

VERACYTE, INC.
 Form 424B5
 May 03, 2019
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee ⁽²⁾
Common Stock, par value \$0.001 per share	6,325,000	\$23.25	\$147,056,250	\$17,824

- (1) Includes 825,000 shares that may be purchased by the underwriters upon exercise of the underwriters' option to purchase additional shares.
- (2) The filing fee is calculated and being paid pursuant to Rule 457(r) under the Securities Act of 1933, as amended, and relates to the Registration Statement on Form S-3ASR (File No. 333-231173) filed by the Registrant on May 2, 2019. Filing fees of \$8,224 were previously paid in connection with the registration of unsold securities on the registrant's registration statement on Form S-3 (Registration No. 333-224576) initially filed by the registrant on May 1, 2018 (the "Prior Registration Statement"). Pursuant to Rule 457(p) under the Securities Act of 1933, as amended, such amount is being offset against the filing fee due for this offering. Accordingly, the registrant has paid \$9,600 in connection with this offering, which represents the difference between the registration fee owed in connection with this offering and the registration fee paid in connection with the Prior Registration Statement.

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**Filed pursuant to Rule 424(b)(5)
Registration No. 333-231173**

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 2, 2019)

5,500,000 Shares

Veracyte, Inc.

Common Stock

We are offering 5,500,000 shares of our common stock.

Our common stock is listed on The Nasdaq Global Market under the symbol VCYT. On May 2, 2019, the last reported sale price of our shares of common stock on The Nasdaq Global Market was \$24.17 per share.

We are a smaller reporting company under the federal securities laws and are subject to reduced public company reporting requirements.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-6 of this prospectus supplement.

	Per Share	Total
Public offering price	\$ 23.250	\$ 127,875,000
Underwriting discounts and commissions ⁽¹⁾	\$ 1.395	\$ 7,672,500
Proceeds, before expenses, to us	\$ 21.855	\$ 120,202,500

(1) See Underwriting (Conflict of Interest) for a description of compensation payable to the underwriters. We have granted the underwriters the right to purchase up to 825,000 additional shares of our common stock. The underwriters may exercise this right at any time within 30 days after the date of this prospectus supplement.

The underwriters expect to deliver the shares of common stock against payment in New York, New York on or about May 7, 2019.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Lead Book-Running Managers

Morgan Stanley

SVB Leerink

Book-Running Manager

William Blair

Co-Managers

BTIG

Janney Montgomery Scott

The date of this prospectus supplement is May 2, 2019.

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ABOUT THIS PROSPECTUS SUPPLEMENT

On May 2, 2019, we filed with the Securities and Exchange Commission, or SEC, a registration statement on Form S-3 utilizing a shelf registration process relating to the securities described in this prospectus supplement, which registration statement became automatically effective upon filing. Under this shelf registration process, we may, from time to time, sell common stock and other securities, of which this offering is a part.

This document contains two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information, some of which may not apply to this offering. If the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone else to provide you with information that is in addition to or different from that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, along with the information contained in any permitted free writing prospectuses we have authorized for use in connection with this offering.

We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus supplement outside the United States. This prospectus supplement does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement or the date of the accompanying prospectus, and the information in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date of those respective documents, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should read both this prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus and the additional information described under **Where You Can Find More Information** in this prospectus supplement and in the accompanying prospectus, before investing in our common stock.

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to Veracyte, the company, we, us and our refer to Veracyte, Inc.

Veracyte, Afirma, Percepta, Envisia, Know by Design, the Veracyte logo and the Afirma logo are our trademarks. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus may also contain trademarks and trade names that are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks

or service marks to imply relationships with, or endorsements or sponsorship of us by, these other companies.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing. Before you decide to invest in our common stock, you should read carefully and in their entirety this entire prospectus supplement and the accompanying prospectus, including the section in this prospectus supplement entitled Risk Factors, and the documents we have incorporated by reference in this prospectus supplement and the accompanying prospectus, along with our financial statements and accompanying notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

Company Overview

We are a leading genomic diagnostics company that is creating value through innovation. We were founded in 2008 with a mission to improve diagnostic accuracy. Today, through our innovative scientific platform which utilizes ribonucleic acid, or RNA, whole-transcriptome sequencing combined with machine learning, we are serving this critical medical need and expanding our offerings further along the clinical continuum of care so that we can advance early detection of disease and inform treatment decisions at the same time as diagnosis.

We have commercialized five leading, first-to-market tests that we believe are transforming care in large, untapped clinical areas—thyroid cancer, lung cancer and idiopathic pulmonary fibrosis, or IPF. We develop tests that answer specific clinical questions, providing patients and physicians with a clear path forward without the need for risky or costly procedures that are often unnecessary. Our RNA whole-transcriptome sequencing platform enables us to maximize the amount of genomic content that we extract from each nonsurgical patient sample. We use our machine learning expertise to develop genomic classifiers that provide actionable information at the time of diagnosis. At the same time, our approach enables us to provide information that can guide treatment decisions such as surgery strategy and therapy selection.

We position our tests in each clinical indication at the point where they improve diagnostic clarity for cancer and other diseases. In its 2015 report, *Improving Diagnostic Errors in Medicine*, the Institute of Medicine concluded that most people will experience at least one diagnostic error in their lifetime, sometimes with devastating consequences. Annually, of the hundreds of thousands of patients who are evaluated for suspected disease in our thyroid and lung cancer indications, diagnosis can be ambiguous in 15% to 70% of cases.

To date, we have commercialized five genomic tests that we believe are changing disease diagnosis:

the Afirma Genomic Sequencing Classifier, or GSC, for thyroid cancer;

the Afirma Gene Expression Classifier, which was the Afirma GSC's predecessor;

the Percepta Bronchial Genomic Classifier for lung cancer;

the Envisia Genomic Classifier for IPF; and

our 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.

Collectively, we believe the four tests we are currently offering address a \$2 billion global market opportunity.

The published evidence supporting our tests demonstrates the robustness of our science and clinical studies, and we believe is key to driving adoption and reimbursement. Patients and physicians can access our full list of publications on our website. Over 38 clinical studies covering our products have been published, including two landmark clinical validation papers published in The New England Journal of Medicine for the Afirma and Percepta classifiers. We continue to build upon our extensive library of clinical evidence.

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We believe our focus on developing clinically useful tests that change patient care is enabling us to set new standards in genomic test reimbursement. Our Afirma genomic classifier is now covered by every major health plan in the United States, which collectively insure more than 275 million people for use in thyroid cancer diagnosis. We are now contracted as an in-network service provider to health plans representing over 215 million people in the United States. Our second commercial product, the Percepta classifier, is the first genomic test to gain Medicare coverage for improved lung cancer screening and diagnosis, making it a covered benefit for nearly 60 million people.

Company Information

We were incorporated in the state of Delaware on August 15, 2006 as Calderome, Inc. Calderome operated as an incubator until early 2008. We changed our name to Veracyte, Inc. in March 2008. Our principal executive offices are located at 6000 Shoreline Court, Suite 300, South San Francisco, California 94080 and our telephone number is (650) 243-6300. Our website address is www.veracyte.com. We do not incorporate the information on, or accessible through, our website into this prospectus supplement or the accompanying prospectus, and you should not consider any information on, or accessible through, our website as part of this prospectus supplement or the accompanying prospectus.

We are a smaller reporting company as defined in the Securities Exchange Act of 1934, as amended, or the Exchange Act, and as a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

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Issuer	Veracyte, Inc.
Common stock we are offering	5,500,000 shares
Common stock to be outstanding after the offering	47,009,240 shares (or 47,834,240 shares if the underwriters exercise in full their option to purchase additional shares of our common stock).
Option to purchase additional shares	We have granted the underwriters a 30-day option to purchase up to an additional 825,000 shares of our common stock.
Use of proceeds	We currently intend to use the net proceeds from this offering for working capital and other general corporate purposes. We also intend to use a portion of the net proceeds we receive from this offering to repay approximately \$12.4 million of the term loan outstanding under our loan and security agreement, or Loan and Security Agreement. We may also use a portion of the net proceeds from this offering to acquire or invest in complementary businesses, technologies or other assets, although we have no present commitments or agreements to do so. See the section entitled Use of Proceeds.
Risk factors	See the section entitled Risk Factors for a discussion of factors you should consider carefully before deciding to invest in our common stock.
Nasdaq Global Market symbol	VCYT
Conflicts of interest	Affiliates of SVB Leerink LLC, an underwriter in this offering, will receive at least 5% of the net proceeds of this offering in connection with the repayment of approximately \$12.4 million of the term loan outstanding under our Loan and Security Agreement. Therefore, SVB Leerink LLC is deemed to have a conflict of interest under Rule 5121 (Rule 5121) of the Financial Industry Regulatory Authority, Inc. (FINRA). Accordingly, this offering is being made in compliance with the requirements of Rule 5121. The appointment of a qualified independent underwriter is not required in connection with this offering as a bona fide public market, as defined in Rule 5121, exists for our common stock. See Use of Proceeds and Underwriting (Conflicts of Interest).

The number of shares of common stock to be outstanding immediately after this offering is based on 41,509,240 shares outstanding as of March 31, 2019 and excludes:

5,847,645 shares of our common stock issuable upon the exercise of stock options outstanding as of March 31, 2019, with a weighted-average exercise price of \$9.48 per share;

110,300 shares of our common stock issuable upon the exercise of stock options granted after March 31, 2019, with a weighted-average exercise price of \$24.14 per share;

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561,304 shares of common stock issuable upon the settlement of restricted stock units, or RSUs, outstanding as of March 31, 2019;

2,141,658 shares of common stock reserved for future issuance under our 2013 Stock Incentive Plan, as amended; and

229,218 shares of common stock reserved for future issuance under our Employee Stock Purchase Plan. Except as otherwise indicated, all information in this prospectus supplement assumes no exercise or settlement of the outstanding stock options, RSUs or other equity awards described above and no exercise by the underwriters of their option to purchase additional shares.

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RISK FACTORS

Investing in shares of our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 incorporated by reference in this prospectus supplement and the accompanying prospectus, any amendment or update thereto reflected in our subsequent filings with the SEC, and all of the other information in this prospectus supplement and the accompanying prospectus, including our financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. If any of these risks is realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline and you could lose part or all of your investment. Additional risks and uncertainties that are not yet identified or that we think are immaterial may also materially harm our business, operating results and financial condition and could result in a complete loss of your investment.

Risks Related to This Offering

Our management will have broad discretion in the use of the net proceeds from this offering and may allocate the net proceeds from this offering in ways that you and other stockholders may not approve.

Our management will have broad discretion in the use of the net proceeds, including for any of the purposes described in the section entitled Use of Proceeds, and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure of our management to use these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short- and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. These investments may not yield a favorable return to our stockholders.

If you purchase shares of our common stock sold in this offering, you will experience immediate and substantial dilution in your investment. In addition, we may issue additional equity or equity-linked securities in the future, which may result in additional dilution to you.

The price per share of our common stock being offered may be higher than the net tangible book value per share of our outstanding common stock prior to this offering. Based on the public offering price of \$23.25 per share, and our net tangible book value as of March 31, 2019 of approximately \$1.71 per share, if you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of \$19.19 per share, representing the difference between the public offering price and the as adjusted net tangible book value per share of our common stock as of March 31, 2019 after giving effect to this offering. See the section entitled Dilution below for a more detailed discussion of the dilution you will incur if you purchase common stock in this offering.

In addition, we have a significant number of stock options to purchase common stock and RSUs outstanding, and may choose to issue additional common stock, or securities convertible into or exchangeable for common stock, in the future. In the event that the outstanding stock options or RSUs are exercised or settled, or that we make additional issuances of common stock or other convertible or exchangeable securities, you could experience additional dilution. Furthermore, we cannot assure you that we will be able to issue shares or other securities in any other offering at a price per share that is equal to or greater than the price per share paid by investors in this offering, and investors purchasing our securities in the future may have rights superior to investors purchasing shares in this offering.

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Future sales of shares of our common stock by our existing stockholders could cause our stock price to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Further, we have a significant number of stock options and RSUs outstanding. As of March 31, 2019, we had 41,509,240 shares of outstanding common stock, of which approximately 424,425 shares and an additional 3,293,710 shares underlying stock options and RSUs are subject to restrictions on transfer under 90-day lock-up arrangements with the underwriters of this offering. These shares will become eligible for public sale at the expiration of the lock-up period, subject to vesting requirements and volume limitations applicable to affiliates. If a substantial number of shares of common stock, including shares of common stock underlying outstanding stock options and RSUs, are sold, or if it is perceived that they will be sold, in the public market, it could have an adverse impact on the market price of our common stock.

Furthermore, certain of our executive officers have adopted, and other directors and executive officers may in the future adopt, written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act, under which they have contracted, or may in the future contract, with a broker to sell shares of our common stock. Sales of substantial amounts of our common stock in the public markets during the lock-up period pursuant to existing Rule 10b5-1 plans or pursuant to new Rule 10b5-1 plans following the expiration of the lock-up period or otherwise, or the perception that these sales could occur, could cause the market price of our common stock to decline. We are unable to predict the effect that sales may have on the prevailing market price of our common stock.

Affiliates of SVB Leerink LLC, an underwriter in this offering, may receive at least 5% of the net proceeds of this offering and may have an interest in this offering beyond customary underwriting discounts and commissions.

Affiliates of SVB Leerink LLC, an underwriter in this offering, will receive at least 5% of the net proceeds of this offering in connection with the repayment of approximately \$12.4 million of the term loan outstanding under our Loan and Security Agreement. Therefore, SVB Leerink LLC is deemed to have a conflict of interest under Rule 5121. Accordingly, this offering is being made in compliance with the requirements of Rule 5121. Although the appointment of a qualified independent underwriter is not required in connection with this offering, as a bona fide public market, as defined in Rule 5121, exists for our common stock, we cannot assure you that this will adequately address all potential conflicts of interest. In accordance with Rule 5121, SVB Leerink LLC will not confirm sales of securities to any account over which it exercises discretionary authority without the prior written approval of the account holder. See the section titled *Use of Proceeds* for additional information.

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This prospectus supplement, the accompanying prospectus and the documents we have filed with the SEC that are incorporated by reference in this prospectus supplement and the accompanying prospectus contain forward-looking statements that involve risks and uncertainties. These statements relate to future periods, future events or our future operating or financial plans or performance. These statements can often be identified by the use of forward-looking terminology such as expects, believes, anticipates, estimates, plans, may, could, will, intends or the terms, and other similar expressions and include statements as to the estimated market opportunities for our products, and our intentions with respect to the use of the net proceeds from this offering. We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short- and long-term business operations and objectives, and financial needs. These statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results to differ materially from those projected or otherwise implied by the forward-looking statements, including the following: our expectations regarding our ability to expand commercialization of our Percepta and Envisia Genomic Classifiers, our expectations regarding our strategic collaboration with Johnson & Johnson; the future performance and acceptance of our Afirma, Percepta and Envisia classifiers and our Afirma Xpression Atlas platform; our dependence on a few payers for reimbursements and payments of our tests and a significant portion of our revenue; the complexity, time and expense associated with billing and collecting from payers for our classifiers; our ability to increase usage of and reimbursement for the Afirma, Percepta and Envisia classifiers, as well as any future products we may develop or sell; our dependence on physicians and patients who decide whether to order and use our tests; the fluctuation of our quarterly operating results; our ability to comply with federal and state licensing requirements and other laws and regulations applicable to our business, including potential regulation by the Food and Drug Administration or other regulatory bodies; our dependence on sole suppliers for equipment and other materials used for our tests; our ability to develop and commercialize new products and the timing and speed of commercialization; the amount by which use of our products may be able to reduce invasive procedures and reduce healthcare costs; our ability to attract and retain key personnel; our ability to achieve sales penetration in complex commercial accounts; the occurrence and outcome of clinical studies; the timing and publication of study results; the applicability of clinical results to actual outcomes; the continued application of clinical guidelines to our products and their inclusion in such clinical practice guidelines; our ability to compete; our ability to obtain capital when needed, the expected use of proceeds from this offering and other statements that are not historical facts. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. We discuss in greater detail, and incorporate by reference into this prospectus supplement and the accompanying prospectus, many of these risks, uncertainties and assumptions see the section titled Risk Factors. Additional cautionary statements or discussions of risks, uncertainties and assumptions that could affect our results or the achievement of the expectations described in forward-looking statements are also contained in the documents we incorporate by reference into this prospectus supplement and the accompanying prospectus.

Any forward-looking statement made by us in this prospectus supplement, the accompanying prospectus, or any of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus speaks only as of the date on which it was made. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to 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. You should, however, review additional disclosures we make in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC.

You should read this prospectus supplement, the accompanying prospectus, and the documents that we reference in this prospectus supplement and the accompanying prospectus completely and with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we

expect. We qualify all of our forward-looking statements by these cautionary statements.

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This prospectus supplement, the accompanying prospectus, and the documents that we reference in this prospectus and the accompanying prospectus also contain 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. You are cautioned not to give undue weight to those data and estimates. Projections, assumptions and estimates of future performance are necessarily subject to risks and uncertainties that could cause actual results to differ materially.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of 5,500,000 shares of our common stock in this offering, at the public offering price of \$23.25 per share will be approximately \$119.8 million, after deducting the underwriting discounts and commissions and estimated offering expenses we expect to pay. If the underwriters exercise their option to purchase 825,000 additional shares in full, we estimate that our net proceeds will be approximately \$137.9 million, after deducting the underwriting discounts and commissions and estimated offering expenses we expect to pay.

We intend to use the net proceeds from this offering for working capital and other general corporate purposes. As a result, our management will have broad discretion in the way that we use the net proceeds and investors will be relying on our judgment regarding the application of the net proceeds of this offering. We also intend to use a portion of the net proceeds we receive from this offering to repay approximately \$12.4 million of the term loan outstanding under our Loan and Security Agreement. We may also use a portion of the net proceeds from this offering to acquire or invest in complementary businesses, technologies or other assets, although we have no present commitments or agreements to do so. Pending the application of net proceeds, we expect to invest the net proceeds in short- and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

The term loan outstanding under our Loan and Security Agreement bears interest at a variable rate equal to (i) the thirty-day U.S. London Interbank Offer Rate plus (ii) 4.20%, with a minimum rate of 5.43% per annum. The effective interest rate for the outstanding balance under the Loan and Security Agreement was 9.39% as of March 31, 2019, and the maturity date of the Loan and Security Agreement is October 1, 2022. See the section of our Annual Report on Form 10-K for the year ended December 31, 2018 titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Loan and Security Agreement" for additional information regarding our Loan and Security Agreement.

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If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the price per share of our common stock you pay in this offering and the net tangible book value per share of our common stock immediately after this offering.

Our net tangible book value as of March 31, 2019 was approximately \$71.0 million, or \$1.71 per share of our common stock. Net tangible book value per share is calculated by subtracting our total liabilities from our total tangible assets, which is total assets less intangible assets, and dividing this amount by the number of shares of our common stock outstanding.

After giving effect to (i) the sale by us of 5,500,000 shares of our common stock at the public offering price of \$23.25 per share, and after deducting the underwriting discounts and commissions and estimated offering expenses we expect to pay and (ii) the application of such proceeds as described in the section titled Use of Proceeds, our as adjusted net tangible book value as of March 31, 2019 would have been approximately \$190.8 million, or \$4.06 per share of our common stock. This represents an immediate increase in the net tangible book value of \$2.35 per share to our existing stockholders and an immediate and substantial dilution in net tangible book value of \$19.19 per share to new investors.

The following table illustrates this per share dilution:

Public offering price per share		\$ 23.25
Net tangible book value per share as of March 31, 2019	\$ 1.71	
Increase in as adjusted net tangible book value per share attributable to new investors	2.35	
As adjusted net tangible book value per share after this offering		4.06
Dilution per share to new investors participating in this offering		\$ 19.19

If the underwriters exercise in full their option to purchase up to 825,000 additional shares from us at the public offering price of \$23.25 per share, the as adjusted net tangible book value per share after this offering would be \$4.37 per share and the dilution to new investors participating in this offering would be \$18.88 per share.

The calculations above are based on 41,509,240 shares of our common stock outstanding as of March 31, 2019. The number of shares of common stock outstanding as of March 31, 2019 excludes:

5,847,645 shares of our common stock issuable upon the exercise of stock options outstanding as of March 31, 2019, with a weighted-average exercise price of \$9.48 per share;

110,300 shares of our common stock issuable upon the exercise of stock options granted after March 31, 2019, with a weighted-average exercise price of \$24.14 per share;

561,304 shares of common stock issuable upon the settlement of restricted stock units, or RSUs, outstanding as of March 31, 2019;

2,141,658 shares of common stock reserved for future issuance under our 2013 Stock Incentive Plan, as amended; and

229,218 shares of common stock reserved for future issuance under our Employee Stock Purchase Plan.

To the extent that any outstanding stock options have been or may be exercised, RSUs are settled or other shares are issued, investors purchasing our common stock in this offering may experience further dilution. In addition, we may choose to issue additional common stock, or securities convertible into or exchangeable for common stock, in the future. The issuance of these securities could result in further dilution to investors participating in this offering.

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DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. 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 further 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.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

FOR NON-U.S. HOLDERS OF OUR COMMON STOCK

The following summary describes the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our common stock acquired in this offering by Non-U.S. Holders (as defined below). This discussion does not address all aspects of U.S. federal income taxes, does not discuss the potential application of the alternative minimum or Medicare Contribution tax and does not discuss state, local, U.S. federal gift and estate tax laws, except to the limited extent provided below, or non-U.S. tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances, nor does it address U.S. federal tax consequences other than income taxes.

Special rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the Internal Revenue Code of 1986, as amended, or Code, such as:

insurance companies, banks and other financial institutions;

tax-exempt organizations (including private foundations) and tax-qualified retirement plans;

foreign governments and international organizations;

broker-dealers and traders in securities;

U.S. expatriates and certain former citizens or long-term residents of the United States;

persons who acquired our common stock as compensation for services;

persons that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below);

controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;

persons required for U.S. federal income tax purposes to conform the timing of income accruals to their financial statements under Section 451(b) of the Code;

persons that hold our common stock as part of a straddle, hedge, conversion transaction, synthetic security integrated investment or other risk reduction strategy;

persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes);

partnerships and other pass-through entities, and investors in such pass-through entities or entities that are treated as disregarded entities for U.S. federal income tax purposes (regardless of their places of organization or formation); and

qualified foreign pension funds as defined in Section 897(1)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds.

Such Non-U.S. Holders are urged to consult their tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code, and Treasury regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, possibly retroactively, and are subject to differing interpretations which could result in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the Internal Revenue Service, or IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions or will not take a contrary position regarding the tax consequences of the acquisition, ownership, and disposition of our common stock, or that any such contrary position would not be sustained by a court.

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PERSONS CONSIDERING THE PURCHASE OF OUR COMMON STOCK PURSUANT TO THIS OFFERING SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF ACQUIRING, OWNING AND DISPOSING OF OUR COMMON STOCK IN LIGHT OF THEIR PARTICULAR SITUATIONS AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION, INCLUDING ANY STATE, LOCAL OR NON-U.S. TAX CONSEQUENCES OR ANY U.S. FEDERAL NON-INCOME TAX CONSEQUENCES, AND THE POSSIBLE APPLICATION OF TAX TREATIES.

For the purposes of this discussion, a Non-U.S. Holder is, for U.S. federal income tax purposes, a beneficial owner of common stock that is not a U.S. Holder or a partnership for U.S. federal income tax purposes. A U.S. Holder means a beneficial owner of our common stock that is for U.S. federal income tax purposes (a) an individual citizen or resident of the United States (as determined under U.S. federal income tax rules), (b) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are an individual non-U.S. citizen, you may, in some cases, be deemed to be a resident alien (as opposed to a nonresident alien) by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. Generally, for this purpose, all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year, are counted.

Resident aliens are generally subject to U.S. federal income tax as if they were U.S. citizens. Individuals who are uncertain of their status as resident or nonresident aliens for U.S. federal income tax purposes are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the ownership or disposition of our common stock.

Distributions

We do not expect to declare or make any distributions on our common stock in the foreseeable future. If we do make distributions on our common stock, however, such distributions made to a Non-U.S. Holder of our common stock will constitute dividends for U.S. tax purposes to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that is applied against and reduces, but not below zero, a Non-U.S. Holder's adjusted tax basis in our common stock. Any remaining excess will be treated as gain realized on the sale or exchange of our common stock as described below under the section titled Gain on Disposition of our Common Stock.

Any distribution on our common stock that is treated as a dividend paid to a Non-U.S. Holder that is not effectively connected with the holder's conduct of a trade or business in the United States will generally be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and the Non-U.S. Holder's country of residence. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us with a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E or other appropriate form, certifying the Non-U.S. Holder's entitlement to benefits under that treaty. Such form must be provided prior to the payment of dividends and must be updated periodically. If a Non-U.S. Holder holds stock

through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. The holder's agent may then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty,

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you should consult with your tax advisor to determine if you are able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment that the holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished to us (or, if stock is held through a financial institution or other agent, to the agent). In general, such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates applicable to U.S. persons, unless a specific treaty exemption applies. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional branch profits tax, which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder's effectively connected earnings and profits, subject to certain adjustments.

See also the section below entitled **Foreign Accounts** for additional withholding rules that may apply to dividends paid to foreign financial institutions or non-financial foreign entities.

Gain on Disposition of Our Common Stock

Subject to the discussion below under the sections titled **Backup Withholding and Information Reporting** and **Foreign Accounts**, a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our common stock unless (a) the gain is effectively connected with a trade or business of the holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment that the holder maintains in the United States), (b) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or (c) we are or have been a United States real property holding corporation within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or the holder's holding period in the common stock.

If you are a Non-U.S. Holder described in (a) above, you will be required to pay tax on the net gain derived from the sale at the regular graduated U.S. federal income tax rates applicable to U.S. persons, unless a specific treaty exemption applies. Corporate Non-U.S. Holders described in (a) above may also be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are an individual Non-U.S. Holder described in (b) above, you will be required to pay a flat 30% tax on the gain derived from the sale, which gain may be offset by certain U.S. source capital losses (even though you are not considered a resident of the United States), provided you have timely filed U.S. federal income tax returns with respect to such losses. With respect to (c) above, in general, we would be a U.S. real property holding corporation if interests in U.S. real estate comprised (by fair market value) at least half of our assets. We believe that we are not, and do not anticipate becoming, a U.S. real property holding corporation. However, there can be no assurance that we will not become a U.S. real property holding corporation in the future. Even if we are treated as a U.S. real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as (1) the Non-U.S. Holder owned, directly, indirectly or constructively, no more than five percent of our common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder's holding period and (2) our common stock is regularly traded on an established securities market. There can be no assurance that our common stock will qualify as regularly traded on an established securities market.

U.S. Federal Estate Tax

The estates of nonresident alien individuals generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, our common stock will be U.S. situs property and therefore will be

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included in the taxable estate of a nonresident alien decedent, unless an applicable estate tax treaty between the United States and the decedent's country of residence provides otherwise. The terms "resident" and "nonresident" are defined differently for U.S. federal estate tax purposes than for U.S. federal income tax purposes. Investors are urged to consult their tax advisors regarding the U.S. federal estate tax consequences of the ownership or disposition of our common stock.

Backup Withholding and Information Reporting

Generally, we or certain financial middlemen must report information to the IRS with respect to any dividends we pay on our common stock including the amount of any such dividends, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the holder to whom any such dividends are paid. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Dividends paid by us (or our paying agents) to a Non-U.S. Holder may also be subject to U.S. backup withholding. U.S. backup withholding generally will not apply to a Non-U.S. Holder who provides a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, as applicable, or otherwise establishes an exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know the holder is a U.S. person.

Under current U.S. federal income tax law, U.S. information reporting and backup withholding requirements generally will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of any broker, U.S. or non-U.S., unless the Non-U.S. Holder provides a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, as applicable, or otherwise meets documentary evidence requirements for establishing Non-U.S. Holder status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding requirements will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. Information reporting and backup withholding requirements may, however, apply to a payment of disposition proceeds if the broker has actual knowledge, or reason to know, that the holder is, in fact, a U.S. person. For information reporting purposes, certain brokers with substantial U.S. ownership or operations will generally be treated in a manner similar to U.S. brokers.

Backup withholding is not an additional tax. If backup withholding is applied to you, you should consult with your tax advisor to determine whether you have overpaid your U.S. federal income tax, and whether you are able to obtain a tax refund or credit of the overpaid amount.

Foreign Accounts

In addition to, and separately from, the withholding rules described above, U.S. federal withholding taxes at a rate of 30% may apply under the law commonly known as the Foreign Account Tax Compliance Act, or FATCA, on certain types of payments, including dividends, made to (A) a foreign financial institution (as defined for this purpose) unless such institution (i) is exempt from FATCA withholding pursuant to an applicable intergovernmental agreement between the jurisdiction in which it is located and the United States, (ii) enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities information regarding U.S. account holders of such institution or (iii) meets other exemptions or (B) a non-financial foreign entity (as defined for this purpose), unless such entity (i) is exempt from FATCA withholding pursuant to an applicable intergovernmental agreement between the jurisdiction in which it is located and the United States, (ii) provides the withholding agent with a certification identifying any substantial U.S. owners of the entity (as defined for this purpose), (iii) certifies that it does not have

any substantial U.S. owners or (iv) meets other exemptions. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

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Under applicable Treasury Regulations and IRS guidance, FATCA withholding as described above currently applies to payments of dividends on our common stock. Additionally, under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally also would apply to payments of gross proceeds from the sale or other disposition of common stock on or after January 1, 2019. Under recently proposed regulations, however, no withholding will apply with respect to payments of gross proceeds. The preamble to the proposed regulations specifies that taxpayers are permitted to rely on such proposed regulations pending finalization.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAW, AS WELL AS TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, NON-U.S. OR U.S. FEDERAL NON-INCOME TAX LAWS SUCH AS ESTATE AND GIFT TAX.

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UNDERWRITING (CONFLICT OF INTEREST)

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below, for whom Morgan Stanley & Co. LLC and SVB Leerink LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Underwriter	Number of Shares
Morgan Stanley &	