
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 13, 2020

NantHealth, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

001-37792

(Commission File Number)

27-3019889

(IRS Employer
Identification No.)

9920 Jefferson Boulevard
Culver City, California 90232

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(310) 883-1300**

Not Applicable

(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 (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))

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.0001 per share | NH | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR § (230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §(240.12b-2).

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.

Asset Purchase Agreement

On January 13, 2020, NantHealth, Inc., a Delaware corporation (the “Company”), entered into an asset purchase agreement (the “Purchase Agreement”) with Masimo Corporation (“Masimo”), VCCB Holdings, Inc., a wholly owned subsidiary of Masimo (collectively with Masimo, the “Purchaser”), and, solely with respect to certain provisions of the Purchase Agreement, NantWorks, LLC (“NantWorks”), an affiliate of the Company. Pursuant to the Purchase Agreement, the Company has agreed to sell to the Purchaser certain of its assets related to its “Connected Care” business, including the products known as DeviceConX, VitalsConX, HBox and Shuttle Cable (collectively, the “Connected Care Business”).

Under the terms of the Purchase Agreement, in exchange for assets primarily related to the Connected Care Business, at the Closing (as defined in the Purchase Agreement), the Purchaser will pay a total of \$47.25 million in cash, subject to certain purchase price adjustments, and assume certain liabilities of the Connected Care Business.

Of the cash consideration paid at the Closing, \$237,500 will be held in escrow as partial security for the Company’s indemnification obligations. The funds in escrow will be released, if not used to satisfy indemnification obligations, thirteen months after the date of the Closing (the “Closing Date”).

The Purchase Agreement includes customary representations, warranties and covenants of each of the Company, NantWorks and the Purchaser, and customary closing conditions.

Between the date of the Purchase Agreement and the Closing, the Company will conduct the Connected Care Business in the ordinary course of business and consistent with past practice, and the Purchaser’s approval will be required to undertake certain actions.

The Company and NantWorks have agreed that none of the Company, its subsidiaries, Patrick Soon-Shiong, the Company’s chairman and chief executive officer, or persons and entities controlled by Patrick Soon-Shiong will, for a period beginning on the Closing Date and ending on the four-year anniversary of the Closing Date, market, offer to sell, or sell any medical device data system that is competitive with the products of the Connected Care Business being sold to the Purchaser, or solicit or induce any individual employed by the Purchaser who was an employee of the Company or any of its subsidiaries immediately prior to the Closing to leave such employment.

Under the terms of the Purchase Agreement, the Company has agreed to indemnify the Purchaser and its affiliates against certain liabilities and the Purchaser has agreed to indemnify the Company and its affiliates against certain liabilities, in each case subject to certain customary limitations.

The foregoing description of the Purchase Agreement does not purport to be complete and is subject to, and qualified in its entirety, by the full text of the Purchase Agreement, a copy of which the Company intends to file as an exhibit to the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 (the “Form 10-K”) and the terms of which are incorporated herein by reference. Certain terms of the Purchase Agreement will be redacted for confidentiality reasons. The Purchase Agreement is not intended to provide any other factual information about the Company, NantWorks or the Purchaser. In particular, the representations and warranties contained in the Purchase Agreement were made only for the purposes of the Purchase Agreement as of specific dates and were qualified by disclosures between the parties and a contractual standard of materiality that is different from those generally applicable to stockholders, among other limitations. The representations and warranties were made for the purposes of allocating contractual risk between the parties to the Purchase Agreement and should not be relied upon as a disclosure of factual information relating to the Company, NantWorks or the Purchaser.

Item 8.01. Other Events.

On January 14, 2020, the Company and Masimo issued a joint press release announcing the signing of the Purchase Agreement. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The press release should be read in conjunction with the note regarding forward-looking statements, which is included in the text of the press release.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|---------------------------|
|---------------------------|---------------------------|

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|-----------------------------|---|
| <u>99.1</u> | <u>Press Release, dated January 14, 2020, announcing the signing of the Purchase Agreement.</u> |
|-----------------------------|---|

SIGNATURE

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.

NantHealth, Inc.

Date: January 14, 2020

By: /s/ Bob Petrou
Bob Petrou
Chief Financial Officer



Masimo to Acquire Connected Care Business from NantHealth

Irvine and Culver City, California -- January 14, 2020 - [Masimo](#) (NASDAQ: MASI), a global leader in noninvasive monitoring technologies, and **[NantHealth](#)**, Inc. (NASDAQ: NH), a next-generation, evidence-based, personalized healthcare company, today announced the signing of a definitive agreement under which Masimo will acquire the Connected Care assets from NantHealth, Inc. for a \$47.25 million upfront cash payment. NantHealth's Connected Care solutions provide medical device interoperability to hospitals and health systems. The portfolio includes DCX™ device connectivity (formerly known as DeviceConX™), VCX™ patient vitals software (formerly known as VitalsConX™), HBox® connectivity hub, and Shuttle interface cable.

The acquisition supports Masimo's goal to help hospitals improve the continuum of great care through hospital automation, connectivity, and innovative noninvasive monitoring technologies. The Connected Care franchise is an established leader in providing connectivity solutions to hospitals, enabling streamlined collection and storage of medical device data through a vendor-agnostic platform into the EHR or other clinical information systems.

"One of the strategic priorities for Masimo is, through our Hospital Automation solutions, to reduce clinician cognitive overload and reduce errors of omission. Through connectivity, predictive algorithms, and decision support, we hope to improve the continuum of great care. The connectivity assets we are acquiring are completely in line with our mission as they will help accelerate our internal growth initiatives in this area," said Joe Kiani, Founder, Chairman, and CEO of Masimo. "Not only does Connected Care immediately increase our customer footprint but also provides us with products which complement our current portfolio. As a result, we are very excited to welcome the Connected Care's talented team to Masimo and look forward to realizing our vision together."

Patrick Soon-Shiong, MBBCh, MSc, FRCS (C), NantHealth Chief Executive Officer and Chairman of the Board said, "Our decision to sell the Connected Care business enables us to focus on accelerating growth for our NaviNet® and Eviti® SaaS solutions, our data and molecular analytics capabilities, and pursue other strategically aligned goals. We believe Masimo has the best connectivity solutions, and we are delighted to have found the right home for our Connected Care business and our committed team of employees. We are working with Masimo to ensure a smooth transition for our Connected Care customers."

The transaction is expected to close in the first quarter of 2020, subject to customary closing conditions. Masimo expects to fund the acquisition with existing cash on hand. The estimated financial impact of the transaction is included in Masimo's full-year 2020 financial guidance, which is being issued in a separate press release today.

@MasimoInnovates | #Masimo

About Masimo

Masimo (NASDAQ: MASI) is a global medical technology company that develops and produces a wide array of industry-leading monitoring technologies, including innovative measurements, sensors, patient monitors, and automation and connectivity solutions. Our mission is to improve patient outcomes and reduce the cost of care. Masimo SET® Measure-through Motion and Low Perfusion™ pulse oximetry, introduced in 1995, has been shown in over 100 independent and objective studies to outperform other pulse oximetry technologies.¹ Masimo SET® has also been shown to help clinicians reduce severe retinopathy of prematurity in neonates,² improve CCHD screening in newborns,³ and, when used for continuous monitoring with Masimo Patient SafetyNet™ in post-surgical wards, reduce rapid response team activations, ICU transfers, and costs.⁴⁻⁶ Masimo SET® is estimated to be used on more than 100 million patients in leading hospitals and other healthcare settings around the world,⁷ and is the primary pulse oximetry at 9 of the top 10 hospitals according to the 2019-20 U.S. News and World Report Best Hospitals Honor Roll.⁸ Masimo continues to refine SET® and in 2018, announced that SpO₂ accuracy on RD SET® sensors during conditions of motion has been significantly improved, providing clinicians with even greater confidence that the SpO₂ values they rely on accurately reflect a patient’s physiological status. In 2005, Masimo introduced rainbow® Pulse CO-Oximetry technology, allowing noninvasive and continuous monitoring of blood constituents that previously could only be measured invasively, including total hemoglobin (SpHb®), oxygen content (SpOCT™), carboxyhemoglobin (SpCO®), methemoglobin (SpMet®), Pleth Variability Index (PVi®), RPPVi™ (rainbow® PVi), and Oxygen Reserve Index (ORi™). In 2013, Masimo introduced the Root® Patient Monitoring and Connectivity Platform, built from the ground up to be as flexible and expandable as possible to facilitate the addition of other Masimo and third-party monitoring technologies; key Masimo additions include Next Generation SedLine® Brain Function Monitoring, O3® Regional Oximetry, and ISA™ Capnography with NomoLine® sampling lines. Masimo’s family of continuous and spot-check monitoring Pulse CO-Oximeters® includes devices designed for use in a variety of clinical and non-clinical scenarios, including tetherless, wearable technology, such as Radius-7® and Radius PPG™, portable devices like Rad-67™, fingertip pulse oximeters like MightySat® Rx, and devices available for use both in the hospital and at home, such as Rad-97®. Masimo hospital automation and connectivity solutions are centered around the Iris® platform, and include Iris Gateway®, Patient SafetyNet, Replica™, Halo ION™, UniView™, and Doctella™. Additional information about Masimo and its products may be found at www.masimo.com. Published clinical studies on Masimo products can be found at www.masimo.com/evidence/featured-studies/feature/.

ORi and RPPVi have not received FDA 510(k) clearance and are not available for sale in the United States. The use of the trademark Patient SafetyNet is under license from University HealthSystem Consortium.

References

1. Published clinical studies on pulse oximetry and the benefits of Masimo SET® can be found on our website at <http://www.masimo.com>. Comparative studies include independent and objective studies which are comprised of abstracts presented at scientific meetings and peer-reviewed journal articles.
2. Castillo A et al. Prevention of Retinopathy of Prematurity in Preterm Infants through Changes in Clinical Practice and SpO₂ Technology. *Acta Paediatr.* 2011 Feb;100(2):188-92.
3. de-Wahl Granelli A et al. Impact of pulse oximetry screening on the detection of duct dependent congenital heart disease: a Swedish prospective screening study in 39,821 newborns. *BMJ.* 2009;Jan 8:338.
4. Taenzler AH et al. Impact of pulse oximetry surveillance on rescue events and intensive care unit transfers: a before-and-after concurrence study. *Anesthesiology.* 2010; 112(2):282-287.
5. Taenzler A et al. Postoperative Monitoring - The Dartmouth Experience. *Anesthesia Patient Safety Foundation Newsletter.* Spring-Summer 2012.
6. McGrath SP et al. Surveillance Monitoring Management for General Care Units: Strategy, Design, and Implementation. *The Joint Commission Journal on Quality and Patient Safety.* 2016 Jul;42(7):293-302.
7. Estimate: Masimo data on file.
8. <http://health.usnews.com/health-care/best-hospitals/articles/best-hospitals-honor-roll-and-overview>.

About NantHealth

NantHealth, a member of the NantWorks ecosystem of companies, provides leading solutions across the continuum of care for physicians, payors, patients and biopharmaceutical organizations. NantHealth enables the use of cutting-edge data and technology toward the goals of empowering clinical decision support and improving patient outcomes. NantHealth’s comprehensive product portfolio combines the latest technology in payor/provider platforms that exchange information in near-real time (NaviNet and Eviti), connected care solutions that deliver medical device interoperability (DCX device connectivity platform and VCX patient vitals software) and molecular profiling services that combine comprehensive DNA & RNA tumor-normal profiling with pharmacogenomics analysis (GPS Cancer®). For more information, please visit www.nanthhealth.com or follow us on Twitter, Facebook and LinkedIn.

Forward-Looking Statements: Masimo

This press release includes forward-looking statements as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, in connection with the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, those related to Masimo’s proposed acquisition of the Connected Care Business from NantHealth (the “Acquisition”), and are based on current expectations about future events affecting us and are subject to risks and uncertainties, all of which are difficult to predict and many of which are beyond our control and could cause our actual results to differ materially and adversely from those expressed in our forward-looking statements as a result of various risk factors, including, but not limited to: risks related to achieving the conditions to closing the Acquisition and risks regarding the integration of assets acquired from NantHealth; risks related to our assumptions regarding the repeatability of clinical results; risks related to our belief that Masimo’s unique noninvasive measurement technologies, contribute to positive clinical outcomes and patient safety; risks related to our belief that Masimo noninvasive medical breakthroughs provide cost-effective solutions and unique advantages; as well as other factors discussed in the “Risk Factors” section of our most recent reports filed with the Securities and Exchange Commission (“SEC”), which may be obtained for free at the SEC’s website at www.sec.gov. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we do not know whether our expectations will prove correct. All forward-looking statements included in this press release are expressly qualified in their entirety by the foregoing cautionary statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of today’s date. We do not undertake any obligation to update, amend or clarify these statements or the “Risk Factors” contained in our most recent reports filed with the SEC, whether as a result of new information, future events or otherwise, except as may be required under the applicable securities laws.

Forward-Looking Statements: NantHealth

This news release contains certain statements of a forward-looking nature relating to future events or future business performance. Forward-looking statements can be identified by the words “expects,” “anticipates,” “believes,” “intends,” “estimates,” “plans,” “will,” “outlook” and similar expressions. Forward-looking statements are based on management’s current plans, estimates, assumptions and projections, and speak only as of the date they are made. Risks and uncertainties include, but are not limited to: our ability to successfully integrate a complex learning system to address a wide range of healthcare issues; our ability to successfully amass the requisite data to achieve maximum network effects; appropriately allocating financial and human resources across a broad array of product and service offerings; raising additional capital as necessary to fund our operations; achieving significant commercial market acceptance for our sequencing and molecular analysis solutions; establish relationships with, key thought leaders or payers’ key decision makers in order to establish GPS Cancer as a standard of care for patients with cancer; our ability to grow the market for our Systems Infrastructure, and applications; successfully enhancing our Systems Infrastructure and applications to achieve market acceptance and keep pace with technological developments; customer concentration; competition; security breaches; bandwidth limitations; our ability to continue our relationship with NantOmics; our ability to obtain regulatory approvals; dependence upon senior management; the need to comply with and meet applicable laws and regulations; unexpected adverse events; clinical adoption and market acceptance of GPS Cancer; and anticipated cost savings. We undertake no obligation to update any forward-looking statement in light of new information or future events, except as otherwise required by law. Forward-looking statements involve inherent risks and uncertainties, most of which are difficult to predict and are generally beyond our control. Actual results or outcomes may differ materially from those implied by the forward-looking statements as a result of the impact of a number of factors, many of which are discussed in more detail in our reports filed with the Securities and Exchange Commission.

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