

**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): October 16, 2022

EXAGEN INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39049
(Commission
File Number)

20-0434866
(IRS Employer
Identification No.)

**1261 Liberty Way
Vista, CA 92081**
(Address of principal executive offices) (Zip Code)

(760) 560-1501
(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))

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 \$0.001 per share	XGN	The Nasdaq Global 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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On October 17, 2022, Exagen Inc. (the “Company”) announced that John Aballi has been appointed as President and Chief Executive Officer of the Company and as a member of the board of directors of the Company (the “Board of Directors”), replacing Fortunato Ron Rocca who resigned as President and Chief Executive Officer of the Company and as a member of the Board of Directors, effective as of October 16, 2022. Mr. Aballi has also assumed the duties of the Company’s principal executive officer for Securities and Exchange Commission (“SEC”) reporting purposes.

Prior to joining the Company, Mr. Aballi served in multiple leadership roles at Veracyte, Inc., including GM, Urology and CLIA COO of Veracyte, Inc. since January of 2022, and SVP, Operations and Sales, Urologic Cancer, from April 2021 to January 2022. Mr. Aballi served as Chief Operating Officer of Decipher Biosciences, Inc. from August 2018 until Veracyte, Inc. acquired Decipher Biosciences, Inc. in March 2021. From March 2021 to May 2021, Mr. Aballi also served as a member of the board of directors of PFS Genomics Inc., which was acquired by Exact Sciences Corp. in 2021. From August 2018 to March 2021, Mr. Aballi served as Head of Operations of Molecular Stethoscope, Inc. Mr. Aballi holds a Masters of Business Administration from California Baptist University, and dual degrees, a Bachelor of Science in Biochemistry and a Bachelor of Arts in Economics, from the University of California, San Diego.

Mr. Aballi does not have a family relationship with any director or executive officer of the Company or person nominated or chosen by the Company to become a director or executive officer, and there are no arrangements or understandings between Mr. Aballi and any other person pursuant to which Mr. Aballi was selected to serve as President and Chief Executive Officer of the Company or as a director of the Company. There have been no transactions involving Mr. Aballi that would require disclosure under Item 404(a) of Regulation S-K under the Securities Exchange Act of 1934, as amended. Mr. Aballi has not been, and is not expected to be, named to any committees of the Board of Directors. In connection with Mr. Aballi’s appointment, Mr. Aballi and the Company will enter into an indemnification agreement in the form the Company has entered into with certain of its other executive officers (the “Indemnification Agreement”), which form is filed as [Exhibit 10.35](#) to the Company’s registration statement on Form S-1 (File No. 333-233446) filed by the Company with the SEC on September 9, 2019. The Indemnification Agreement, among other things, will provide for indemnification of Mr. Aballi for expenses, judgments, fines and settlement amounts incurred by him in any action or proceeding arising out of his services as an executive officer or at our request.

Pursuant to Mr. Aballi’s Employment Agreement (the “Employment Agreement”), Mr. Aballi will report to the Company’s Board of Directors. Mr. Aballi’s employment term began on October 16, 2022 and continues until terminated by either party following 30 days’ notice. Mr. Aballi is entitled to an annual base salary of \$525,000, is eligible to receive an annual target performance bonus of up to 50% of his gross base salary and was granted an incentive stock option to purchase, or restricted stock units representing the contingent right to receive, up to 350,000 shares of common stock of the Company (the “Equity Award”). The Equity Award will vest in equal annual installments commencing on the first anniversary of the October 16, 2022 and ending on the fourth anniversary of October 16, 2022, subject to Mr. Aballi’s continued employment. The Equity Award will be subject to the terms of the Company’s 2019 Incentive Award Plan and the applicable award agreements thereunder. Mr. Aballi is also eligible to participate in the Company’s employee benefit plans, as may be maintained by the Company from time to time, on the same terms as other similarly situated employees of the Company, and as a Tier 1 participant under the Severance Plan (as defined below). A copy of the Employment Agreement is filed as Exhibit 10.1 to this current report on Form 8-K and is incorporated herein by reference. The description of the Employment Agreement is a summary only, does not purport to be complete, and is qualified in its entirety by the terms of the Employment Agreement.

In connection with Mr. Rocca’s resignation, the Company and Mr. Rocca entered into a Severance Agreement, dated October 14, 2022 (the “Severance Agreement”). The Severance Agreement provides, among other things, that Mr. Rocca will be entitled to receive the following, in accordance with the Company’s Amended and Restated Executive Change in Control and Severance Plan (the “Severance Plan”): (i) a lump sum payment of \$424,875, less applicable payroll deductions, (ii) a pro-rated payment for Actual Incentive Compensation (as defined in the Severance Plan), less applicable payroll deductions and (iii) reimbursement of up to nine months of COBRA premiums. Mr. Rocca’s decision to resign was not due to any disagreement with the Company on any matter relating to the Company’s operations, policies or practices. A copy of the Severance Agreement is filed as Exhibit 10.2 to this current report on Form 8-K and is incorporated herein by reference. The description of the Severance Agreement is a summary only, does not purport to be complete, and is qualified in its entirety by the terms of the Severance Agreement.

Item 7.01 Regulation FD Disclosure.

The Company issued a press release on October 17, 2022, announcing the executive transition described above. A copy of the press release is attached as Exhibit 99.1 hereto and is incorporated by reference herein.

The information in the press release is being furnished, not filed, pursuant to Item 7.01 of Form 8-K. Accordingly, the information in Item 7.01 of this Current Report, including Exhibit 99.1, will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Employment Agreement, dated as of October 16, 2022, by and between the Company and John Aballi.
10.2	Severance Agreement, dated as of October 14, 2022, by and between the Company and Fortunato Ron Rocca.
99.1	Press Release.
104	Cover Page Interactive Data file (formatted as Inline XBRL).

* Attachments omitted pursuant to Item 601(a)(5) of Regulation S-K. The names of the omitted attachments are referenced in the as-filed Exhibit.

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.

EXAGEN INC.

Date: October 20, 2022

By: /s/ Kamal Adawi
Name: Kamal Adawi
Title: Chief Financial Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (this “Agreement”) is effective as of October 16, 2022 (the “Effective Date”) by and between Exagen, Inc. (the “Company”), a Delaware corporation, and John Aballi (“Executive”). References below to the “Company” shall include its subsidiaries and affiliates when applicable.

1. Roles and Duties.

(a) **Role.** Subject to the terms and conditions of this Agreement, the Company shall employ Executive as its Chief Executive Officer and President, reporting to the Company’s Board of Directors (the “Board”). Executive shall have such duties and responsibilities as are reasonably determined by the Board and are consistent with the duties customarily performed by Executive’s position in similarly situated companies. Executive accepts employment upon the terms and conditions set forth herein and agrees to perform such duties and discharge such responsibilities to the best of Executive’s ability. Executive shall devote all of Executive’s business time and energies to the business and affairs of the Company. Notwithstanding the foregoing, nothing herein shall preclude Executive from (i) serving on boards, committees or similar bodies of charitable or nonprofit organizations; (ii) fulfilling limited teaching, speaking and writing engagements; and (iii) managing Executive’s personal investments and affairs; provided, however, that the activities set out in clauses (i)-(iii) shall be limited by Executive to not materially conflicting with the performance of Executive’s duties and responsibilities to the Company or contravene any restrictive covenants or codes of conduct; provided, that with respect to the activities in clauses (ii) and/or (iii), Executive shall notify the Board of such activities.

(b) **Board Membership.** The Company or the applicable Board committee will recommend Executive to the Board for nomination, and the Board shall nominate Executive for election and, as appropriate, reelection to the Board. Executive’s service as a Board member shall be without further compensation. Upon termination of Executive’s employment with the Company, for any reason, Executive shall resign immediately from the Board and from any officer or board positions at any affiliate, if any, for which Executive is then currently serving as a director or officer at the time of termination of employment, absent agreement to the contrary by the applicable Board committee. Executive agrees to execute such documents, if any, as are reasonably necessary or appropriate to effectuate such resignations. In the absence of any other written resignation proffered to the Board, this Agreement, upon such termination, shall constitute such a written resignation.

2. Term of Employment. Executive’s employment hereunder shall commence on the Effective Date and shall continue until terminated hereunder by either party (such term of employment shall be referred to herein as the “Term”), which termination shall be effectuated on no less than thirty (30) days’ written notice to each other (except in the case of Executive’s death).

3. Compensation.

(a) **Base Salary.** The Company shall pay Executive a base salary (the “Base Salary”) at the annual rate of Five Hundred and Twenty-Five Thousand Dollars (\$525,000). The Base Salary shall be payable in substantially equal periodic installments in accordance with the Company’s payroll practices as in effect from time to time. The Company shall deduct from each

such installment all amounts required to be deducted or withheld under applicable law or under any employee benefit plan in which Executive participates.

(b) Annual Performance Bonus. Executive shall be eligible to receive an annual cash bonus (the “Annual Performance Bonus”) pursuant to the Company’s bonus plan offered to Company executives, with a target equal to 50% of his then-current Base Salary. The Annual Performance Bonus will be based on achieving annual performance metrics determined by the Compensation Committee (or the Board) in its sole discretion. The Annual Performance Bonus shall be paid, if at all and subject to the Board’s full and complete discretion, to Executive no later than March 15th of the calendar year immediately following the calendar year to which it relates. Executive must be employed by the Company on the date that the Annual Performance Bonus is paid to Executive in order to be eligible for, and to be deemed as having earned, such Annual Performance Bonus. The Company shall deduct from the Annual Performance Bonus all amounts required to be deducted or withheld under applicable law or under any employee benefit plan in which Executive participates.

(c) Time-Based Equity Award. Effective as of the Effective Date, Executive shall be granted a Restricted Stock Unit Award (the “Equity Award”) for 350,000 shares of Company common stock, subject to the terms of the 2019 Incentive Award Plan and to the terms set forth in an accompanying award agreement. The Equity Award will vest in equal installments commencing on the first anniversary of the Effective Date with the remainder vesting in equal annual installments thereafter, subject to Executive’s continued employment.

(d) Vacation. The Company acknowledges that Executive will manage his vacation in accordance with the Company’s flexible vacation policy, in a manner scheduled to minimize disruption to the Company’s operations. No unused vacation time will be paid to Executive upon termination of employment, unless otherwise required by applicable law.

(e) Fringe Benefits. While employed, Executive (and Executive’s spouse and/or eligible dependents to the extent provided in the applicable plans and programs) shall be eligible to participate in and be covered under the health and welfare benefit plans and programs maintained by the Company for the benefit of its employees from time to time, pursuant to the terms of such plans and programs and on the same terms and conditions as those applicable to similarly situated senior executives. The terms of any such benefits shall be governed by the applicable plan documents and Company policies in effect from time to time (and, to the extent this Agreement conflicts with such terms, the terms of such benefit plans shall govern). Nothing contained herein shall create or be deemed to create any obligation on the part of the Company to adopt or maintain any health, welfare, retirement or other benefit plan or program at any time or to create any limitation on the Company’s ability to modify or terminate any such plan or program.

(f) Reimbursement of Expenses. The Company shall reimburse Executive for all ordinary and reasonable out-of-pocket business expenses incurred by Executive in furtherance of the Company’s business in accordance with the Company’s policies with respect thereto as in effect from time to time. Executive must submit any request for reimbursement no later than ninety (90) days following the date that such business expense is incurred. All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Executive’s lifetime (or during a shorter period of time specified in this Agreement); (ii) the amount of expenses eligible for reimbursement during a calendar year may

not affect the expenses eligible for reimbursement in any other calendar year; (iii) the reimbursement of an eligible expense shall be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(g) Indemnification. The Company will indemnify Executive through a separate Indemnification Agreement that will be entered into simultaneously herewith. The Company will purchase and maintain in effect a directors and officers insurance policy and will insure Executive consistent with coverage provided to all Company directors and officers.

4. Payments at Termination.

(a) Definition of Accrued Obligations. Upon termination, Executive (or his estate) shall be entitled to (i) the portion of Executive's Base Salary that has accrued prior to any termination of Executive's employment with Company and has not yet been paid; and (ii) the amount of any expenses properly incurred by Executive on behalf of the Company prior to any such termination and not yet reimbursed. Executive's entitlement to any other compensation or benefit under any Company plan shall be governed by and determined in accordance with the terms of such plans, except as otherwise specified in this Agreement.

(b) Eligibility for Severance Plan. Executive shall be eligible to participate in the Company's Amended and Restated Executive Change in Control and Severance Plan (the "Severance Plan") as a Tier 1 Participant, subject to the terms and conditions of such Plan.

(c) No Other Payments or Benefits Owing. Except as expressly set forth herein, the payments and benefits set forth in this Section 4: (a) shall be the sole amounts owing to Executive upon termination of Executive's employment for the reasons set forth above, and Executive shall not be eligible for any other payments or other forms of compensation or benefits; (b) shall be the sole remedy, if any, available to Executive in the event that Executive brings any claim against the Company relating to the termination of Executive's employment under this Agreement; and (c) shall not be subject to set-off by the Company or any obligation on the part of Executive to mitigate or to offset compensation earned by Executive in other pursuits after termination of employment, other than as specified herein with respect medical benefits provided by another employer.

5. Confidentiality; Prohibited Competition and Solicitation; Inventions Assignment. In light of the competitive and proprietary aspects of the business of the Company, and as a condition of employment hereunder, Executive agrees to execute and abide by the Company's standard for of confidentiality and invention assignment agreement that Executive agrees to execute simultaneously hereof.

6. Property and Records. Upon the termination of Executive's employment hereunder for any reason or for no reason, or if the Company otherwise requests, Executive shall: (a) return to the Company all tangible business information and copies thereof (regardless how such confidential information or copies are maintained), and (b) deliver to the Company any property of the Company which may be in Executive's possession, including, but not limited to, devices, smart phones, laptops, cell phones (the foregoing, "electronic devices"), products, materials, memoranda, notes, records, reports or other documents or photocopies of the same. In the event that Executive is then using his personal devices (whether computers, mobile phones or otherwise) in the service of Company business activities, Executive agrees to tender such devices

to Company to enable Company to recover and retrieve any Company information stored therein. Company shall return such devices to Executive after such retrieval. Executive may retain copies of any exclusively personal data contained in or on the Company-owned electronic devices returned to the Company pursuant to the foregoing. The foregoing notwithstanding, Executive understands and agrees that the Company property belongs exclusively to the Company, it should be used for Company business, and Executive has no reasonable expectation of privacy on any Company property or with respect to any information stored thereon.

7. Cooperation. During and after Executive's employment, Executive shall fully cooperate with the Company to the extent reasonable in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company (other than claims directly or indirectly against Executive) which relate to events or occurrences that transpired while Executive was employed by the Company. Executive's cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Executive's employment, Executive also shall fully cooperate with the Company to the extent reasonable in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company. The Company shall reimburse Executive for any reasonable out-of-pocket expenses incurred in connection with Executive's performance of obligations pursuant to this section.

8. Code Sections 409A and 280G. The terms of the Severance Plan relating to IRS Code Sections 409A and 280G shall govern any post-employment payments to Executive.

9. General.

(a) Notices. Except as otherwise specifically provided herein, any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or electronic mail transmission provided acknowledgment of receipt of electronic transmission is provided; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt.

Notices to Executive shall be sent to the last known address in the Company's records or such other address as Executive may specify in writing.

Notices to the Company shall be sent to:

NOTICE

Attn: Kamal Adawi
Chief Financial Officer
Exagen, Inc.
1261 Liberty Way
Vista, CA 92081

(b) Modifications and Amendments. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.

(c) Waivers and Consents. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by a written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given and shall not constitute a continuing waiver or consent.

(d) Assignment. The Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of the Company's business or that aspect of the Company's business in which Executive is principally involved. Executive may not assign Executive's rights and obligations under this Agreement without the prior written consent of the Company.

(e) Governing Law/Dispute Resolution. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the State of California without giving effect to the conflict of law principles thereof. The parties have agreed to arbitrate any disputes arising from or relating to this Agreement by arbitration pursuant to the Mutual Agreement to Arbitrate Claims entered into simultaneously herewith.

(f) Entire Agreement. This Agreement, together with the other agreements specifically referenced herein, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

EXAGEN, INC.

By: /s/Brian Birk

Name: Brian Birk

Title: Chairman of the Board

EXECUTIVE

By: /s/ John Aballi

Name: John Aballi

SEVERANCE AGREEMENT

October 14, 2022

BY EMAIL

Fortunato Ron Rocca

Dear Ron:

The purpose of this Severance Agreement (the “Severance Agreement”) is to set forth the terms of your separation from Exagen, Inc. (the “Company”). Payment of the Separation Pay described below is contingent on your agreement to and compliance with the terms of this Severance Agreement. Neither this offer to you nor the Company’s entering into this Severance Agreement shall constitute an admission by the Company. This Severance Agreement is provided pursuant to the Amended and Restated Executive Change in Control and Severance Plan, effective as of April 25, 2022 (the “Plan”), your participation in which was confirmed on June 8, 2022 (the “Participation Agreement”).

1. **Separation of Employment.**

(a) Your employment with the Company will end on October 14, 2022 (the “Termination Date”). By law, and regardless of whether you sign this Severance Agreement, you will receive, on the Termination Date, payment for all earned but unpaid wages accrued through the Termination Date, less payroll deductions. You will not receive payment for accrued vacation because the Company has an unlimited PTO policy in place. In addition, and regardless of whether you sign this Severance Agreement, any expenses that you have properly incurred but that have not been reimbursed as of the Termination Date will be paid, provided you submit the required documentation by November 15, 2022.

(b) Your health insurance will continue in effect until October 31, 2022. By law, and whether or not you sign this Severance Agreement, you will have the right to continue your health insurance pursuant to COBRA. You will receive your COBRA notice under separate cover. If you sign and do not revoke this Severance Agreement, you will be entitled to reimbursement of COBRA premiums as outlined below.

(c) The Company will not contest any application you may make for unemployment benefits after the Termination Date and you may apply for unemployment benefits directly from the State of California by accessing this website: https://edd.ca.gov/Unemployment/Filing_a_Claim.htm.

2. **Separation Pay and Benefits.**

(a) If you sign and do not revoke this Agreement, as you are entitled to do, pursuant to the Plan and the Participation Agreement, and in exchange for the mutual promises set forth in this Severance Agreement, the Company agrees to pay you Separation Pay in the amount of \$424,875, less applicable payroll deductions (the “Separation Pay”). The Company will pay the

Separation Pay in a lump sum, less payroll deductions, on the 30th day after the Termination Date (i.e., prior to or on November 13, 2022), if you sign and do not revoke this Severance Agreement.

(b) In addition to the foregoing, pursuant to the Plan and the Participation Agreement, you will be entitled to receive a pro-rated payment for Actual Incentive Compensation (as defined in the Plan) on the date on which annual bonuses are generally paid but no later than March 15, 2023 (which payment, if any, shall be subject to payroll deductions).

(c) In addition, pursuant to the Plan and the Participation Agreement, if you elect COBRA, you will be entitled to reimbursement for your COBRA premiums for the same coverage in effect immediately prior to the Termination Date for the first to occur of (i) nine (9) months following the Termination Date; or (ii) the date you become eligible for coverage under another employer’s health plan. The reimbursement will be made within thirty (30) days of the presentation of the documentation confirming that you have elected COBRA coverage, and shall continue on a monthly basis thereafter until such time as you are no longer eligible for such reimbursement pursuant to the Plan and this Severance Agreement.

(d) **Equity position:** You own the following outstanding awards under the Company’s 2019 Incentive Award Plan or 2013 Stock Option Plan, as applicable (collectively, the “Equity Awards”):

Award Type	Grant Date	Total Number of Underlying Shares	Number of Vested Underlying Shares as of the Termination Date	Exercise Price Per Share	Vesting Schedule
Option	10/5/2018	323,702	316,958	\$0.2571	(1)
Option	9/18/2019	138,659	103,994	\$14.00	(1)
Option	1/9/2020	153,000	98,812	\$24.19	(1)
Option	2/23/21	40,000	15,833	\$18.20	(1)
RSU	2/23/21	50,000	20,678*	N/A	(2)
RSU	2/4/2022	75,000	0	N/A	(3)

*Reflects 3/1/22 tax withholding of 4,322 shares of common stock.

- (1) The option vests with respect to 25% of the shares underlying the option on the first anniversary of the grant date and with respect to the remaining shares, on each monthly anniversary over the three-year period thereafter, subject to the your continued service.
- (2) The restricted stock units will vest with respect to 25% of the restricted stock units on each of the first, second, third and fourth anniversaries of March 1, 2021, subject to your continued service through the applicable vesting date.
- (3) The restricted stock unit will vest with respect to 25% of the restricted stock units on each of the first, second, third and fourth anniversaries of February 4, 2022, subject to your continued service through the applicable vesting date.

Pursuant to the agreements evidencing your Equity Awards that are Options, such Options may not be exercised after the date that is three months after the Termination Date. Other than the vested portion of the Equity Awards, you are not entitled to vest in or receive any other equity in the Company or any of its affiliates.

(e) You acknowledge and agree that the Separation Pay and benefits set forth herein are the only pay and benefits to which you are entitled pursuant to the Plan and the Participation Agreement and, absent your execution of this Severance Agreement, you have no entitlement to same. You further acknowledge that except for the specific financial consideration set forth in this Severance Agreement, you are not now and shall not in the future be entitled to any other compensation from the Company including, without limitation, other severance, wages, equity, commissions, bonuses, vacation pay, holiday pay, paid time off or any other form of compensation or benefit.

3. **Employee Covenants.**

(a) You acknowledge that as of the date you execute this Severance Agreement (the “Execution Date”), you have not filed any complaints, claims, charges, actions, grievances or arbitrations against the Company¹ or otherwise contacted any U.S. federal, state or local governmental agency or commission that has applicable jurisdiction to regulate the Company (each a “Government Agency”) regarding the Company.

(b) You agree that, no later than two (2) business days after the Termination Date, you will return to the Company all Company documents (whether in hard copy or electronic form and any copies thereof) and property (including, without limitation, all cell phones, laptops and other company equipment), and that you shall abide by Annex A to the Plan, the terms of which shall survive the signing of this Severance Agreement. Further, you agree that you will abide by any and all common law and/or statutory obligations relating to protection and non-disclosure of the Company’s trade secrets and/or confidential and proprietary documents and information. You shall not be deemed to be in breach of this confidentiality provision (i) in the event such information is already in the public domain, (ii) in the event that you are required to disclose confidential information in connection with a judicial or special proceeding or pursuant to court order, (iii) if you share this information with any Government Agency or participate in a government investigation, or (iv) if you obtain the Company’s prior written permission to disclose such information. Also, notwithstanding any provision of this Severance Agreement prohibiting the disclosure of trade secrets or other confidential information, you may not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (1) in confidence to a Federal, State or local government official, either directly or indirectly, or to an attorney, and (2) solely for the purpose of reporting or investigating a suspected violation of law, or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If you file a lawsuit or other court proceeding against the Company for retaliating against you for reporting a suspected violation of law, you may disclose the trade secret to the attorney representing you and use the trade secret in the court

¹ For purposes of Sections 3 and 4, the term “Company” includes Exagen, Inc. and any of its parents, subsidiaries, divisions, affiliates (which means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company), and all other related entities and the former and current directors, officers, employees, agents, successors and assigns of each applicable organization.

proceeding, if you file any document containing the trade secret under seal and do not disclose the trade secret, except pursuant to court order.

(c) You agree that all information relating in any way to this Severance Agreement, including the terms and amount of financial consideration provided for in this Severance Agreement, shall be held confidential by you and shall not be publicized or disclosed to any person (other than an immediate family member, legal counsel or financial advisor, provided that any such individual to whom disclosure is made agrees to be bound by these confidentiality obligations), business entity or Government Agency (except as mandated by state or federal law), except that nothing in this paragraph shall prohibit you from participating in an investigation with a state or federal agency if requested by the agency to do so. In addition, pursuant to S.B. 331, nothing in this Agreement prevents you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

(d) You agree that you shall not make any statements that are professionally or personally disparaging about, or adverse to, the interests of the Company (and all other related entities and subsidiaries and their former or current officers, directors, employees and consultants) including, but not limited to, any statements that disparage any person, product, service, finances, financial condition, capability or any other aspect of the Company's business, and that you will not engage in any conduct which could reasonably be expected to harm professionally or personally the business or reputation of the Company (and all other related entities and subsidiaries and their former or current officers, directors, employees and consultants).

(e) You agree that by entering into this Severance Agreement, the Company is not admitting to and specifically denies any wrongdoing or violation of any law, and further, the Company by agreeing to provide you the Separation Pay is not admitting any liability and specifically denies any liability or that you suffered any damages.

(f) You acknowledge that as of the Execution Date you have received all leave to which you are entitled under any applicable Federal or state law, and you have been paid in full for all wages and compensation. You also acknowledge and agree that you do not have any work-related injuries or occupational diseases.

(g) You represents and warrant that there has been no assignment or other transfer of any interest in any claim which you may have against the Company and you agree to indemnify and hold the Company harmless from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred by the Company as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the the Company against the undersigned under this indemnity.

(h) You agree to, concurrently with your execution of this Severance Agreement, execute and deliver to the chairman of the board of directors Company a notice of resignation in the form attached hereto as Exhibit A, in accordance with Section 3.4 of the bylaws of the Company.

4. **Your Release of Claims.**

(a) You hereby agree and acknowledge that by signing this Severance Agreement and accepting the Separation Pay and Benefits, and for other good and valuable consideration, you are waiving your right to assert any and all forms of legal claims against the Company of any kind whatsoever, whether known or unknown, arising from the beginning of time through the Execution Date. Except as set forth below, your waiver and release herein is intended to bar any form of legal claim, complaint or any other form of action by you, including but not limited to a class or collective action, whether you seek to participate as a party plaintiff or as a class member (each a "Claim" and jointly referred to as "Claims") against the Company seeking any form of relief including, without limitation, equitable relief (whether declaratory, injunctive or otherwise), the recovery of any damages, or any other form of monetary recovery whatsoever (including, without limitation, back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys' fees and any other costs) against the Company, for any alleged action, inaction or circumstance existing or arising through the Execution Date.

(b) Without limiting the foregoing general waiver and release, you specifically waive and release the Company from any Claim arising from or related to your prior employment relationship with the Company or the termination thereof, including, without limitation:

- ** Claims under any local, state or federal discrimination, fair employment practices or other employment-related statute, regulation or executive order (as they may have been amended through the Execution Date) prohibiting discrimination or harassment based upon any protected status including, without limitation, race, national origin, age, gender, marital status, disability, veteran status or sexual orientation. Without limitation, specifically included in this paragraph are any Claims arising under the Federal Age Discrimination in Employment Act, the Civil Rights Acts of 1866 and 1871, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Genetic Information Nondiscrimination Act of 2008, the Employee Retirement Income Security Act of 1974, COBRA, and any similar Federal, state, or local statute.
- ** Claims under any other local, state or federal employment related statute, regulation or executive order (as they may have been amended through the Execution Date) relating to any other terms and conditions of employment.
- ** Claims under any state or federal common law theory including, without limitation, wrongful discharge, breach of express or implied contract, promissory estoppel, unjust enrichment, breach of a covenant of good faith and fair dealing, violation of public policy, defamation, interference with contractual relations, intentional or negligent infliction of emotional distress, invasion of privacy, misrepresentation, deceit, fraud or negligence.
- ** Any other Claim arising under local, state or federal law.

(c) Section 1542 of the Civil Code of the State of California (“Section 1542”) provides, generally, that a release does not extend to unknown claims. Specifically, Section 1542 of the Civil Code of the State of California states:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

(d) Notwithstanding the provisions of Section 1542 and for the purpose of implementing a full and complete release, you expressly acknowledge and agree that this Severance Agreement releases all claims existing or arising prior to your execution of this Severance Agreement which you have or may have against the Company, whether the claims are known or unknown and suspected or unsuspected by you and you forever waive all inquiries and investigations into any and all of these claims.

(e) Notwithstanding the foregoing, this paragraph does not release the Company from any obligation expressly set forth in this Severance Agreement. Further, your waivers and releases in this Severance Agreement do not apply to any claims that cannot be waived or released as a matter of law under applicable, federal, state, or local laws, including without limitation unemployment and workers’ compensation claims or entitlement under any indemnification agreement between you and the Company or under the bylaws, certificate of incorporation or other similar governing document of the Company. You acknowledge and agree that, but for providing this waiver and release, you would not be receiving the economic benefits being provided to you under the terms of this Severance Agreement.

(f) It is the Company’s desire and intent to make certain that you fully understand the provisions and effects of this Agreement. To that end, you have been encouraged and given the opportunity to consult with legal counsel for the purpose of reviewing the terms of this Agreement. Also, because you are over the age of 40, and consistent with the provisions of the Age Discrimination in Employment Act, which prohibits discrimination on the basis of age, the Company is providing you with twenty-one (21) days in which to consider and accept the terms of this Agreement by signing below and returning it to the undersigned. In addition, you may rescind your assent to this Agreement if, within seven (7) days after you sign this Agreement, you deliver by hand or send by email (with a confirmation from the recipient of receipt) a notice of rescission to the undersigned. The eighth day following your signing of this Agreement without rescission is the “Effective Date” of this Agreement.

(g) Notwithstanding the foregoing, nothing in this Severance Agreement, including the release contained in this Severance Agreement shall: (i) prohibit or restrict you from filing or limit your ability to file a charge or complaint with the Equal Employment Opportunity Commission or a state or local equivalent, or any Government Agency, (ii) prohibit or restrict you from communicating with, providing documents or other information to or otherwise cooperating with, or limit your ability to communicate with, provide documents or other relevant information to or otherwise to cooperate with, any Government Agency, including responding to any inquiry from such authority, including an inquiry about the existence of this Severance Agreement, its

release or its underlying facts, (iii) limit your right to receive a bounty from any Government Agency, or (iv) require you to notify the Company of your communications with or inquiries from any Government Agency. To the maximum extent permitted by law, however, nothing in this release or this Severance Agreement shall be deemed to limit the Company's right to seek immediate dismissal of a charge or complaint on the basis that your signing of this Severance Agreement constitutes a full release of any claims, including claims of discrimination, or to seek restitution of the economic benefits provided to you if you successfully challenge the validity of this release, provided, however, that you retain the right to receive, and the Company shall not seek restitution of, a Governmental bounty or award.

You agree that if you hereafter commence any suit arising out of, based upon, or relating to any of the claims released hereunder or in any manner asserts against the Company any of the claims released hereunder, then you agree to pay to the Company, in addition to any other damages caused to the Company, all attorneys' fees incurred by the Company in defending or otherwise responding to said suit or claim.

5. **Entire Agreement/Modification/Waiver/Choice of Law/ Venue/Enforceability.**

(a) You agree that except for the Plan, Participation Agreement, and Equity Awards, this Severance Agreement supersedes any and all prior or contemporaneous oral and/or written agreements between you and the Company, and sets forth the entire agreement between you and the Company. No modifications hereof shall be deemed valid unless reduced to writing and signed by the parties. The failure of the Company to seek enforcement of any provision of this Severance Agreement in any instance or for any period of time shall not be construed as a waiver of such provision or of the Company's right to seek enforcement of such provision. This Severance Agreement shall be deemed to have been made in the State of California and shall be construed in accordance with California law without giving effect to conflict of law principles. The provisions of this Severance Agreement are severable, and if any part shall be found to be unenforceable, the remaining provisions shall be enforced in full, provided, however, that if any or all of the release in Section 4 is held unenforceable, this Severance Agreement shall be deemed null and void.

(b) **By executing this Severance Agreement, you are acknowledging that: (1) you have carefully read and understand this Severance Agreement, including Section 4 entitled Your Release of Claims; (2) you understand that the Your Release of Claims in Section 4 is binding and by signing this Severance Agreement, you give up certain rights; (3) you have been afforded sufficient time to understand the terms of this Severance Agreement; (4) your agreements are made voluntarily and knowingly; and (5) neither the Company nor its agents have made any representations inconsistent with this Severance Agreement.**

The offers in this Severance Agreement will expire on Friday, November 4, 2022. The date you sign and return this Agreement to the Company is the “Execution Date.”

Exagen, Inc.

By: /s/ Brian Birk

Name: Brian Birk

Its: Chairman of the Board

Confirmed, Agreed and Acknowledged:

/s/ Fortunato Ron Rocca

Name: Fortunato Ron Rocca

Dated: October 20, 2022

EXHIBIT A

RESIGNATION NOTICE

October 14, 2022

Via Email

Exagen Inc.
1261 Liberty Way,
Vista, California 92081
Attention: Brian Birk, Chairman
Email: Brian.Birk@sunmountaincapital.com

Dear Mr. Birk:

I, as the undersigned, hereby resign from the Board of Directors of Exagen Inc. and/or any of its affiliates or subsidiaries and any and all committees thereof, effective as of the Termination Date (as defined in that certain Severance Agreement, dated October 14, 2022, by and between me and Exagen Inc.) and without further action on the part of any other person.

Very truly yours,

/s/ Fortunato Ron Rocca

Fortunato Ron Rocca



Exagen Announces Appointment of John Aballi as CEO

October 17, 2022 at 9:00 AM EDT

SAN DIEGO, Oct. 17, 2022 (GLOBE NEWSWIRE) -- Exagen Inc. (Nasdaq: XGN), announced today that the company has appointed John Aballi as CEO and President. Longtime CEO and President Ron Rocca, who took the company public and built a robust growth business, is stepping down after 11 years at the helm.

The Exagen Board has appointed Mr. Aballi as CEO, President, and a member of the Board. Mr. Aballi is an executive with a broad range of experience in growth-stage companies in the clinical diagnostics arena. Most recently he served as SVP, General Manager, Urology & CLIA COO at Veracyte, Inc.

"I am delighted that John has agreed to lead the next phase of growth at Exagen," said Board Chair Brian Birk. "He is a leader who excels at operations, is financially and business savvy and is recognized for optimizing productivity and profitability. John's experience and insight will enable him to lead Exagen to continued growth and success in the future."

Birk went on to say, "The Board would like to thank Ron Rocca for his tenure at Exagen, and his many contributions to the success of the company, especially for his success in establishing the company as a leader in the U.S. rheumatology diagnostics field."

Mr. Aballi, who has 15 years of diagnostic industry experience, is known for transforming commercial and laboratory operations and has broad experience building efficient clinical diagnostics operations. In his previous role at Veracyte, he was responsible for a business unit of 245 members and led a team that grew the urology unit revenue to \$120 million-plus annually. He also led the implementation of CAP standards across the San Francisco and Austin labs and managed Veracyte's CLIA laboratory operations. In his prior position, Mr. Aballi was COO at Decipher Biosciences where he oversaw revenue growth from \$12.6 million in 2018 to \$39 million in 2020. Mr. Aballi was a key part of the executive team that helped take Decipher from a struggling company to being sold to Veracyte for \$600 million in early 2021. He had P&L responsibility for all aspects of operations including sales, quality management, medical operations, customer service, IT, assay development, billing, managed care, internal expansion, and laboratory operations. Mr. Aballi was also responsible for oversight of laboratory operations at Molecular Stethoscope and Genoptix in various senior roles.

"I'm very excited to be joining Exagen as CEO," Mr. Aballi said. "The company has developed a leadership position in one of the largest fields of medicine. Having spent the past 15 years developing and commercializing diagnostics in cancer, I'm looking forward to bringing that same successful approach to inflammatory and rheumatologic diseases with the incredible team at Exagen."

Mr. Aballi was a Board Member of PFS Genomics in San Diego, a molecular diagnostic company specializing in proprietary signature development in breast cancer, which was acquired by Exact Sciences in 2021. He holds an MBA from California Baptist University and dual degrees from UC San Diego in biochemistry and cell biology and economics. Mr. Aballi will assume his new role at Exagen immediately.

About Exagen Inc.

Exagen (Nasdaq: XGN) is a leading provider of autoimmune diagnostic, prognostic, and monitoring testing solutions. Exagen is a patient focused, discovery driven organization built on the success of AVISE® testing and is investing in its product pipeline to support patients throughout their autoimmune diagnosis and treatment journeys. The goal at Exagen is to assist patients, physicians, and payors by enabling precision medicine. Exagen is located in San Diego County with clinical and research and development laboratories in Vista, CA.

For more information, please visit Exagen.com and follow [@ExagenInc](https://twitter.com/ExagenInc) on Twitter.

Forward-Looking Statements

Exagen cautions you that statements contained in this press release regarding matters that are not historical facts are forward-looking statements. These statements are based on Exagen's current beliefs and expectations. Such forward-looking statements include, but are not limited to, statements regarding: Exagen's goals and strategies; the potential utility and effectiveness of Exagen's services and testing solutions that are currently available or in its development pipeline; the expected benefits of Mr. Aballi's employment with Exagen; and Exagen's potential growth and success and its ability to continue to grow and succeed. The inclusion of forward-looking statements should not be regarded as a representation by Exagen that any of its plans will be achieved. Actual results may differ from those set forth in this press release due to the risks and uncertainties inherent in Exagen's business, including, without limitation: the COVID-19 pandemic may continue to adversely affect its business, financial condition and results of operations, including as a result of slowdown in its operations as well as those of its suppliers and courier services, impeding patient movement and interruptions to healthcare services causing a decrease in test volumes, disruptions to the supply chain of material needed for its tests causing an increase in cost per test, its sales and commercialization activities and its ability to receive specimens and perform or deliver the results from its tests, delays in reimbursement and coverage decisions from Medicare and third-party payors and in interactions with regulatory authorities, and delays in ongoing and planned clinical trials involving its tests; Exagen's commercial success depends upon attaining and maintaining significant market acceptance of its testing products and promoted therapeutics among rheumatologists, patients, third-party payors and others in the medical community; Exagen's ability to successfully execute on its business strategies; third-party payors not providing coverage and adequate reimbursement for Exagen's testing products or promoted therapeutics, including Exagen's ability to collect funds due; Exagen's ability to obtain and maintain intellectual property protection for its testing products; regulatory developments affecting Exagen's business; and other risks described in Exagen's prior press releases and Exagen's filings with the Securities and Exchange Commission ("SEC"), including under the heading "Risk Factors" in Exagen's Annual Report on Form 10-K for the year ended December 31, 2021 and any subsequent filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and Exagen undertakes no obligation to update such statements to reflect events that

occur or circumstances that exist after the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

CONTACTS:

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Company

Exagen Inc.

Kamal Adawi, Chief Financial Officer

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