, storage, burial, disposal, transport or handling of Hazardous Substances.

ERISA means the Employee Retirement Income Security Act of 1974, as amended through the date hereof.

Escrow Account means the escrow account established and operated in accordance with the Escrow Agreement.

Escrow Agent means the *Séquestre Juridique du Barreau de Paris*, located at 11 Place Dauphine, 75053 Paris Cedex 01.

Escrow Agreement means the agreement to be entered into between Buyer, the Sellers and the Escrow Agent on or prior to the Closing Date relating to the management of the Escrow Amount substantially in the form set out in Schedule 3.6.

Estate Vehicle means Tabodar, a société par actions simplifiée organized under the laws of France, whose registered office is located 4, avenue du Stade de Coubertin, 92100 Boulogne-Billancourt, registered with the Trade and Companies Registry under number 804 938 108 RCS Nanterre (which is the Estate Vehicle of Corinne Danan) and Philis, a société à responsabilité limitée organized under the laws of France, whose registered office is located at 16, rue Georges Saint Martin, 13007 Marseille, registered with the Trade and Companies Registry under number 533 408 282 RCS Marseille (which is the Estate Vehicle of Vincent Fert).

Estimated Net Cash Amount means the good faith estimate of the Net Cash Amount calculated in accordance with Schedule 5 and delivered by the Sellers Representative to Buyer pursuant to Section 3.3.

Estimated Working Capital Amount means the good faith estimate of the Working Capital Amount calculated in accordance with Schedule 5 and delivered by the Sellers Representative to Buyer pursuant to Section 3.3.

Exchange Rate means with respect to a particular currency for a particular day, the relevant foreign exchange reference rate published by the European Central Bank on its website at around 4:00 pm (CET) on the Business Day immediately preceding the relevant date or, if no such relevant foreign exchange reference rate is published on that date, on the preceding date on which such relevant foreign exchange reference rate is published at around 4:00 pm (CET).

First Contingent Consideration has the meaning given to such term in the Put & Call Option Agreement

First Installment Date means the first anniversary of the Closing Date.

Foreign Investment Authorization means the authorization of the *French Ministry of Economy* in connection with the Transaction pursuant to Articles L. 151-3 and R. 151-1 *et seq.* of the French Monetary and Financial Code, or the written notice by the same that no such approval is required.

Founders means Vincent Fert, Stéphane Debono, Fabienne Hermitte, and Corinne Danan.

Free Shares 2018 means the 11,653 free ordinary shares (*actions gratuites*) of the Company, granted on July 6, 2018, February 5, 2019, February 13, 2020 and November 24, 2020 to the persons listed in Schedule 1.

Free Shares 2018 Plan means the free share plan entitled *Plan 2018 d'Attribution Gratuite d'Actions* dated July 6, 2018 and amended on February 5, 2019, February 13 2020 and November 24, 2020.

Fundamental Warranties means the warranties set forth in Section 1 of Exhibit B (*Representations and warranties of the Sellers*).

Group means the Company and its Subsidiary.

Group Company means any member of the Group.

Hazardous Substances means any wastes, pollutants, contaminants and any other natural or artificial substance (whether in the form of a solid, liquid, gas or vapour) which is subject to regulation, control or remediation under any Environmental Laws including, without limitation, any quantity of asbestos in any form, urea formaldehyde, PCB's, radon gas, crude oil or any fraction thereof, all forms of natural gas, petroleum products or by-products or derivatives or radioactive substances or materials.

Indebtedness means without duplication, all (a) obligations for borrowed money or extensions of credit (including under the PGE loans extended to the company and bank overdrafts, but excluding the PPP Loan extended to the Subsidiary which has been forgiven in writing by the PPP Lender on June 17, 2021), (b) obligations evidenced by bonds, debentures, notes, or other similar instruments, (c) obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business to the extent included in Current Liabilities for purposes of determining the Working Capital Amount, (d) obligations of any entity other than a Group Company secured by an Encumbrance on any asset of any member of the Group (within the limit, as the case may be, of the value of any such Encumbrance), (e) obligations to reimburse the issuer in respect of letters of credit or under performance or surety bonds, or other similar obligations, (f) liabilities in respect of capital leases as set out in Schedule 5 (*crédit-baux*), (g) obligations under commodity swap agreements, commodity cap agreements, interest rate cap agreements, interest rate swap agreements, foreign currency exchange agreements and other similar agreement, in each case only in respect of underlying assets, liabilities, income or charges existing or incurred on or before the Closing Date, (h) payment of transaction costs related to the license agreement with INSERM *(Institut National de la Santé et de la Recherche Médicale*) and (i) accrued but unpaid interest calculated on the Closing Date, redemption or prepayment premiums or penalties and any other fees and expenses becoming due on the Closing Date or on the date of repayment and relating to any of the foregoing.

Information Privacy Laws mean all applicable Laws concerning the privacy, security or protection of Personal Data (including any Laws of any jurisdiction where the Personal Data is collected, processed or transferred, if applicable), and all Laws promulgated including, but not limited to, as applicable, any European laws implementing Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of Personal Data and on the free movement of such data and Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of Personal Data and the protection of privacy in the electronic communications sector, Act n° 78-17 of 6 January 1978 on Information Technology, Data Files and Civil Liberties, Decree No 2005-1309 of 20 October 2005 enacted for the application of Act No 78-17 of 6 January 1978 on Data Processing, Files and Individual Liberties amended by Act No 2004-801 of 6 August 2004, and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of Personal Data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), the Health Insurance Portability and Accountability Act of 1996 as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HIPAA"), and any and all Laws concerning

privacy of Personal Data, requirements under the Law for website and mobile application privacy policies and practices, and restrictions under the Law with respect to use of Personal Data for text messaging, telemarketing, and e-mail marketing.

Institutional Seller has the meaning given in the description of the Parties to this Agreement.

Intellectual Property Rights means all patents, utility models, trademarks, service marks, trade names, internet domain names, copyright (including in computer software), design rights, moral rights, database rights, topography rights, right in confidential information and knowledge (including rights in any of the following: know how, inventions, secret formulae and processes, secret market information, and secret lists of customers and suppliers), and goodwill in any of the foregoing, in all cases whether registered or unregistered; all other forms of protection having a equivalent nature or effect anywhere in the world to any of the foregoing and applications for or registrations of any of the foregoing rights.

IT Systems means software computers, computer workstations, routers, hubs, switches, communication lines and other technology equipment used or held for use in connection with the operation of the Business, including all databases, websites, e-commerce platforms and associated documentation used in connection with the operation of the Business, in each case that are under the ownership and control of the Company or any of the Group Companies.

Key Employees means the list of employees identified in Schedule 28.

Laws means all applicable legislation, statutes, transposed directives, regulations, decrees, ordinances, codes and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, or between states and the European Union or other supranational authorities, and all legally enforceable judgments, decisions, orders or directives, of any Authority.

Long Stop Date means October 31, 2021, subject that no Administrative Extension has occurred.

Losses means any and all direct and certain losses and damages, as per Articles 1231-3 and 1231-4 of the French Civil Code (*préjudices directs et certains*) including, as the case may be, all reasonably incurred third party costs (including legal and other professional fees but excluding the time costs of relevant personnel or other internal costs of the Buyer or Group Companies), but excluding indirect or consequential losses except to the extent awarded by a judicial authority, loss of opportunity (*perte de chance*) or loss of profits (*manque à gagner*).

Managers means the legal representatives, directors, officers and managing directors of the Group Companies.

Material Adverse Effect means with respect to the Company and the Subsidiary (taken as a whole) (or, as the case may be, with respect to the Buyer and its subsidiaries (taken as a whole)), any fact, event, change, development, circumstance or effect that (i) is or is reasonably likely to become materially adverse to the condition (financial or other), business, results of operations, assets, liabilities, or operations of the Company and the Subsidiary taken as a whole (or, as the case may be, of the Buyer and its subsidiaries taken as a whole), other than any effect or change resulting from (A) changes in general economic conditions, (B) general changes or developments in the industries in which the Company and/or the Subsidiary (or, as the case may be, the Buyer and/or its subsidiaries) operate, (C) any act of war, armed hostilities or terrorism, change in political environment or any worsening thereof or actions taken in response thereto, or (D) changes in any Laws or French GAAP or (E) the effect of any change arising in connection with any epidemics or pandemics (including COVID-19) (but only in the case of the foregoing clauses (A) through (E), to the extent that such changes or developments do not have a disproportionate effect on the Company or its Subsidiary relative to other participants in the industries in which it operates), or (F) the announcement of this Agreement or the pendency or consummation of the Transaction contemplated hereby or (G) any failure by Company and/or the Subsidiary (or, as the case may be, the Buyer and/or its subsidiaries) to meet internal projections, budgets, plans, or forecasts or third party

revenue or earnings predictions (provided that the underlying cause of any such failure may be taken into account in determining whether there has been a Material Adverse Effect has occurred), or (ii) materially impairs or delays the ability of the Sellers to consummate the Transaction contemplated hereby.

Material Contract means all ongoing material contracts listed in Schedule 20 relating to any agreement or arrangement to which any of the Group Companies is a party or is bound and which:

(a) involves or is likely to involve expenditure in 2020 and/or for the future by any Group Company in excess of 100 000 € per annum or an aggregate consideration payable by a Group Company in excess of 100 000 €;

(b) involves any Group Company borrowing any money (other than by bank overdraft or similar facility in the ordinary course of business) including entering into any foreign exchange contracts, interest rate swaps or other derivative instruments for an aggregate amount in 2020 and/or for the future in excess of 100 000 € per annum;

(c) is entered with the United States, France or any other Authority; except confidentiality agreements

(d) involving an annual consideration in excess of 200 000€ in 2020 and for the future and which cannot be performed within its terms within 12 months after the date on which it is entered into or undertaken or cannot be terminated on less than 12 months' notice;

(e) involving an annual consideration in excess of 200 000€ in 2020 and for the future and which may be terminated as a result of any Change of Control of any of the Group Companies;

(f) any contract (A) pursuant to which any other party is granted exclusive rights or "most favoured party" rights with respect to any of the Business or Intellectual Property Rights of the Group, rights of first refusal, rights of first negotiation to any party; (B) containing any non-competition covenants relating to the Business or Intellectual Property Rights of the Group; and (C) in which a Group Company has expressly agreed to limitations on its ability to engage or participate in any line of business, market or geographic area;

(g) requires a Group Company to pay any base commission, finders' fee, or royalty associated to any person;

(h) grants any license or authorizes any third party to manufacture, market, sell or reproduce any of the Intellectual Property Rights owned by a Group Company;

(i) is entered with the top 5 customers (by revenues generated from such customers on a consolidated basis for the 12-month period ended December 31, 2020) and the top 15 suppliers of the Company and/or the Subsidiary (by volume of purchases other than relating to rental and administrative expenses by the Company and the Subsidiary on a consolidated basis for the 12-month period ended December 31, 2020) provided that execution of sale quotes with associated terms and conditions are not considered as a material contract and will not be listed in this schedule; or

(j) is entered with any investment banker, broker, advisor or similar party retained by any of the Group Company in connection with this Agreement and the Transaction contemplated hereby.

Nasdaq means the Nasdaq Global Market, or such other Nasdaq market on which shares of Buyer Common Stock are then listed.

Net Cash Amount means the amount of the Consolidated Net Cash of the Group as at 5:59 pm Paris time on the Closing Date calculated in accordance with Schedule 5.

Options means the 1,390 stock-options granted on August 30, 2019, February 13, 2020 and November 24, 2020 to the persons listed in Schedule 1, allowing their holders to purchase shares of the Company ordinary shares.

Organizational Documents means with respect to (i) the Company and any other French entities, its by-laws and the *K-bis* extract and (ii) the Subsidiary, (a) its articles or certificate of incorporation, memorandum or articles of association, all certificates of determination and designation, the bylaws and any shareholders agreement of a corporation; (b) the partnership agreement and any statement of partnership of a general partnership; (c) the limited partnership agreement and the certificate or articles of limited partnership of a limited partnership; (d) the operating agreement, limited liability company agreement and the certificate or articles of organization or formation of a limited liability company; (e) any charter or similar document adopted or filed in connection with the creation, formation or organization of any other Person; and (f) any amendment to any of the foregoing.

Party means either Buyer or any Seller and **Parties** means Buyer and the Sellers;

Personal Data means "personal information", "personally identifiable information", "personal health information", "personal financial information" or any analogous term, each as defined by applicable Laws relating to the collection, use, storage sharing, handling, storage, retention, destruction, and/or disclosure of information about an identifiable individual.

PPP Lender means Bank of America, NA.

PPP Loan means the loan in the original amount of USD 310,695.00 granted to the Subsidiary by PPP Lender on April 30, 2020.

Price Adjustment Stock Price means the dollar volume-weighted average price, rounded to four decimal points, of shares of Buyer Common Stock on the principal securities exchange or securities market on which such security is then traded during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg through its "HP" function (set to weighted average) for the period of the 10 consecutive trading days prior to the date that is three Business Days prior to the date of final determination of the Adjustment Amount.

Proceedings means any action, audit, hearing, investigation, inquiry, investigation, claim, complaint, trial or proceeding (whether civil, administrative or criminal) initiated, conducted or pleaded by or before any Authority or any arbitrator.

Registrable Securities means the shares of Buyer Common Stock issued in connection with the Agreement, and any shares of Buyer Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such shares of Buyer Common Stock; provided, however, that shares of Buyer Common Stock shall cease to be Registrable Securities hereunder if and when (i) such Registrable Securities have been sold, transferred or otherwise disposed of pursuant to an effective registration statement registering such Registrable Securities (or the resale thereof) under the Securities Act, (ii) such Registrable Securities have been sold, transferred or otherwise disposed of pursuant to Rule 144 of the Securities Act (**Rule 144**) or (iii) with respect to the Registrable Securities held by a particular Seller, such Seller has held such Registrable Securities for at least one year and holds a number of Registrable Securities less than the number of shares of Buyer Common Stock that can be sold by such Seller in a single 90-day period pursuant to Rule 144 (including Rule 144(e)).

Representatives means, in relation to a Party, Affiliates and its directors, officers and employees as well as those of its Affiliates.

Sanctioned Country means any country or territory that is subject to general restrictions relating to exports, imports, financings or investments under the Sanctions Regulations. As at the date hereof, the

Sanctioned Countries are North Korea, Cuba, Iran, Sudan, Syria and the territory of Crimea, it being specified that this list may be amended from time to time.

Sanctioned Person means a natural or legal person (including legal persons majority owned or controlled by a Sanctioned Persons) that is subject to or is the target of any Sanction Regulation.

Sanctions Regulations means any restrictive measures enacted, adopted, administered, imposed or enforced by the United Nations Security Council and/or the European Union and/or the State of the French Republic through the *Direction Générale du Trésor* (DGT) and/or the US government through the Office of Foreign Assets Control of the US Department of Treasury (OFAC) and/or the Bureau of Industry and Security (BIS) of the US Department of Commerce and/or the United Kingdom through Her Majesty's Treasury (HMT) and/or any other similar authority enacting restrictive measures, to the extent these measures are applicable.

SEC means the United States Securities and Exchange Commission.

Second Contingent Consideration has the meaning given to such term in the Put & Call Option Agreement

Securities Act means the United States Securities Act of 1933, as amended.

Securities means the securities and other right issued or granted by the Company the details of which are set out in Schedule 1.

Sellers has the meaning given in the description of the Parties to this Agreement.

Sellers' Costs means the transaction costs in connection with the Transaction to be paid directly by Buyer on behalf of the Sellers of an amount not exceeding € 1,500,000.

Sellers Group means the Sellers and any of their respective Affiliates, from time to time, (but excluding, for the avoidance of doubt, the Group Companies).

Straddle Period means the taxable year or period beginning before the Closing Date and ending on or after the Closing Date.

Straddle Period Tax Liabilities means an amount of Taxes calculated as follows:

(a) in the case of Taxes that are either (i) based upon or related to income or receipts; or (ii) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), the Straddle Period Tax Liabilities shall be equal to the amount of Taxes which would be payable (after giving effect to amounts which may be deducted from or offset against such Taxes) if the fiscal year ended immediately prior to the Closing Date; and

(b) in the case of Taxes imposed on a periodic basis with respect to assets of any of the Group Companies, or otherwise measured by the level of any item, the Straddle Period Tax Liabilities shall be equal to such Taxes (deemed to be the amount of such Taxes for the entire Straddle Period (after giving effect to amounts which may be deducted from or offset against such Taxes) (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period)) multiplied by the number of days elapsed between the beginning of the Straddle Period and the day before the Closing Date (included) and divided by the number of days in the Straddle Period.

Subsidiary means the legal entity whose details are set out in Schedule 4.

Target Working Capital Amount means € 3,433,000.

Tax means all tax liabilities, including without limitation all direct or indirect taxes, withholdings, duties, levies, deductions, property taxes, business taxes, stamp duties, value added taxes, R&D credits and other tax credits, customs and excise tax, social security and other social contributions, and all related fines, penalties, charges and interest assessed under applicable Laws whether directly or primarily chargeable against, recoverable from or attributable to any person (and **Taxes** and **Taxation** shall be construed accordingly).

Tax Authority means any Authority (whether within or outside France) competent to impose a liability for or to collect Tax.

Tax Return means any return, report, information return, statement, declaration or other document filed or required to be filed with any Authority in connection with any determination, assessment or collection of any Tax or any information or documentary obligation imposed by any Tax law.

Tax Warranty(ies) means the representations and warranties covering Taxes.

Third Party means any person that is not a Party nor a Group Company, nor any member of the Sellers' Group or any Affiliate of Buyer.

Third Party Expert means Deloitte or, if that firm is unable or unwilling to act in any matter referred to them under the Agreement, an independent firm of internationally recognised chartered accountants to be agreed upon by the Sellers Representative and Buyer within five Business Days of a notice by one to the other requiring such agreement or, failing such agreement, to be nominated on the application of either of them by the President of the Commercial Court of Paris.

Third Party Guarantees means any guarantees, indemnities and letters of comfort of any nature given:

(a) to a Third Party by any of the Group Companies in respect of any obligation of a member of the Sellers Group; or

(b) to a Third Party by a member of the Sellers Group in respect of any obligation of any of the Group Companies.

Transaction means the contribution, sale and purchase of the Transferred Securities by the Sellers to Buyer and any other transactions contemplated by the Agreement and/or the other Transaction Documents.

Transaction Documents means the Agreement, the Escrow Agreement, the Put &Call Option Agreement and any other documents in Agreed Form in connection with the Transaction; as each of such agreements may be amended from time to time.

Transferred Percentage means 92.897%.

Transferred Securities means all of the Securities held by the Sellers on the Closing Date, save for the Free Shares 2018 and the Options.

Warranties means the representations and warranties given by the Sellers as set out in Exhibit B.

Working Capital Amount means the amount of the Working Capital of the Group as at 5:59 pm Paris time on the Closing Date calculated in accordance with Schedule 5.

Other capitalized terms used herein and not defined in this Exhibit A shall have the meanings assigned to such terms in the following Sections:

Term	**Section**

Additional Tax Cap	Section 11.2(c)
Adjustment Amount	Section 2.1(b)
Blackout Notice	Section 8.4.3.
Books and Records	Section 8.1.
Break Up Fee	Section 5.1(a)(iv).
Business	the preamble of this Agreement
Buyer	preamble of this Agreement
Cap	Section 11.2(c)
Cash Portion	Section 3.1
Claim Notice	Section 11.2(a)
Closing Indebtedness	Section 3.4
Closing Payment In Cash	Section 3.4
Closing Payment	Section 3.4
Closing Statement	Section 3.5.1
Company 401(k) Plan	Section 4.2(c)
Confidential Information	Section 14(a)
Consolidated Net Cash	Paragraph 1.1 of Schedule 5
Data-Room	Preamble
Environmental Permits	Section 2.21 of Exhibit B
Escrow Amount	Section 3.2
Final Consideration	Section 2.1
Funds Flow Memorandum	Section 3.3(a)
Highly Compensated Employees	Section 2.20 of Exhibit B
Indemnified Party	Section 8.7(c)
Indemnifying Party	Section 8.7(c)
Prospectus	Section 8.4.2
Provisional Consideration	Section 2.1
Provisional Consideration Schedule	Section 3.3(c)
Put & Call Option Agreement	Section 1.2(b)
Refund	Section 11
Registration Statement	Section 8.4.2

Release Date	Section 3.6.
Sellers Representative	Section 13(a)
Specific Losses	Section 8.7(a)
Specific Proceeding	Section 8.7(c)
Stock Portion	Section 3.1
Third-Party Claim	Section 11.4
Threshold Amount	Section 11.2(c)
Unvested Options	Section 1.2(e)
Vested Options	Section 1.2(c)
Vested Option Payment	Section 1.2(c)
Working Capital	Paragraph 1.2 of Schedule 5

2. Interpretation

(a) In the Agreement, unless the context otherwise requires:

(i) "control" has the meaning given to it by article L. 233-3 of the French Commercial Code, it being agreed that the managing company of an investment fund shall be deemed to have control over such investment fund;

(ii) except if otherwise specified, references to clauses and schedules are references to Clauses of and Schedules to the Agreement, references to paragraphs are references to paragraphs of the Section and the Schedule in which the reference appears and references to the Agreement include the Schedules;

(iii) references to the singular shall include the plural and vice versa and references to one gender include any other gender;

(iv) references to a "Party" means a party to the Agreement and includes its successors in title, personal representatives and permitted assignees;

(v) references to a "person" includes any individual, partnership, company, association, trust, union or organisation, public or private, in each case whether or not having separate legal personality, and including any Authority;

(vi) references to a "company" includes any company, corporation or other body corporate irrespective of its legal form, wherever and however incorporated or established;

(vii) references to "EUR", "euros", or "€" are references to the lawful currency from time to time of France; and

(viii) general words shall not be given a restrictive meaning because they are followed by words which are particular examples of the acts, matters or things covered by the general words and the words "includes" and "including" shall be construed without limitation.

(b) The headings and sub-headings in the Agreement are inserted for convenience only and shall have no legal effect.

(c) Each of the schedules to the Agreement shall form part of the Agreement.

(d) References to the Agreement include the Agreement as amended or varied in accordance with its terms.

(e) The provisions of Articles 640 to 642 of the French Code of Civil Procedure shall be applied to calculate any period of time under the Agreement, provided that the references in article 642 to "*un jour férié ou chômé*" and "*premier jour ouvrable*" shall be interpreted by reference to the definition of "Business Day" provided herein.

(f) French Law terms of art appearing in italics in this Agreement shall prevail, as to meaning, over any English language translation appearing next to them in the relevant text and when French Law terms of art are used with respect to a situation or a person for which French law is not applicable, it shall be understood as referring to its closest equivalent pursuant to applicable Laws.

(g) Any accounting term not specifically defined in this Agreement will have the meaning in accordance with French GAAP.

Exhibit B

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

For the purpose of this Exhibit B, the **Management Sellers' Knowledge** means, with respect to any fact, circumstance, event or other matter in question, the knowledge of such fact, circumstance, event or other matter of any of the Management Sellers. For the purpose of the foregoing, any Management Seller will be deemed to have "Knowledge" of a particular fact, circumstance, event or other matter if he or she should have reasonably become aware of such fact, circumstance, event or other matter after due and careful enquiry in their capacity as employee, director or officer of the Company or its Subsidiary prior to the Closing Date.

1. FUNDAMENTAL WARRANTIES BY EACH SELLER INDIVIDUALLY IN RESPECT OF ITSELF

1.1 organization

Each Seller if not a natural person, is duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation or organization, and has all requisite corporate power and authority to own its assets and conduct its business as now being conducted. Each Seller who is a natural person has a full legal capacity and is not subject to any restriction rights.

1.2 Authorization

Each Seller has all requisite power and authority (or corporate power and authority, if the Seller is an entity), and has taken all action (or corporate action, if the Seller is an entity) necessary, to execute and deliver this Agreement and the other Transaction Documents to which the Seller is to be a party, to consummate the transactions contemplated by this Agreement and by the other Transaction Documents and to perform his, her or its obligations under this Agreement and under the other Transaction Documents. No other proceedings (or corporate proceedings, if the Seller is an entity) on the part of the Seller are necessary to authorize this Agreement and the other Transaction Documents to which he, she or it is to be a party and the transactions contemplated by this Agreement and by the other Transaction Documents. This Agreement has been duly executed and delivered by the Seller and is, and upon execution and delivery of the other Transaction Documents to which he, she or it is to be a party, each of the other Transaction Documents will be, legal, valid and binding obligations of the Seller enforceable against him, her or it in accordance with their terms.

1.3 No Conflict or Violation(a) .

The execution and delivery by each of the Sellers of this Agreement and the other Transaction Documents to which the Seller is to be a party and the performance of this Agreement and the other Transaction Documents including the consummation of the Transactions contemplated hereby, will not, (a) if the Seller is an entity, conflict with or violate any provision of the Organizational Documents of the Seller, (b) violate, conflict with, or result in or constitute a default under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the Seller's assets under, any of the terms, conditions or provisions of any contract, Indebtedness, note, bond, indenture, security or pledge agreement, commitment, license, lease, franchise, permit, agreement, authorization, concession, or other instrument or obligation to which the Seller is a party, or (c) violate any applicable Laws, except in each case for any violation, conflict, default, termination, acceleration or creation of Encumbrance which would not prevent or delay the ability of the Seller to consummate the Transaction contemplated by this Agreement or the other Transaction Documents.

1.4 Consents and approvals

No notice to, declaration, filing or registration with, or authorization, consent or approval of, or permit from, any person is required to be made or obtained by the Seller or any Affiliate of the Seller (except the Group Companies) in connection with the execution, delivery and performance of this Agreement and the other Transaction Documents to which the Seller is to be a party and the consummation of the transactions contemplated by this Agreement and by the other Transaction Documents by the Seller.

1.5 title to securities

(a) Each Seller is the sole owner and beneficial owner of the number of Transferred Securities set forth opposite his, her or its name on Schedule 1 (*Allocation of the Securities and Consideration*). Each Seller has full power and authority to sell and deliver such Transferred Securities as provided in this Agreement. Each of the Transferred Securities owned by such Seller is owned free and clear of, any Encumbrances other than restrictions to transfer the Free Shares / Options.

(b) There is no agreement pursuant to which each Seller could be required to assign or otherwise dispose of any Transferred Securities issued by the Company, other than the Agreement. Upon the Closing, each Transferred Security owned by each Seller will have been duly transferred to Buyer, good and transferable title to each such Transferred Security will be held by Buyer free and clear of any Encumbrances, and Buyer will be the sole record and beneficial owner of all such Transferred Securities.

(c) Each Seller is not a party to any shareholder agreement, voting trust, proxy or other agreement or understanding with respect to the voting of any Securities that will survive the Closing.

(d) There is no agreement prohibiting or restricting the transfer by the relevant Seller to the Buyer of the Securities resulting from the Free Shares 2018.

1.6 Related-party agreements

(a) Subject to the contracts referred to in Section 8.3 (*Relations with the Sellers*) or identified in Schedule 22 (*Agreements and Undertakings outstanding with the Sellers' Group at Closing*), there is no outstanding indebtedness or other liability (actual or contingent) and no outstanding contract, commitment or arrangement between a Group Company and any Seller or any of its Representatives.

(b) Except as disclosed in Schedule 22, neither any Seller nor any member of the Sellers Group:

(i) has assigned to any person the benefit of a claim against any of the Group Companies to which a Seller or a member of the Sellers Group would otherwise be entitled; or

(ii) holds, directly or indirectly, any property, assets or rights whatsoever that any Group Company needs to own, use, exercise or benefit from to carry out all or part of its activities as presently conducted.

1.7 Insolvency

(a) None of the Sellers is insolvent (*en état de cessation de paiements*), or unable to pay its debts within the meaning of any insolvency Law applicable to the company concerned nor subject to any safeguard, bankruptcy or insolvency proceedings under any applicable Laws or to any equivalent proceedings (in particular to any proceedings with a view to the prevention or resolution of business difficulties), or has stopped paying its debts as they fall due.

(b) No step has been taken to initiate any process by or under which (i) the ability of the creditors, as a whole, of any Seller to take any action to enforce their claims is suspended, restricted or prevented, (ii) some or all of the creditors of any Seller accept, by agreement or in pursuance of a court order, an amount less than the respective sums owing to them in satisfaction of those sums with a view to preventing the dissolution of such entity, (iii) a person is appointed to manage the affairs, business and assets of any Seller on behalf of its creditors; or (iv) the holder of an Encumbrance over the assets of any Seller is appointed to control its business and assets.

(c) No process has been initiated which could lead to any Seller being dissolved and its assets being distributed among the relevant company's creditors, shareholders or other contributors. No Encumbrance on the assets of the Sellers has been enforced and there are no circumstances likely to cause any such Encumbrances to be enforced.

2. BUSINESS WARRANTIES GIVEN BY THE MANAGEMENT SELLERS SEVERALLY

2.1 organization of the company and its subsidiary

(a) Each of the Company and the Subsidiary is duly incorporated and validly existing. . Each of the Company and the Subsidiary is in good standing under the laws of its jurisdiction of organization and has the corporate power to own, operate, use, distribute and lease its properties and to conduct the Business and is duly licensed or qualified to do business and is in good standing in each jurisdiction. Copies of the Organizational Documents of the Company and the Subsidiary, and all amendments thereto, delivered to Buyer before the date of this Agreement are true, accurate and complete as of the date of this Agreement and there have not been and are not any breaches by the Company and/or the Subsidiary of their respective Organizational Documents.

(b) The Securities constitute the whole of the issued and outstanding share capital of the Company and are fully paid. The Company has not issued any other securities and there is no agreement for the Company to issue other securities, except for any issuance as a result of the vesting of the Free Shares 2018 and of the exercise of the Options or the warrants (BSA ratchets).

(c) The Company has not granted to any Person any power of attorney in respect of any of its assets.

(d) The Company is the sole owner of all the authorized, issued, and outstanding share capital of the Subsidiary free from all Encumbrances as set out in Schedule 2 (*Description of the securities issued by the Group Companies and of their respective shareholders*). All the securities issued by the Subsidiary are validly issued, fully paid up and non-assessable and are not subject to any preemptive right or right of first refusal created by statute, the certificate of incorporation and bylaws or other equivalent organizational or governing documents, as applicable, of such Subsidiary or pursuant to any Contract to which such Subsidiary is a party or by which it is bound. There are no outstanding subscriptions, options, warrants, "put" or "call" rights, exchangeable or convertible securities or other Contracts of any character relating to the issued or unissued capital stock or other securities of the Subsidiary, or otherwise obligating the Company or the Subsidiary to issue, transfer, sell, purchase or redeem or otherwise acquire or sell any such securities. Except for the Subsidiary, the Company has and, since its inception has had, no Subsidiaries or any equity

interest, whether direct or indirect, in, or any loans to, any corporation, partnership, limited liability company, joint venture or other business entity.

(e) Except as disclosed in Schedule 2.1, all minutes of corporate decisions (and all similar documents recording such corporate decisions) which each Group Company is required by Law to file with or deliver to any Authority in any jurisdiction (including the Trade and Companies Registry) have been filed or delivered and (ii) all statutory books and registers of the Group Companies containing the minutes of such decisions have been properly kept.

(f) All dividends or distributions declared, made or paid by any of the Group Companies, with respect to the last three years, have been declared, made or paid in accordance with its articles of association or any other constitutional and corporate documents, all applicable Laws and any agreements or arrangements made with any Third Party regulating the payment of dividends and distributions.

(g) Schedule 1 (*Allocation of the Securities and Consideration*) sets forth, as of the date hereof, a true, correct and complete list of all holders of Options, and each Option, including the number and type of Company shares of subject to each Option, the number of such Options that are vested or unvested, the date of grant, the vesting commencement date, the vesting schedule (and the terms of any acceleration thereof), the exercise price per share. Such Schedule 1 also sets forth the Tax status of such Option under Section 422 of the Internal Revenue Code of 1986, as amended (the **U.S. Tax Code**), the expiration date, the option plan under which such Option was granted (if any) and the country and state of residence of such holder. True, correct and complete copies of each option plan, all agreements and instruments relating to or issued under each option plan (including executed copies of all Contracts relating to each Option and the Company shares purchased under such Option) have been provided to Buyer, and such option plans and Contracts have not been amended, modified or supplemented since being provided to Buyer, and there are no agreements, understandings or commitments to amend, modify or supplement such option plans or Contracts in any case from those provided to Buyer.

(h) Schedule 1 (*Allocation of the Securities and Consideration*) sets forth, as of the date hereof, a true, correct and complete list of all holders of Free Shares 2018, and each Free Shares 2018, the number of Free Shares 2018 that are vested or unvested, the date of grant, the vesting commencement date, the vesting schedule, the subscription price of the Free Shares 2018 upon expiry of their vesting period, the expiration date, the Free Share 2018 Plan under which such Free Shares 2018 was granted (if any) and the country and state of residence of such holder. True, correct and complete copies of each Free Share 2018 Plans, all agreements and instruments relating to or issued under each Free Share 2018 Plan (including executed copies of all Contracts relating to each Free Share) have been provided to Buyer, and such Free Share 2018 Plans and Contracts have not been amended, modified or supplemented since being provided to Buyer, and there are no agreements, understandings or commitments to amend, modify or supplement such Free Share 2018 Plans or Contracts in any case from those provided to Buyer.

2.2 Tax

(a) Tax Return: Each Group Company has duly and timely filed with the appropriate Tax Authorities all Tax Returns required to be filed by or with respect to it, taking into account any extension of time to file granted or obtained. All of these Tax Returns are complete and accurate in all respects. All Taxes due and owing by Group Company (including installments or prepayments of Taxes) (whether or not shown on any Tax Return or assessed or reassessed by any relevant Tax Authority or other Governmental Authority) or for which any Group Company could be liable have been duly and punctually paid and each Group Company has paid all assessments and reassessments it has received in respect of Taxes. No claim has ever been made by a Tax

Authority in a jurisdiction where a Group Company does not file a Tax Return on the basis that the relevant Group Company should be subject to Taxes in that jurisdiction.

(b) The accrued but unpaid Taxes of any Group Company do not, as of the Balance Sheet Date, exceed the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Balance Sheet (rather than in any notes thereto) and since the Balance Sheet Date, except for liabilities taken into account in the Net Cash Amount or the Working Capital Amount, no Group Company has been involved in any transaction or arrangement which has given or may give rise to a liability for Taxes (or would have given or might give rise to a liability but for the availability of a relief) outside the ordinary course of business.

(c) Except as set out in Schedule 41 (*Tax reassessments, audits, investigations, claims or proceedings*), no deficiencies or reassessments for Taxes with respect to any member of the Group Company have been claimed, proposed or assessed by any Tax Authority or other Authority. There are no pending audits, request for information, disputes or reassessment notice for or relating to any Liability in respect of Taxes of any Group Company. The Company has delivered or made available to Buyer complete and accurate copies of U.S. federal, state, local and non-U.S. Tax Returns of each member of the Group and its predecessors for all taxable years remaining open under the applicable statute of limitations, including, promptly upon their availability, for the most recent taxable year closed, and complete and accurate copies of all audit or examination reports and statements of deficiencies or assessments or reassessments assessed or asserted against or agreed to by any member of the Group (or any predecessor of the member), if any, for which the applicable statute of limitations is closed, with respect to Taxes of any type. No member of the Group (or any predecessor of the member) has waived any statute of limitations in respect of Taxes or agreed to or requested any extension of the applicable statute of limitations. No power of attorney with respect to any Taxes is currently in force or has been executed or filed with any Tax Authority or other Governmental Authority. Except as set out in Schedule 42 (*Tax Elections or Advantages*), no member of the Group has requested, received or entered into any Tax ruling, or agreement from or with any Tax Authority or other Authority.

(d) None of the Group Company will be liable to pay any additional Tax, lose any Tax advantage (including but not limited to any carry-forward Tax losses) or incur any Tax burden in relation to the transfer of the Shares arising as a result of this Agreement.

(e) The sums recorded in the Accounts as "*capital social*" and "*primes d'émission*" do not correspond to profits, reserves or retained earnings nor to any sums resulting from a merger or a spin-off.

(f) Except as disclosed in Schedule 2.2(f), the Group Companies have kept all necessary documents to justify any amounts paid pursuant to any intra-group agreements entered into among any of them.

(g) The Company is not a real estate company within the meaning of Article 726 of the French Tax Code.

(h) Except as disclosed in Schedule 2.2(h), no independent contractor was or will be considered as an employee of any Group Company by an applicable Tax Authority.

(i) Each contract, arrangement or plan that is a “nonqualified deferred compensation plan” (within the meaning of Section 409A(d) of the U.S. Tax Code) has been administered, documented and maintained in accordance with Section 409A of the U.S. Tax Code and the rules and regulations issued thereunder in all material respects, such that no Tax or interest will be due and owing after the Closing in respect of such arrangement failing to be in compliance therewith. No member of the Group Company has any obligation to “gross-up” or otherwise indemnify any individual for

the imposition of the excise tax under Section 4999 of the U.S. Tax Code or under Section 409A of the U.S. Tax Code.

(j) The exercise price of all Options granted to employees or service providers of a Group Company subject to U.S. taxes was at least equal to the fair market value of the Company shares on the date such Options were granted. All Options cover "service recipient stock" (as defined under Treasury Regulation 1.409A-1(b)(5)(iii)) with respect to the grantor thereof.

2.3 absence of changes or events Since The Balance Sheet Date

Except as disclosed in Schedule 2.3, since the Balance Sheet Date to and including the date of this Agreement (i) there has been no event that has had or, to the Management Sellers' Knowledge, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Change with respect to the Company and the Subsidiary, taken as a whole, (ii) the Company and the Subsidiary have conducted the Business only in the ordinary course of business (unless otherwise contemplated by this Agreement) and (iii) neither the Company nor the Subsidiary has done, caused or permitted any action that would constitute a breach of Section 6.1 (*Conduct of Business up to Completion*) if such action were taken by the Company or the Subsidiary, as applicable, without the written consent of Buyer.

2.4 Accounts

(a) Schedule 12 contains a true and complete copy of the Accounts. The Accounts (i) were prepared in accordance with the applicable generally accepted accounting principles in France and in the United States for statutory accounts, with French generally accepted accounting principles for consolidated accounts and in a manner consistent with past practices, (ii) (x) in respect of the statutory accounts of the Company, present a true and fair view of the assets, of the financial situation as well as of the results of the Company (*sont réguliers et sincères et donnent une image fidèle du patrimoine, de la situation financière et des résultats de l'entreprise*) for the period covered thereby, (y) in respect of the consolidated accounts of the Company, present a true and fair view of the assets, of the financial situation as well as of the results of the Group Companies included in the scope of the consolidation (*sont réguliers et sincères et donnent une image fidèle du patrimoine, de la situation financière ainsi que du résultat de l'ensemble constitué par les entreprises comprises dans la consolidation*) for the period covered thereby and (z) in respect of the statutory accounts of the Subsidiary, present in all material respects the financial condition and operating results of the Subsidiary for the period covered thereby and (iii) were certified by the statutory auditors of the Company (except for the statutory accounts of the Subsidiary).

(b) The Management Sellers have delivered to Buyer before the date of this Agreement true and complete copies of the unaudited [income statement] of each Group Company as at 31 March 2021, which have been prepared in accordance with applicable Laws and French generally accepted accounting principles.

2.5 Books and Records

The Books and Records of the Company and the Subsidiary (for the avoidance of doubt, not including the Accounts) are complete and correct in all respects and have been maintained in accordance with sound business and accounting practices. The Company and the Subsidiary have made and kept Books and Records, which, in all respects, fairly reflect the activities of the Company and the Business. The copies of the share register and ledgers of the Company and the Subsidiary previously delivered to Buyer are true, correct and complete, and accurately reflect the current holder of all shares and all transactions effected in the capital of each of the Company and the Subsidiary through and including the date hereof. None of the Group Company has been engaged in any transaction, maintained any bank account or used any corporate funds except for

transactions, bank accounts and funds, which have been and are reflected in the normally maintained Books and Records of the Company and the Subsidiary.

2.6 litigation

Except as set forth on Schedule 2.6, as of the date hereof, there are no, and during the three years prior to the date hereof, there have not been any pending proceeding or, to the Management Sellers' Knowledge, threatened proceedings (a) that are against or involving (i) the Business, the Company, the Subsidiary or any of their respective assets (including with respect to Environmental Laws, and Intellectual Property Laws) and any of their respective directors, officers or employees (in their capacities as such or relating to their employment, services or relationship with the Company or the Subsidiary) or (ii) any Seller in such Seller's capacity as a shareholder of the Company, (b) seeking to delay, limit or enjoin the transactions contemplated by this Agreement or the other Transaction Documents, or (c) in which the Company or the Subsidiary is a plaintiff. As of the date hereof, there are no order issued by any court of competent jurisdiction or other legal or regulatory restraint in effect against the Company or the Subsidiary or, to the Management Sellers' Knowledge, any of their directors, officers or employees (in their capacities as such or relating to their employment, services or relationship with the Company or the Subsidiary).

2.7 Compliance With Laws

(a) Except as disclosed in Schedule 2.7, as of the date hereof, during the three years prior to the date hereof, each Group Company has conducted the Business in compliance with all, and has not violated any, applicable Laws (subject to any specific limitations or exceptions provided for in any other Section of this Exhibit B). Except as disclosed in Schedule 2.7, as of the date hereof, no Group Company has received any written notice to the effect that, or otherwise been advised in writing that, it is not in compliance with applicable Laws and the Management Sellers have no Knowledge of any reason to reasonably anticipate that any existing circumstances are reasonably likely to result in violations of any of the foregoing.

(b) No person who performs or has performed services for or on behalf of any Group Company has bribed another person intending to obtain or retain business or an advantage in the conduct of business for any Group Company.

(c) Except as disclosed in Schedule 2.7, no Group Company has manufactured or sold any products which were defective or unsafe, were the subject of any voluntary or mandatory recall or product warning, did not comply in any respects with all regulations and standards applicable to such products; or did not comply with any warranties or representations made by it or on its behalf.

(d) Except as disclosed in Schedule 2.7, all products under development or marketed by or on behalf of the Group have been researched, developed, tested, manufactured, handled, labeled, packaged, stored, supplied, distributed, imported, and exported, as applicable in compliance with applicable Laws, and all clinical trials and investigations conducted by or on behalf of the Group have been conducted in compliance with applicable protocols, procedures and applicable Laws.

(e) All certificates issued under CLIA and local equivalents where applicable, and copies of the most recent inspection and audits reports, including a list of deficiencies, if any, and proficiency test results, have been provided to Buyer.

(f) No Group Company or any of its respective directors, employees, agents or representatives (in each case acting in their respective capacities within the Group) has been excluded, suspended or debarred from participation in any government healthcare program or, to the Management Sellers' Knowledge, is subject as of the date hereof to a governmental inquiry, investigation, proceeding, or other similar action, that could reasonably be expected to result in debarment, suspension, or exclusion.

(g) None of the Company or the Subsidiary or any of their directors, employees, agents or representative (in each case acting in their respective capacities within the Group) has, since the incorporation of the Company, (i) violated any Anti-Corruption Laws or (ii) offered, given, promised to give or authorized the giving of money or anything of value, to any Authority officials or to any other Person for the purpose of corruptly influence any of their act or decision in their official capacity or (iii) been subject to any investigation or proceeding for potential corruption, fraud or violation of any Anti-Corruption Laws.

(h) None of the Company or the Subsidiary or any of their directors, employees, agents or representative (in each case acting in their respective capacities within the Group) has violated any Anti-Money Laundering Laws or been subject to any investigation or proceeding for potential fraud or violation of any Anti-Money Laundering Laws.

2.8 Permits

(a) The permits set forth in Schedule 19 (*Licenses, Registrations, Authorizations, Clearances, and Certifications obtained by the Group Companies to carry on their businesses*) collectively constitute all of the regulatory permits necessary to permit each Group Company to lawfully conduct and operate the Business in the same manner as the Business is currently conducted and to permit each Group Company to own, lease, license and use its assets in the same manner as the relevant Group Company currently owns, leases, licenses and uses its assets.

(b) Except as disclosed in Schedule 19, each Group Company has obtained, and has had at all times, all necessary approvals, clearances, authorizations, licenses, certifications, and registrations, and maintained current all annual registration and device listings required by any applicable Law or Authority to permit the design, development, testing, manufacture, labeling, promotion, marketing and sale of the Group's products in all jurisdictions where it currently conducts such activities with respect to such products and in the same manner as the relevant Group Company currently conducts such activities. Each Group Company has complied with all of the terms of the permits listed in Schedule 19 (*Licenses, Registrations, Authorizations, Clearances, and Certifications obtained by the Group Companies to carry on their businesses*). Each of these permits is valid and in full force and effect, and to the Management Sellers' Knowledge, none of these permits will be terminated, or will become terminable, in whole or in part, as a result of the Transaction.

(c) The Management Sellers have furnished Buyer complete and accurate copies of all permits used in the operation of the Business or otherwise held by any Group Company as listed in Schedule 19 (*Licenses, Registrations, Authorizations, Clearances, and Certifications obtained by the Group Companies to carry on their businesses*).

(d) Except as disclosed in Schedule 19, as of the date hereof, to the Management Sellers' Knowledge, there is no action or proceeding by any Authority pending or threatened, seeking the revocation or suspension of any permit and there is no basis for such an action or proceeding.

2.9 material Contracts

(a) Schedule 20 (*Material Contracts*) sets forth a complete and accurate list of all Material Contracts as of the date hereof to which any member of the Group is a party or by which any Group Company is bound.

(b) Except as disclosed in Schedule 2.9, each of the Material Contracts is in full force, effect, and binding on the Group Companies party to it. As of the date hereof, no notice of termination of any Material Contract has been received or served by a Group Company.

(c) Except as disclosed in Schedule 2.9, as of the date hereof, no Group Company is in default under any Material Contract, and to the Management Sellers' Knowledge, no other party to such an agreement or arrangement is in default hereunder.

(d) Except as disclosed in Schedule 2.9, the Management Sellers confirm that any risk related to a reimbursement claim to which a customer may be entitled to under any of the Material Contracts is mitigated and accounted properly in the Accounts.

2.10 undisclosed liabilities

(a) Except as set out in Schedule 12 (Accounts), no Group Company has any liability required to be reflected as such in balance sheet pursuant to applicable generally accepted accounting principles, except for (i) liabilities reflected or reserved against on the face of the Accounts or the Management Accounts or taken into account in the Net Cash Amount or the Working Capital Amount, or (ii) liabilities that are not material in amount or incurred in the ordinary course of business since the Balance Sheet Date.

(b) Except as disclosed in Schedule 2.10, no Group Company has any off balance sheet obligation of any nature.

2.11 Grants

(a) Schedule 2.11 (*Particulars of all grants received by any Group Company*) provides for an accurate and complete list of all grants of any nature (*subventions de toute nature*) which any Group Company has received from any Authority. To the Management Sellers' Knowledge, as of the date hereof, there are no circumstances in which any such grants shall be required to be refunded or repaid in whole or in part. Each Group Company is and has been in compliance with all of the terms, conditions and requirements of its respective grants and has duly fulfilled all the undertakings relating thereto.

2.12 Insolvency

(a) None of the Group Companies is insolvent (*en état de cessation de paiements*), or unable to pay its debts within the meaning of any insolvency Law applicable to the company concerned nor subject to any safeguard, bankruptcy or insolvency proceedings under any applicable Laws or to any equivalent proceedings (in particular to any proceedings with a view to the prevention or resolution of business difficulties), or has stopped paying its debts as they fall due.

(b) No step has been taken to initiate any process by or under which (i) the ability of the creditors, as a whole, of any Group Company to take any action to enforce their claims is suspended, restricted or prevented, (ii) some or all of the creditors of any Group Company accept, by agreement or in pursuance of a court order, an amount less than the respective sums owing to them in satisfaction of those sums with a view to preventing the dissolution of such entity, (iii) a person is appointed to manage the affairs, business and assets of any Group Company on behalf of its creditors; or (iv)

the holder of an Encumbrance over the assets of any Group Company is appointed to control its business and assets.

(c) No process has been initiated which could lead to any Group Company being dissolved and its assets being distributed among the relevant company's creditors, shareholders or other contributors. No Encumbrance on the assets of the Group Companies have been enforced and there are no circumstances likely to cause any such Encumbrances to be enforced.

2.13 Insurance

(a) The Company and the Subsidiary maintain all policies of insurance set forth in Schedule 21 (*Policies of insurance maintained by or covering each of the Group Companies*). True, correct and complete copies of all such policies of insurance have been delivered to Buyer prior to Closing.

(b) All such policies are currently in full force and effect and as of the date hereof, nothing has been done or omitted to be done by any Group Company which would make any policy of insurance void or voidable. All insurance coverage applicable to the Group or the Business is in full force and effect. As of the date hereof, there is no default under any coverage nor has there been any failure to give notice by a Group Company or present any claim under any coverage in a due and timely fashion.

(c) All premiums due and payable under all such policies have been timely paid, and the Company and the Subsidiary are otherwise in compliance with the terms of such policies. All such policies remain in full force and effect, and to the Management Sellers' Knowledge, there are no threatened termination of, or premium increase with respect to, any of such policies.

2.14 Effect Of the Transaction

(a) Except as disclosed in Schedule 2.14, to the Management Sellers' Knowledge, as of the date hereof, neither the acquisition of the Transferred Securities by the Buyer nor compliance with the terms of this Agreement will:

(i) give rise to, or cause to become exercisable, any right of pre-emption over the Securities;

(ii) result in a breach of order, judgment, injunction, decree or other like imposition of an Authority;

(iii) result in the creation, imposition, crystallisation or enforcement of any Encumbrance on any of the assets of any Group Company;

(iv) entitle any person to receive from any of the Group Companies any finder's fee, brokerage or other commission in connection with the purchase of the Securities by the Buyer;

(v) result in the loss or impairment of or any default under any licence, authorization or consent required by any of the Group Companies for the purposes of its business;

(vi) result in any present or future indebtedness of any of the Group Companies becoming due and payable, or capable of being declared due and payable, prior to its stated maturity date or in any financial facility of any of the Group Companies being withdrawn;

(vii) entitle any person to acquire or affect the entitlement of any person to acquire shares in the Company, including any accelerated vesting or exercisability of Options; or

(viii) cause any Group Company to lose the benefit of any public grant of any nature from an Authority or will cause such grant to be required to be repaid or apply on different terms and conditions.

2.15 Assets – real estate

(a) Each of the Company and the Subsidiary has legal title, right of use or a valid leasehold interest in all of its properties, and interests in properties and assets, real and personal, reflected on the Accounts or, with respect to such leased properties and assets, valid leasehold interests in such properties and assets that afford the Company and the Subsidiary valid leasehold possession of the properties and assets that are the subject of such leases.

(b) The Management Sellers have provided to Buyer true, correct and complete copies of all leases, subleases and other agreements under which the Company or the Subsidiary uses or occupies or has the right to use or occupy, now or in the future, any real estate, including all modification and amendments thereto. Neither the Company nor the Subsidiary currently owns, leases or occupies any real estate other than those listed in Schedule 39 (*Properties*) (the **Properties**). As of the date hereof, to the Management Sellers' Knowledge, there are no (i) pending disputes or notices of termination or (ii) increase of rent payable, repairs or requirements to invest in, that are mandatory under applicable Laws, relating to any of the Properties. Each of the Properties is served by drainage, water and electricity services and the Management Sellers have no Knowledge of any imminent or likely interruption of the passage or provision of such services.

(c) All licenses, consents and approvals required from the lessors and any superior lessors under the leases of the Properties and from their respective mortgagees (if any) have been obtained and the covenants on the part of the lessee contained in such licenses, consents and approvals have been duly performed and observed and, subject thereto, there are no collateral agreements, undertakings, waivers or concessions which are binding upon either the landlords or the Group Companies.

(d) None of the Group Companies is aware of any major item of expenditure already incurred by the lessor within the last 12 months from the date hereof of any of the Properties or expected to be incurred by any such lessor within the next 12 months, which is recoverable in whole or in part from a Group Company.

2.16 Commercial Relations

Except as disclosed in Schedule 2.16, no Group Companies have been informed as of the date hereof that any customer or supplier of any Group Company has decided or intends to cease, reduce or otherwise adversely modify, whether immediately or in the future, its commercial relationship with any Group Company for any reason, including as a result of the Transaction.

2.17 Intellectual Property

(a) Schedule 24 (*List of the Registered Owned Intellectual Property and Material Intellectual Property Licenses*) provides a complete and accurate list of (i) all Intellectual Property Rights that is registered or applied for with an Authority and owned by each Group Company as of the date of this Agreement (the "Registered Owned Intellectual Property Rights") and (ii) the license agreements pursuant to which any Group Company is the licensor or licensee of Intellectual Property Rights as of the date of this Agreement, excluding (1) non-exclusive licenses granted by any Group Company to customers in the ordinary course of business, (2) "off-the-shelf," "click-

wrap," shrink-wrap or otherwise generally commercially available IT Systems and (3) non-exclusive licenses granted by or to service providers or other third parties in the ordinary course of business where the license to Intellectual Property Rights is ancillary to the purpose of the applicable agreement (the "Material Intellectual Property Licenses").

(b) No Intellectual Property Rights required to carry on the Group's Business in the same manner as it is currently carried on as of the date hereof, is owned by any member of the Sellers Group, except as provided in Schedule 25 (*List of Sellers Group Intellectual Property*). The Intellectual Property Rights owned by each Group Company and the Intellectual Property licensed to a member of the Group Company constitute all Intellectual Property Rights required to carry on the Group's Business in the same manner as it is currently carried on as of the date of this Agreement; provided, that, the foregoing shall not be interpreted as a representation or warranty regarding the infringement, misappropriation or other violation of the Intellectual Property Rights of any person, which representation and warranty is set forth in Section 2.17(d) below.

(c) Except as disclosed in Schedule 2.17, the Registered Owned Intellectual Property Rights are fully owned by a Group Company, free from any Encumbrances and, except for the Material Intellectual Property Licenses and any licenses covered by clauses (1)-(3) of Section 2.17(a), have not been licensed to any Third Party nor subject to any agreement that restricts their use, disclosure, licensing or transfer by the Group Companies. The Group Companies have paid all fees and made all filings by their respective due dates with respect to the Registered Owned Intellectual Property Rights that are necessary to prevent the abandonment thereof. Except as disclosed in Schedule 2.17, as of the date hereof, each license included within the Material Intellectual Property Licenses is in full force and effect and binding on the parties to it. Except as disclosed in Schedule 2.17, as of the date hereof, (i) the terms of the licenses have been complied with by the parties, (ii) no notice of termination of any such license agreements has been received or served by a Group Company and (iii) there are no grounds pursuant to the terms thereof on which they might be terminated, including that the consummation of the transactions contemplated by this Agreement will not result in a breach, modification, cancellation, termination, non-renewal, suspension of, or acceleration of any payments with respect to any Intellectual Property Rights.

(d) Except as disclosed in Schedule 2.17, to the Management Sellers' Knowledge, (i) none of the Group Companies or, in connection with the operation of the Business, any of their Managers or employees is, or has in the last six (6) years, infringed any Intellectual Property Rights of any other person and (ii) no person is infringing any Intellectual Property Rights owned by any Group Company and the Group Companies have taken reasonable steps designed to protect any Intellectual Property Rights they own against such infringement.

(e) Except as disclosed in Schedule 2.17, there is no pending, or threatened in writing, legal action as of the date hereof contesting the right of any Group Company to exploit any Intellectual Property Rights owned by it, or to conduct its business as previously conducted or as currently conducted or contesting the ownership by any Group Company of any Intellectual Property Rights or the validity or enforceability of any Intellectual Property Rights owned or used by it. No Group Company has received in the last two (2) years prior to the date hereof any written notice or written claim regarding any offer to license Intellectual Property Rights allegedly used without authorization, infringed, violated or misappropriated by a Group Company, or otherwise regarding any infringement, misappropriation, or violation of any Intellectual Property Rights of a third party by a Group Company.

(f) Except as disclosed in Schedule 2.17, all current and former employees, consultants and contractors of the Company and other persons that have participated in the creation or development of any Intellectual Property Rights for any Group Company have executed

agreements in which they have expressly assigned all such Intellectual Property Rights to a member of the Group, have waived all moral Intellectual Property Rights to the extent legally permissible and have agreed to maintain the confidentiality of any such Intellectual Property Rights that are confidential.

(g) Other than the domain names listed in Schedule 26 (*List of Owned Domain Names*), none of the Group Companies owns any domain names as of the date hereof.

(h) Except as disclosed in Schedule 2.17, the Group Companies use commercially reasonable efforts to keep the confidential information (including any know-how therein) owned by the Group Companies confidential, and, such confidential information has not been disclosed to Third Parties to the Management Sellers' Knowledge other than in the ordinary course of business and subject to written confidentiality obligations from the Third Party.

(i) The representations and warranties set forth in this Section 2.17 are the sole representations and warranties of the Management Sellers relating to infringement, misappropriation or other violation of the Intellectual Property Rights of any person and no other Warranties contained in this Agreement shall be construed to cover any such matter.

2.18 Information Technology

(a) The Group Companies have taken commercially reasonable measures for the maintenance, support and disaster recovery of their IT Systems.

(b) The Group Companies follow commercially reasonable procedures for protecting their IT Systems from infection by software viruses and from access by unauthorized persons.

(c) During the last three years as from the date hereof, the IT Systems have not (i) failed to function in any way that has had a Material Adverse Effect, (ii) been infected by any software virus having affected the operations of a Group Company; or (iii) to the Management Sellers' Knowledge, been accessed by any unauthorized person.

(d) None of the Group Companies has used open source software as part of any application that it has licensed or otherwise made available to third parties in a manner that would require any Group Company to further disclose or distribute any source code owned by any of the Group Companies.

2.19 Data Protection

(a) Except as disclosed in Schedule 2.19, each Group Company is and has complied at all times and in all respects in the three years prior to the date hereof, with all of the applicable Information Privacy Laws pertaining to privacy, security and data protection.

(b) Except as disclosed in Schedule 2.19, the Group Companies have not transferred Personal Data to countries outside of the European Economic Area unless in accordance with the applicable Information Privacy Laws.

(c) Except as disclosed in Schedule 2.19, the Group has taken reasonable measures to require all vendors, service providers or other Persons whose relationship with the Group involves their collection, use, disclosure, storage or processing of Personal Data on behalf of the Group to comply with all applicable Information Privacy Laws with respect to Personal Data. Except as disclosed in Schedule 2.19, to the Management Sellers' Knowledge, as of the date hereof, none of such Persons are in breach of their contractual obligations or applicable Information Privacy Laws with respect to Personal Data of the Group.

(d) Except as disclosed in Schedule 2.19, each Group Company has all necessary authority to receive, access, collect, use, transfer, store, handle and disclose the Personal Data in its possession or under its control in connection with the operation of the Business. Each Group Company has made all disclosures to, and obtained any necessary consents and authorizations from, users, customers, employees, contractors and other applicable Persons required by applicable Information Privacy Laws necessary to operate the Business, and has filed any required registrations (the details of which are correct for the purposes for which the applicable Group Company stores or processes the Personal Data which is the subject of them) necessary to operate the Business with the applicable data protection authority.

(e) In the last three years prior to the date hereof (i) none of the Group Companies has received a written complaint or written objection to its collection or use of Personal Data that remains unresolved and (ii) the collection or use of Personal Data by a Group Company has not been the subject of any investigation or proceedings (whether of a criminal, civil or administrative nature).

2.20 Employees - Pensions

(a) Schedule 33 (*List of the Employees, terms and conditions of employment*) identifies any individuals employed by the Group Companies who as of the date of this Agreement are entitled to an annual gross remuneration greater than €120,000 (the **Highly Compensated Employees**) or who are trade union delegates or are employee representatives within the Group.

(b) Schedule 34 (*List of the Managers*) provides a true and complete list of the Managers of each Group Company as of the date hereof and indicates for each of them their position, term of office and a description of their compensation details (including any fringe benefits, pensions, bonuses, equity-based compensation or any other advantage of any kind). Except as set out in Schedule 34 (*List of the Managers*), no such Manager benefits from an employment agreement that is pending, currently suspended or that could be resumed after the termination of his/her duties as a Manager.

(c) As of the date hereof, none of the Managers or Highly Compensated Employees of the Group Companies have resigned or have informed in writing the Management Sellers or any Group Company of his/her intention to resign and none of them has been dismissed or is subject to a dismissal procedure, which is pending. To the Management Sellers' Knowledge, no employee or independent contractor of a Group Company is in violation of any term of any employment agreement, non-competition agreement or any restrictive covenant to a former employer relating to the right of any such employee or independent contractor to be employed by or otherwise provide service to the Group Company because of the nature of the Business or to the use of trade secrets or proprietary information of others.

(d) Except as set out in Schedule 37 (*Pension Scheme*), none of the Sellers (with respect to the Business), nor the Group Companies nor any trade, business or entity which, together with such entities, would be treated, or would have previously been treated, as a single employer under Section 414(b), (c), (m) or (o) of the Code or under Section 4001 of ERISA (each such entity, trade or business, an **ERISA Affiliate**) sponsors, maintains, participates in or contributes to (i) an "employee pension benefit plan" (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA, Section 412 of the Code or Section 302 of ERISA (including any "multiemployer plan" within the meaning of Section 3(37) of ERISA), (ii) a "multiple employer plan" as defined in Section 413(c) of the Code, or (iii) a "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA.

(e) Each Employee Benefit Plan that is intended to be "qualified" under Section 401(a) of the Code is so qualified and no event has occurred that would reasonably be expected to adversely affect the qualified status of any such Employee Benefit Plan (or the tax-exempt status of any related trust).

In addition, except as disclosed in Schedule 37, with respect to each Employee Benefit Plan intended to include a U.S. Code Section 401(k) arrangement, the applicable Group Company has made timely deposits of employee salary reduction contributions and participant loan repayments, as determined pursuant to regulations issued by the United States Department of Labor. The Group Company has made available to Buyer the Form 5500 reports filed for the last three plan years with respect to each Employee Benefit Plan that is subject to ERISA reporting requirements, including each Employee Benefit Plan intended to include a U.S. Code Section 401(k) arrangement.

(f) The terms and conditions of the employment contracts between each Group Company and its employees, as well as the conditions of employment of any employee of the Group Companies, and the terms and conditions of all employee benefit plans maintained by the Group Companies comply with applicable Laws (including all applicable collective bargaining agreements).

(g) Neither the Management Sellers nor any Group Companies have undertaken to increase the rates of remuneration or to grant a bonus or advantage of any kind or pay any compensation (including, equity acceleration, severance, loan forgiveness or otherwise) to any of its employees or Managers as a result of the Closing of the Transaction after the date hereof, other than as imposed by applicable Laws. The employment of each of the United States employees of the Group Company is "at will" and no Group Company has an obligation to provide any particular form or period of notice prior to terminating the employment of any of their respective employees or severance payments above what is required by applicable Law.

(h) Except for ordinary course remuneration for services, none of the Group Companies incurs any severance liability towards any of its former employees or Managers, nor is liable to make any on-going severance payments towards any of its former employees or Managers.

(i) Except as set out in Schedule 38 (*Labor Related Proceedings*), as of the date hereof, there are no pending or threatened Proceedings instituted by the Labor Administration (*Inspection du Travail ou DREETS*), the Social Security Administration (*URSSAF*) or any Authority competent for labor Laws, nor involving any Group Company and any of its present or former employees or Managers, or any union or employees' representatives. No Group Company has committed any unfair labor practice in connection with the conduct of the Business, and there is no charge or complaint against any Group Company by the National Labor Relations Board or any comparable governmental Authority pending or, to the Management Sellers' Knowledge, threatened.

(j) Particulars of all employment policies (whether written or otherwise), collective bargaining agreements (whether industry-, group- or company-wide), unilateral commitments, company/group customary practices, and staff handbooks pertaining to the employees have been disclosed in full in Schedule 35 (*Particulars of all employment policies*).

(k) As of the date hereof, no Group Company is involved in any existing, pending or threatened claim or dispute by or in respect of any employee or employee representative and has not been involved in any such employment dispute in the 12-month period before the date hereof. As of the date hereof, to the Management Sellers' Knowledge, there are no facts that might suggest that there may be grounds for any such employment dispute; or that any of the provisions of the Agreement (including the identity of the Buyer) may lead to any employment dispute. As of the date hereof, no formal claims or allegations have been made against any Group Company, or any director or employee for discrimination, sexual or other harassment, or retaliation in respect of any such claims or allegations, in connection with employment with the Group Company nor, to the Management Sellers' Knowledge, are any such claims threatened or pending nor, to the Management Sellers' Knowledge, is there any reasonable basis for such a claim.

(l) Each Group Company has over the five last years complied with its obligations to inform and/or consult with employees' representatives bodies, including any mandatory information and/or consultation of any competent employees' representative body (including any European and/or group works council) in relation with the proposed Transaction.

2.21 Environment

(a) To the Management Sellers' Knowledge, no Group Company has caused pollution of any property in a manner which is reasonably expected to give rise to any order for remedial action or claim under Environmental Laws by an Authority or Third Party.

(b) Each Group Company has obtained all necessary Permits required under applicable Environmental Laws (the **Environmental Permits**) from any competent Authority that are required for the conduct of its business or for any activities or operations carried out at the Properties. All such Environmental Permits are in full force and effect.

(c) Except as disclosed in Schedule Schedule 40, each Group Company is and has been for the previous three years compliant with all applicable Environmental Laws and with the terms of any and all Environmental Permits issued to it.

(d) To the Management Sellers' Knowledge, there are no complaints, claims or proceedings pending or threatened, against any Group Company with respect to any breach of or any liability under Environmental Laws or to any violation of Environmental Permits, and there are no facts, matters or circumstances likely to give rise to any such claims or proceedings.

(e) All Phase 1 environmental site assessment reports covering the Properties, dated within two years before the date of this Agreement, and within the actual possession of the Group Companies are included in Schedule 40 (*Reports and audits relating to Environmental Matters*).

2.22 no brokers or transaction fees

Except as disclosed in Schedule 2.22, none of the Group Companies has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to any of the transactions contemplated by this Agreement.

2.23 Consents and approvals

Except as disclosed in Schedule 2.23, no notice to, declaration, filing or registration with, or authorization, consent or approval of, or permit from, any person is required to be made or obtained by the Group Companies in connection with the execution, delivery and performance of this Agreement and the other Transaction Documents to which a Group Company is to be a party and the consummation of the transactions contemplated by this Agreement and by the other Transaction Documents by the Group Companies.

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marc Stapley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Veracyte, Inc. for the quarter ended June 30, 2021;

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: July 29, 2021

/s/ Marc Stapley

Marc Stapley
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rebecca Chambers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Veracyte, Inc. for the quarter ended June 30, 2021;

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: July 29, 2021

/s/ Rebecca Chambers

Rebecca Chambers
Chief Financial Officer
(Principal Financial 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 Veracyte, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: July 29, 2021

/s/ Marc Stapley

Marc Stapley
Chief Executive Officer
(Principal Executive Officer)

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 Veracyte, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: July 29, 2021

/s/ Rebecca Chambers
Rebecca Chambers
Chief Financial Officer
(Principal Financial Officer)