

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

FORM 8-K

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

Date of Report (Date of earliest event reported): **April 28, 2023**

CUE HEALTH INC.

(Exact name of Registrant, as specified in its charter)

Delaware

001-40590

27-1562193

(State or other jurisdiction of incorporation)

(Commission File Number)

(I.R.S. Employer Identification Number)

Mailing address:

4980 Carroll Canyon Rd.

Suite 100

San Diego, CA 92121

(Address of principal executive
offices)

Registrant's telephone number, including area code: **(858) 412-8151**

Former name or address, if changed since last report: **Not Applicable.**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common Stock, par value \$0.00001 per share

HLTH

Nasdaq Global Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.05 Costs Associated with Exit or Disposal Activities

On April 28, 2023, Cue Health Inc. (“Cue” or the “Company”) announced that it was implementing a new cost reduction plan (the “CRP”). Management, with the oversight and guidance of the Company’s board of directors, determined to implement the CRP following a review of the Company’s business, operating expenses and the macroeconomic environment. The CRP is intended to reduce the Company’s cost structure and improve its operational efficiency beyond the expected cost savings of the cost reduction plan announced on January 5, 2023 in the Current Report on Form 8-K filed with Securities and Exchange Commission on January 5, 2023.

The CRP will include a reduction in the Company’s employee base by 326 employees, which constitutes a reduction of approximately 30% in the Company’s global workforce. In connection with the CRP, the Company estimates that it will record an aggregate restructuring charge related to one-time termination benefits in the range of approximately \$5.0 million to \$7.0 million. The substantial majority of these charges will result in cash expenditures.

Cash expenditures in connection with the CRP consist of payments for salary, benefits, and unused paid time off for the affected employees from April 28, 2023 through their termination dates, which are expected to occur in late June 2023, reflecting the 60-day notice period required under any applicable Worker Adjustment and Retraining Notification Act. The CRP will also consist of a severance package that includes a cash severance payment and payments to cover the employer premiums and administration fees for continuation of healthcare coverage for a limited period. The severance package, in some cases, may also include an acceleration of the vesting of certain outstanding restricted stock units to affected employees, and in connection therewith, the Company estimates that it will incur non-cash charges of approximately \$0.3 million.

Each affected employee’s eligibility for the severance benefits is contingent upon such employee’s execution (and no revocation) of a separation agreement, which includes a general release of claims against the Company. The Company expects payments relating to the CRP to be completed by the end of the fourth quarter of 2023.

A letter to the Company’s employees from Ayub Khattak, the Company’s Co-Founder, Chairman, & Chief Executive Officer, regarding the employee restructuring under the CRP is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated by reference.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, including, but not limited to, statements related to the expected benefits of and timing of completion of the CRP, and the expected costs and charges of the CRP. Words such as “expects,” “anticipates,” “aims,” “projects,” “intends,” “plans,” “believes,” “estimates,” “seeks,” “assumes,” “may,” “should,” “could,” “would,” “foresees,” “forecasts,” “predicts,” “targets,” “commitments,” variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are based upon the Company’s current plans, assumptions, beliefs, and expectations. Forward-looking statements are subject to the occurrence of many events outside of the Company’s control. Actual results and the timing of events may differ materially from those contemplated by such forward-looking statements due to numerous factors that involve substantial known and unknown risks and uncertainties. These risks and uncertainties include, among other things, the risk that the restructuring costs and charges may be greater than anticipated; the risk that the Company’s restructuring efforts may adversely affect the Company’s internal programs and the Company’s ability to recruit and retain skilled and motivated personnel, and may be distracting to employees and management; the risk that the Company’s restructuring efforts may negatively impact the Company’s business operations and reputation with or ability to serve customers; the risk that the Company’s restructuring efforts may not generate their intended benefits to the extent or as quickly as anticipated; and other risks and uncertainties included in the reports on Forms 10-K, 10-Q and 8-K and in other filings the Company makes with the Securities and Exchange Commission from time to time, available at www.sec.gov. Forward-looking statements should be considered in light of these risks and uncertainties. Investors and others are cautioned not to place undue reliance on forward-looking statements. All forward-looking statements contained herein speak only as of the date hereof. The Company assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit

No.	Description
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99.1	Letter to Cue Health Inc. employees from Ayub Khattak, dated April 28, 2023.
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104	Cover Page Interactive Data File (embedded within the Inline XBRL Document).
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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 hereunto duly authorized.

Date: April 28, 2023

Cue Health Inc.

By: /s/ Aasim Javed
Name: Aasim Javed
Title: Chief Financial Officer

Date: April 28, 2023

Subject: Important Company Update

Dear Cue Team,

As you are well aware, we have been navigating a difficult macroeconomic environment that continues to pose unique challenges for our sector. In addition, the test menu expansion efforts and new product launches that so many of you are working on have been progressing well but are still early in terms of revenue generation. Therefore, we remain in an “in-between period” at Cue: between the launch of our COVID-19 product and the rollout of our expanded test menu and integrated care platform. As we work together to emerge from this period, we will stay focused on executing our strategic priorities, as this is what will drive the business forward.

I am sorry to share that in order to preserve Cue’s opportunity to succeed, I have made the difficult decision to further reduce Cue’s workforce by approximately 30%. This reduction will impact many departments at Cue and all employees who are affected will be notified shortly following this email. I want to express my gratitude to every colleague who is leaving Cue and wish them success in their future endeavors. Their contributions to building the Cue platform have helped lay the foundation to deliver on our mission to empower people to live their healthiest lives.

While unrelated to today’s announcement, you may have noticed that our stock price has recently experienced pressure. I understand this can be frustrating. To put things into context, for all healthcare IPOs in 2021 – the same year Cue went public – as of earlier this week, the median stock price across these companies was down 87% from their IPO prices. Looking back in history, a number of innovative companies that have gone on to become admired in their industries have experienced painful transition periods like the one we are in now. I remain confident in Cue’s future thanks to our dedicated team, our well-capitalized balance sheet, and the great progress we believe we are making to execute on our growth drivers. We are closer to reaching a number of pipeline milestones for the Cue Health Monitoring System. We have launched our new lab-based, at-home test kits. And we are expanding our menu of treatments to enable more people to access personalized medication and care from the convenience and privacy of their homes. I am grateful for the efforts of the entire Cue Team, past and present, without whom we could not have reached these milestones.

During our last Town Hall, I emphasized the importance of overcoming adversity together as a key characteristic of successful teams. I am confident we will emerge from this “in-between period” as a stronger Cue team, tested by adversity, and ready to build boldly in support of our mission.

Please reach out to your manager or our Cue4You team for support. We are here for you throughout this transition.

Thank you,
Ayub