

**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): **January 5, 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 January 5, 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.

The CRP will include a reduction in the Company’s employee base by 388 employees, which constitutes a reduction of approximately 26% 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 \$6.0 million to \$8.0 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 January 6, 2023 through their termination dates, which are expected to occur in early March 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, will also include an acceleration of the vesting of certain outstanding restricted stock units and stock options to affected employees, and in connection therewith, the Company estimates that it will incur non-cash charges of approximately \$0.2 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 second 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](http://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

[99.1](#) Letter to Cue Health Inc. employees from Ayub Khattak, dated January 5, 2023  
104 Cover Page Interactive Data File (embedded within the Inline XBRL Document).

**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: January 5, 2023

**Cue Health Inc.**

**By:** /s/ John Gallagher  
**Name:** John Gallagher  
**Title:** Chief Financial Officer

**Date: January 5, 2023**

**Subject: Important Company Update**

Dear Cue Team,

We have trailblazed a new path in healthcare by building the world's first molecular test authorized for home use. We have followed on that success by building the first digital test-to-treatment capability, which will be a foundation for infectious diseases and chronic disease management for decades to come. Our customers, which include top healthcare institutions, top technology companies, sporting leagues, and consumers have greatly appreciated the amazing product experience Cue has created around an incredibly important idea: to empower people to get the information they need about what's happening with their health and act on it.

However, today we are sharing one of the most difficult decisions we have had to make since Clint and I founded Cue Health more than a decade ago. Effective today, we are reducing the company's workforce by approximately 26%. Departing employees will be directly notified immediately following this email, and where possible, managers and HR business partners will follow-up personally in the coming days.

I've been thinking about how we got here. During the pandemic, Cue grew very quickly, growing from roughly 100 employees in 2020 to over 1500 employees. We can all be proud that as a company we made a great impact on people's lives – empowering them to manage their health during these challenging years. But in today's difficult economic environment and with concerns regarding COVID shifting to additional respiratory viruses and other health challenges, demand for COVID testing has come down from peak days of the pandemic.

We look forward to being able to show the world what's next for Cue and have made incredible progress towards expanding our test menu. As shown by the heavy burden the tripledemic (RSV, Flu and COVID) has had on our healthcare system, we believe there is massive demand for the products we are building. We now have a number of submissions in review with the FDA for the expanded respiratory menu, including for our Flu + COVID multiplex test, standalone submissions for full clearance for both Flu and COVID, and recently we submitted our RSV test for pre-EUA review. Additionally, our clinical studies for strep throat have started. On the sexual health side, chlamydia and gonorrhea clinical studies have begun and we expect our Mpox test (monkeypox) to be submitted for EUA to the FDA shortly.

Despite all this amazing progress that each of you have helped achieve, regulatory approval timelines for new Cue products are uncertain, and we need to lower our costs so that Cue can successfully bring these important products to market and succeed. With an expanded menu and the additional services we are building on the software platform side to enable broader testing and treatment capabilities, we believe we can sustainably grow into the future in all seasons.

We are grateful to the gifted individuals who have helped build Cue to what it is today, and we are deeply saddened to see them go. I am sorry that we have to take these actions, and I take responsibility for this. I have the utmost respect for every departing team member and we are taking actions to help each of them, including:

- Compensation & Severance: a minimum of nine weeks of pay, based on tenure and role
- Paid Time Off (PTO): accrued and unused PTO paid upon separation
- Healthcare Benefits: remain unchanged until March 31, 2023, and Cue will cover the employer portion + fees for one additional month of COBRA, for eligible employees
- RSU/Equity Vesting: partial equity acceleration for eligible employees
- Immigration Support: dedicated support to those who need it
- Career Support: connections to other companies and a list of outplacement resources to help with new opportunities
- Cue Alumni Network: to support all those who have worked at Cue as best we can

Saying goodbye to valued colleagues is extremely difficult. Yet, I am confident that taking this step to reduce our cost structure now will best position us to maintain Cue's bright future as we look to transform how people manage their health.

Best,  
Ayub