

CareDx, Inc.
Form 8-K
April 18, 2018

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 17, 2018

CAREDX, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction

of Incorporation)

001-36536
(Commission

File Number)
3260 Bayshore Boulevard

94-3316839
(IRS Employer

Identification No.)

Edgar Filing: CareDx, Inc. - Form 8-K

Brisbane, California 94005

(Address of Principal Executive Offices) (Zip Code)

(415) 287-2300

Registrant's telephone number, including area code

N/A

(Former Name, or Former Address, if Changed Since Last Report)

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

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 1.01. Entry into a Material Definitive Agreement.

On April 17, 2018, CareDx, Inc. (the **Company**) entered into a Credit Agreement and Guaranty (the **Credit Agreement**) with Perceptive Credit Holdings II, LP (**Perceptive**), as a lender and administrative agent (in such capacity, the **Agent**) for the several banks and other financial institutions or entities from time to time party to the Credit Agreement (collectively, the **Lenders**) for an initial term loan of \$15.0 million (the **Tranche A Term Loan**), with a second tranche of \$10.0 million available at the **Company**'s option, subject to the satisfaction of customary conditions (the **Tranche B Term Loan** and, together with the **Tranche A Term Loan**, the **Term Loan**). The proceeds of the **Tranche A Term Loan** will be used for general corporate purposes and for the repayment of the **Company**'s outstanding indebtedness with FastPartner AB, Mohammed Al Amoudi and Danske Bank A/S, as well as for general corporate purposes.

The **Tranche A Term Loan** was funded on the date of closing. The **Company** paid a fee of \$262,500 to **Perceptive** as the administrative agent in connection with the **Tranche A Term Loan**. In connection with the **Credit Agreement**, on April 17, 2018, the **Company** issued to **Perceptive** a warrant (the **Warrant** and, together with the **Credit Agreement** and the **Security Agreement**, the **Financing Documents**), to purchase up to 140,000 shares of common stock of the **Company** (**Common Stock**) at an initial exercise price of \$8.60, subject to adjustment as provided in the **Warrant**. The **Warrant** will become initially exercisable commencing six months after the date of issuance of the **Warrant** and will terminate, if not earlier exercised, on April 17, 2025.

The **Tranche B Term Loan** is available at the **Company**'s option at any time from April 17, 2018 to April 17, 2019, subject to the **Company** achieving certain product revenue targets, issuing the **Tranche B Warrant** (as defined below) and satisfying customary conditions. In the event the **Company** exercises its option for the **Tranche B Term Loan**, the **Company** will pay to **Perceptive** as the administrative agent out of the proceeds of the **Tranche B Term Loan** a fee in the amount equal to 1.75% of the principal amount of the **Tranche B Term Loan** advanced on such date. If the **Tranche B Term Loan** is funded, the **Company** will issue to **Perceptive** an additional warrant to purchase up to 93,333 shares of **Common Stock** (the **Tranche B Warrant**). The **Tranche B Warrant** will be on substantially the same terms, and in substantially the same form, as the **Warrant**.

In connection with the **Credit Agreement**, the **Company** entered into a **Security Agreement** with **Perceptive**, as **Administrative Agent** (the **Security Agreement**). The **Security Agreement** provides that the **Term Loan** is secured by substantially all of the **Company**'s assets and a pledge of 65% of the equity interests of CareDx International AB. The **Term Loan** accrues interest per annum at 9.00% (the **Applicable Margin**) plus the greater of the one-month LIBOR or 1.5%. Payments under the **Credit Agreement** are interest-only until the first principal payment is due on the last day of the first calendar month following April 17, 2021, followed by monthly payments of principal and interest through the scheduled maturity date on April 17, 2023. The **Term Loan** will mature on April 17, 2023, but may be prepaid by the **Company**, in whole or in part at any time, subject to a prepayment fee.

The **Credit Agreement** contains customary affirmative and restrictive covenants and representations and warranties, including financial reporting obligations and limitations on indebtedness, liens, fundamental changes, acquisitions, investments, dividends or distributions, corporate changes, asset sales, affiliate transactions, material agreements, licenses, sale and leaseback transactions, hazardous materials, accounting, compliance with laws and reimbursement of certain expenses of the **Lenders**. The **Credit Agreement** also contains other customary provisions, such as expense reimbursement and confidentiality obligations, as well as indemnification rights for the benefit of the **Agent** and the **Lenders**.

The **Credit Agreement** provides for customary events of default, including, among other things, nonpayments of principal, interest and other amounts, inaccuracies in representations and warranties, failure to comply with covenants, defaults on other material indebtedness, bankruptcy or insolvency, judgments, changes of control or impairments of the **Lenders**' security interests. Upon the occurrence of an event of default and following any applicable cure periods, if

any, the Applicable Margin shall automatically increase 3.00% per annum (the Default Rate). This Default Rate may be applied to the outstanding loan balances, and the Agent may declare all outstanding obligations immediately due and payable and take such other actions as set forth in the Credit Agreement.

The representations, warranties and covenants contained in the Financing Documents were made only for purposes of such agreement and as of specific dates, were solely for the benefit of the parties to the Financing Documents, and may be subject to limitations agreed upon by the contracting parties. Accordingly, the Financing Documents are incorporated herein by reference only to provide investors with information regarding the terms of the Financing Documents, and not to provide investors with any other factual information regarding the Company or its business, and should be read in conjunction with the disclosures in the Company's periodic reports and other filings with the Securities and Exchange Commission.

The foregoing descriptions of the Financing Documents do not purport to be complete and are qualified in their entirety by reference to the Financing Documents. Copies of the Financing Documents will be filed with the Securities and Exchange Commission as exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ending June 30, 2018.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information regarding the Term Loan set forth under Item 1.01 of this Form 8-K is incorporated by reference in this Item 2.03.

Item 3.02. Unregistered Sales of Equity Securities.

The information regarding the Warrant set forth under Item 1.01 of this Form 8-K is incorporated by reference in this Item 3.02. The Company issued to Perceptive the Warrant in reliance on the exemption from registration provided for under Section 4(a)(2) of the Securities Act of 1933, as amended (the Securities Act). The Company relied on this exemption from registration for private placements based in part on the representations made by Perceptive, including the representations with respect to Perceptive's status as an accredited investor, as such term is defined in Rule 501(a) of the Securities Act, and Perceptive's investment intent.

Item 8.01. Other Events.

On April 18, 2018, the Company issued a press release announcing the entry into the Term Loan and Credit Agreement. The press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit

No.	Description
99.1	<u>Press Release issued by CareDx, Inc. dated April 18, 2018.</u>

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 18, 2018

CAREDX, INC.

By: /s/ Michael Bell
Michael Bell
Chief Financial Officer