



# ANSWERS

## Investor Presentation November 2017

November 9, 2017

# Forward-Looking Statements

Various remarks that we make in this presentation that are not historical, including those about our business strategy and goals, estimated financial results, future plans and prospects, growth opportunities, drivers of our business, the size and growth of potential addressable markets, and future products and product pipeline, constitute forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from our expectations. These risks and uncertainties include, but are not limited to: the size of our market opportunity; our limited operating history; the continued success of our strategy; our ability to increase usage of and reimbursement for our products at adequate prices and to successfully develop and commercialize new products in a timely manner; our dependence on a few payers for a significant portion of our revenue; our ability to sustain revenue and margin growth and achieve cash flow positive results when planned; our estimated revenue projections for FY2017, risks associated with new laws and regulations, including regulation of our tests by the FDA; our success in continuing to enroll sufficient numbers of patients in clinical trials and the timing, results and applicability of clinical study results to actual outcomes; our ability to raise capital as needed; and the other risks set forth under the heading “Risk Factors” in our filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof. We disclaim any obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise.

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# Resolving Diagnostic Uncertainty: A Critical Healthcare Issue



**Inconclusive Diagnosis**



**Hundreds of Thousands** of  
Unnecessary Surgeries Per Year



**Delayed or Potentially  
Harmful** Treatment



**Billions** of Healthcare  
Dollars Wasted

# Strong Momentum: Evidence That Our Strategy is Working

- Founded 2008
- ~240 employees
- **3 commercial products**, addressing a \$2 billion market opportunity
- Extensive network of payer **coverage policies and contracts**
- 2016 **revenue \$65 million, 31% growth** year over year
- Strong balance sheet with **\$41.2 million\* cash**
- Targeting **cash flow positive\*\*** by the end of 2018
- Expanding **pipeline** for sustainable growth

**Afirma**  
THYROID FNA ANALYSIS

***First to Market  
Market Leader***

**Percepta**  
BRONCHIAL GENOMIC CLASSIFIER

***First to Market  
First To Coverage***

**Envisia**  
GENOMIC CLASSIFIER

***First To Market***

\* Cash and cash equivalents as of September 30, 2017

\*\* Defined as net cash used in operations and net capital expenditures

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# Addressing an Expanding \$2 Billion Market Opportunity

## MARKETS

**Envisia**  
GENOMIC CLASSIFIER

Idiopathic Pulmonary  
Fibrosis

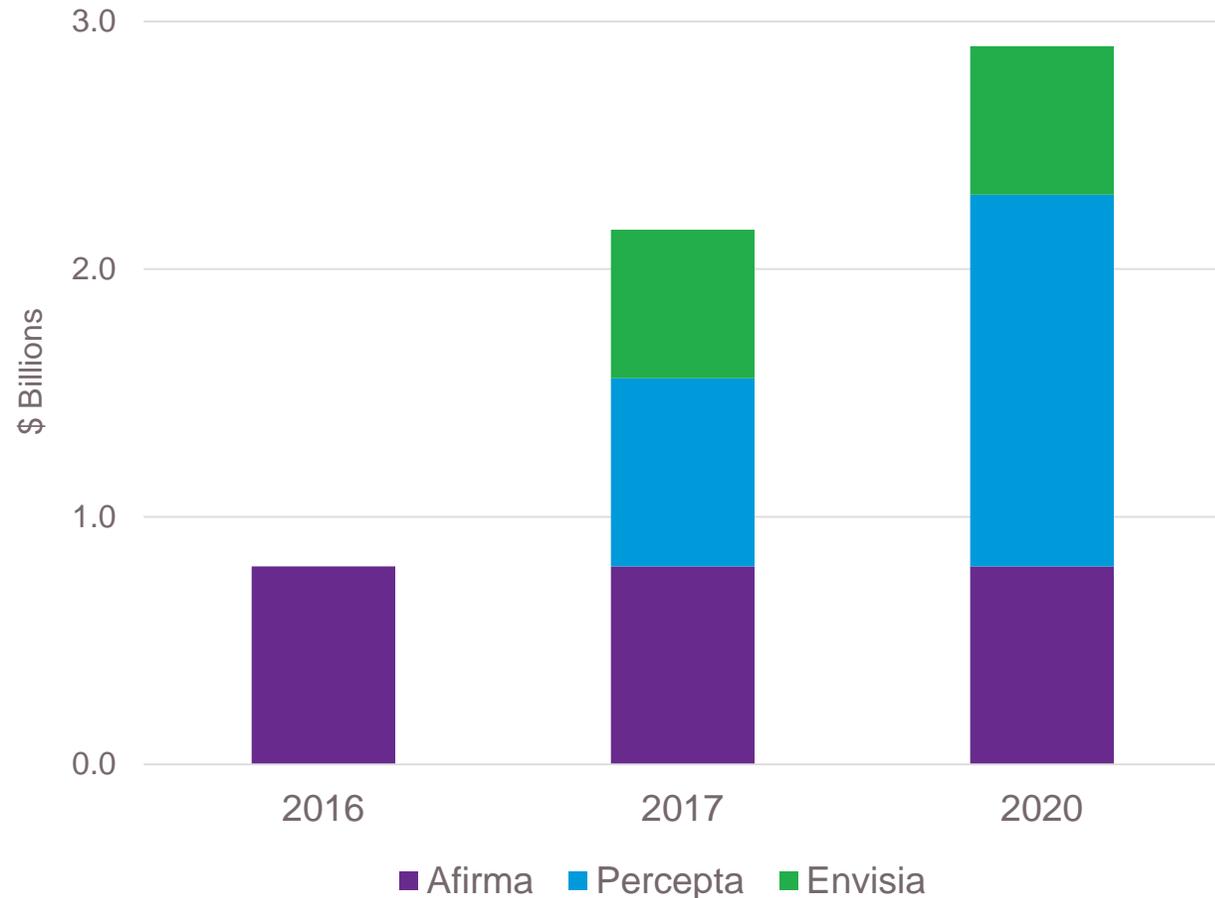
**Percepta**  
BRONCHIAL GENOMIC CLASSIFIER

Lung Cancer

**Afirma**  
THYROID FNA ANALYSIS

Thyroid Cancer

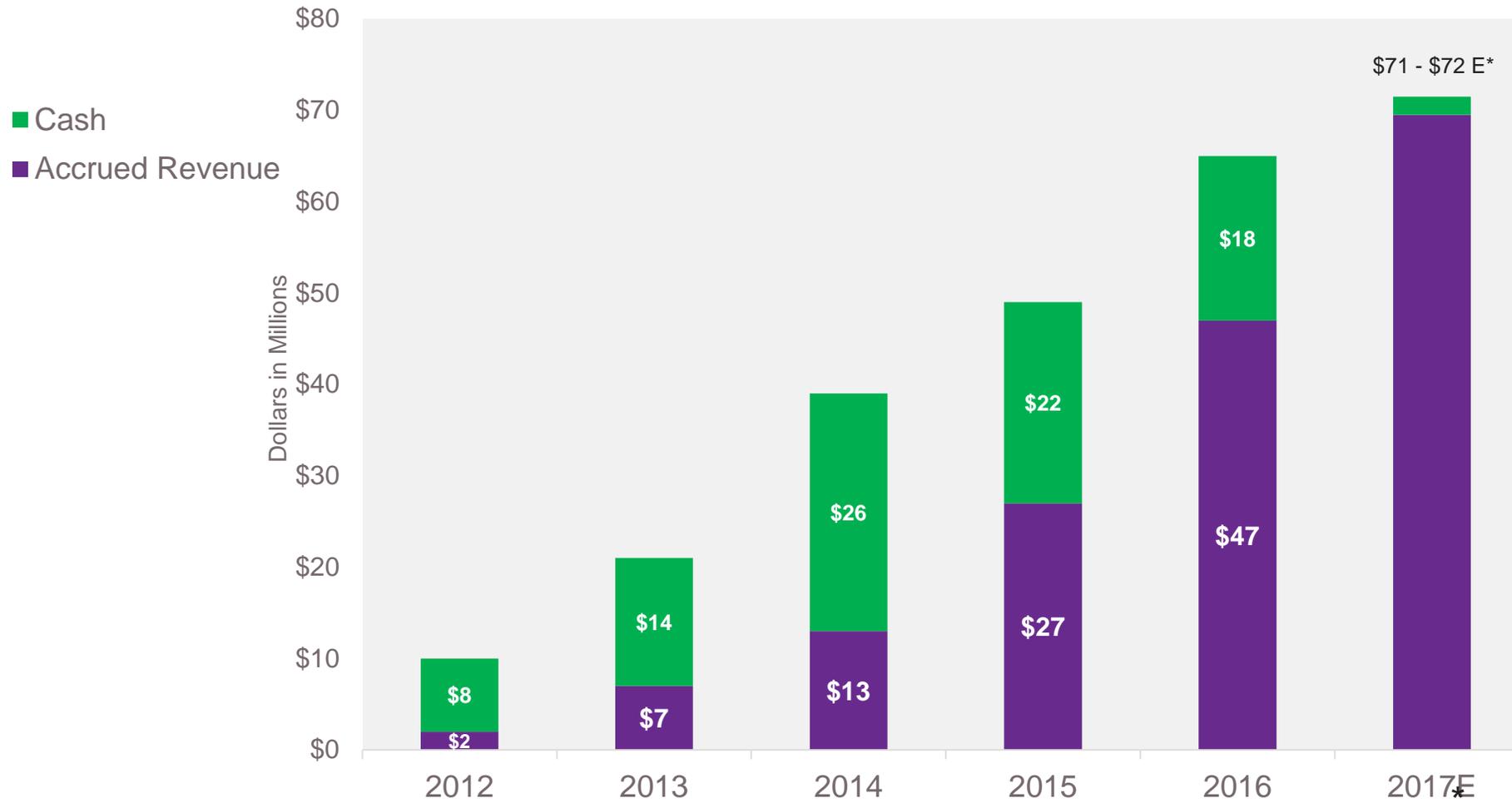
Estimated to Reach \$3B by 2020



Source: Company estimates

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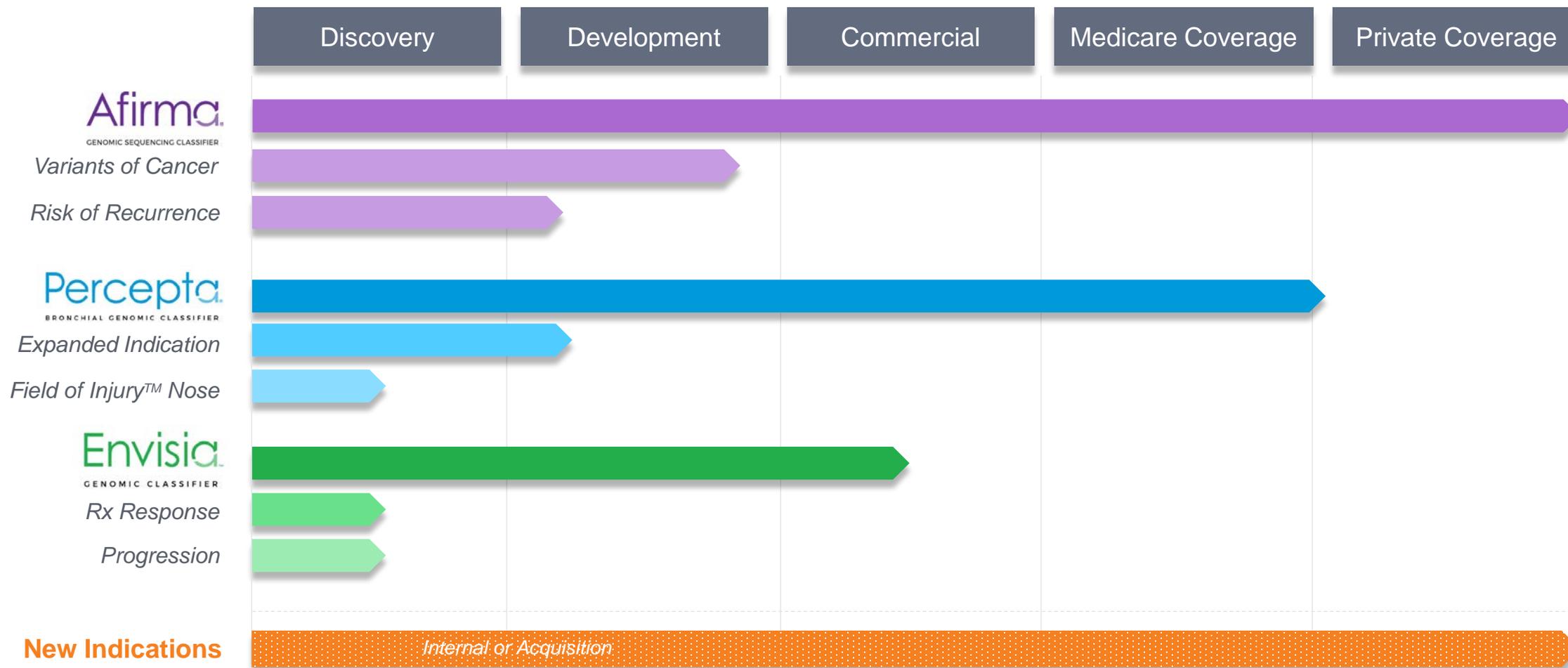
# Strong Revenue Growth



\*2017 estimate based on revenue through September 30, 2017 and full year 2017 guidance provided on November 6, 2017.

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# Expanding Pipeline to Sustain Long-term Growth



# Pillars of Success



## Relevance

Answer questions that matter!  
Integrated into current care pathway to  
change practice and reduce surgeries



## Rigor

Build robust scientific and clinical  
evidence; inform guidelines



## Resolution

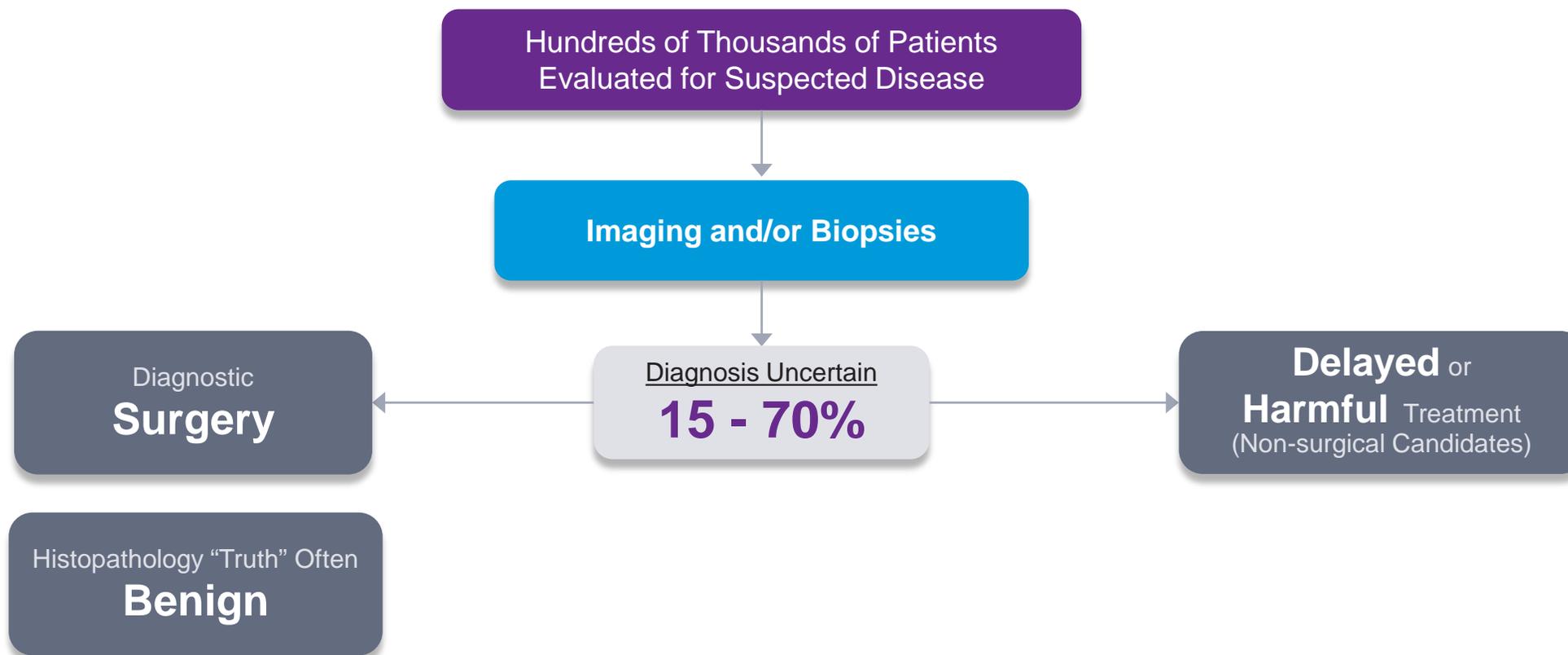
Provide answers that  
change care with real clinical  
utility and economic value



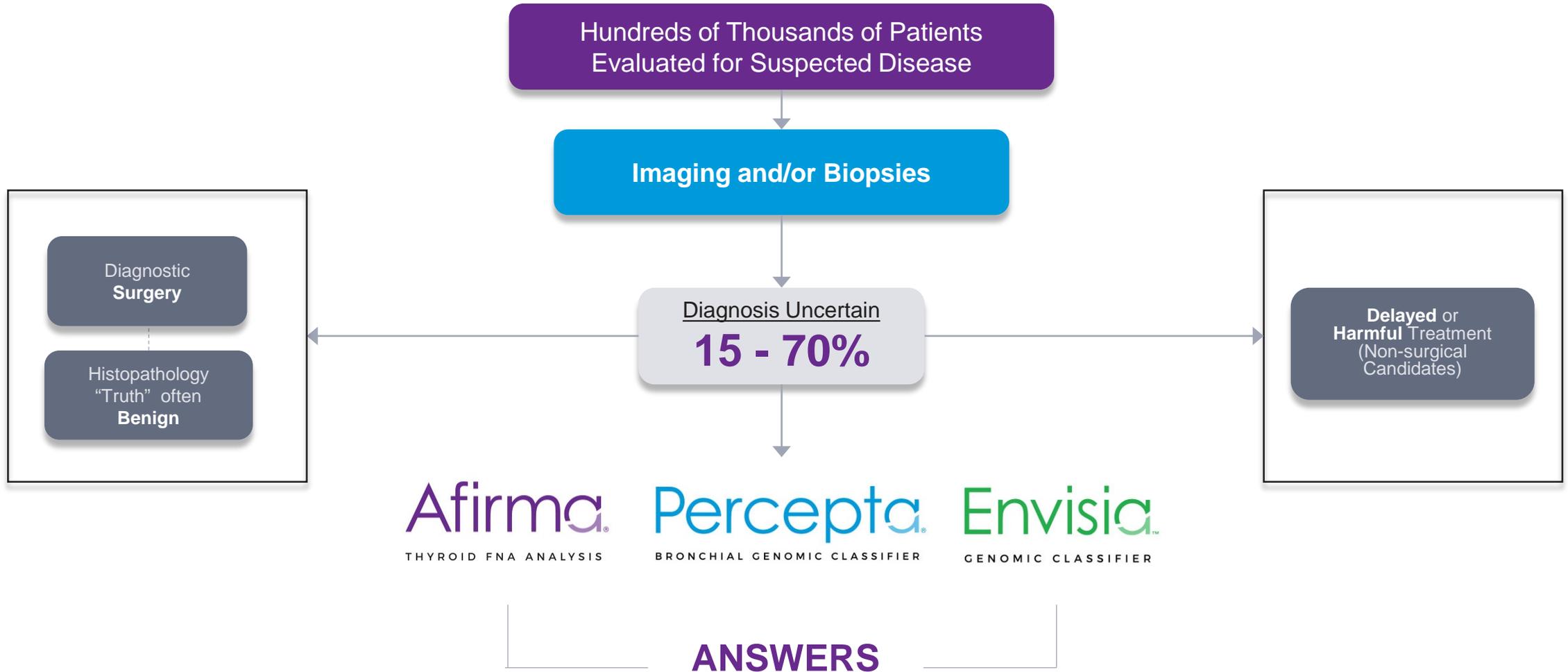
## Reimbursement

Extensive coverage policies and contracted  
relationships pave way for additional tests

# Relevance: Hundreds of Thousands of Unnecessary Surgeries



# Resolving Diagnostic Uncertainty: Integrating into the Clinical Pathway of Care



# Leading in the Age of Evidence

## Afirma

THYROID FNA ANALYSIS

- **2** clinical validation studies
- **1** analytical verification study
- **18** clinical utility studies, including **3** long-term clinical outcome studies
- **2** cost effectiveness and quality of life studies



The NEW ENGLAND  
JOURNAL of MEDICINE

## Percepta

BRONCHIAL GENOMIC CLASSIFIER

- **2** clinical validation studies
- **1** analytical verification study
- **2** clinical utility studies
- **1** cost effectiveness study
- PERCEPTA Registry with **390** enrolled patients



The NEW ENGLAND  
JOURNAL of MEDICINE

## Envisia

GENOMIC CLASSIFIER

- **2** clinical validation studies
- **1** analytical verification study (accepted for publication)
- **1** clinical utility patient survey (accepted for publication)
- BRAVE registry and ongoing trial, **360+** patients

THE LANCET  
Respiratory Medicine



# All Major Medical Plans Now Cover Afirma



\* Estimated through July 31, 2017  
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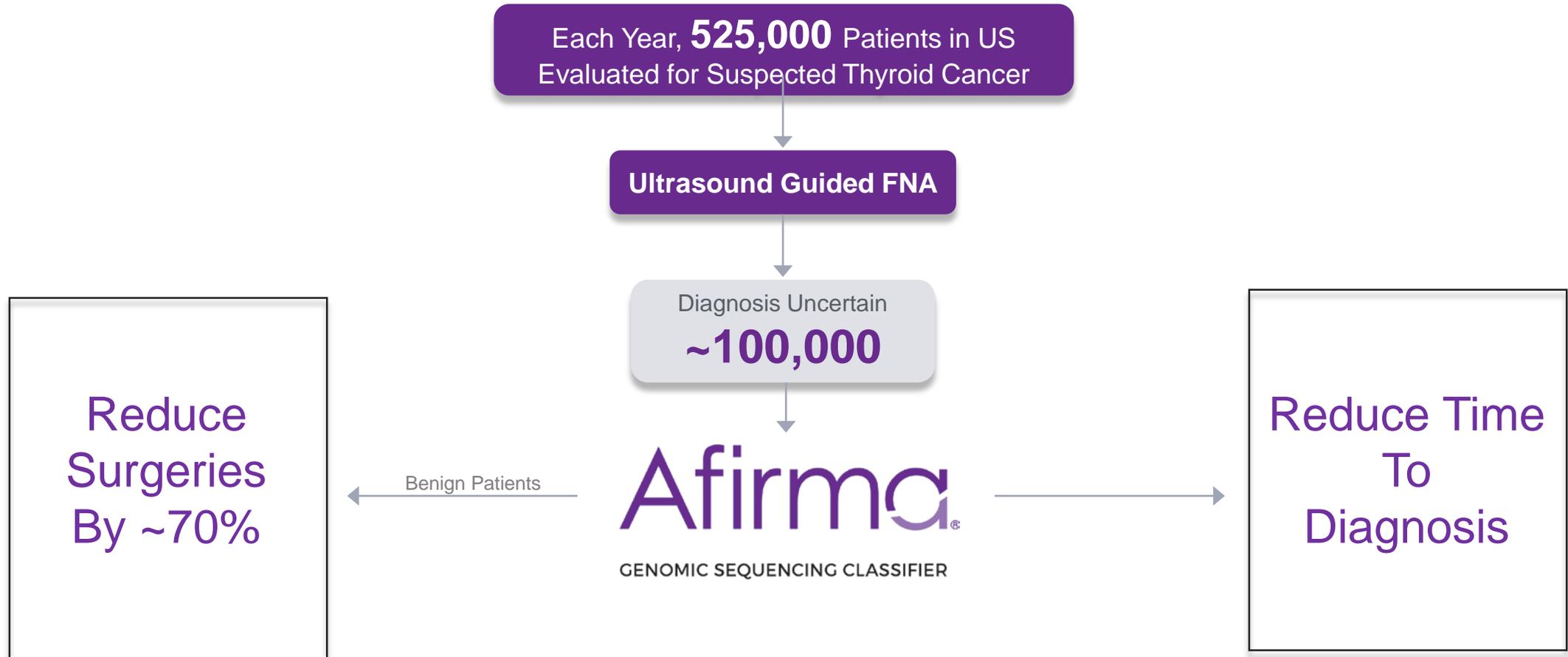
# Afirma<sup>®</sup>

THYROID FNA ANALYSIS

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Reducing Unnecessary Surgeries in Thyroid Cancer Diagnosis

# Afirma: Thyroid Cancer



# Market Opportunity for Afirma



**525k** Fine Needle Aspirations per year to evaluate thyroid nodules by cytopathology



**~15-30%** yield inconclusive results



**~100k** thyroidectomies performed with benign diagnoses

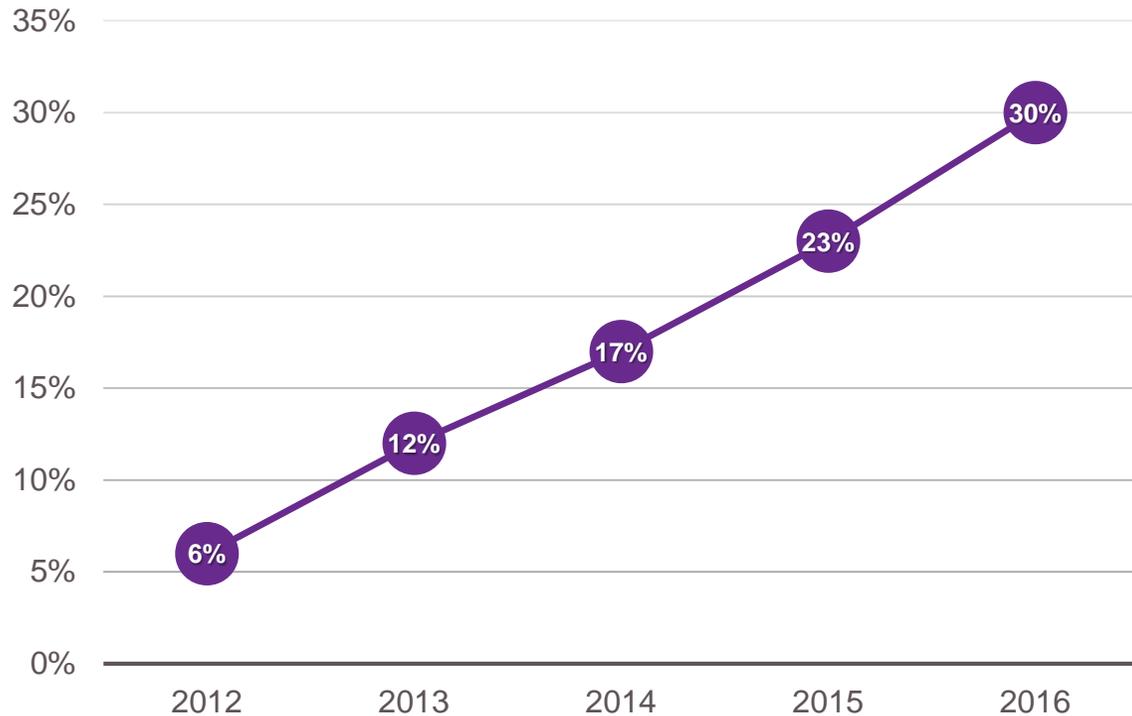


**~\$500M** Market opportunity for cytopathology and Afirma genomic testing\*

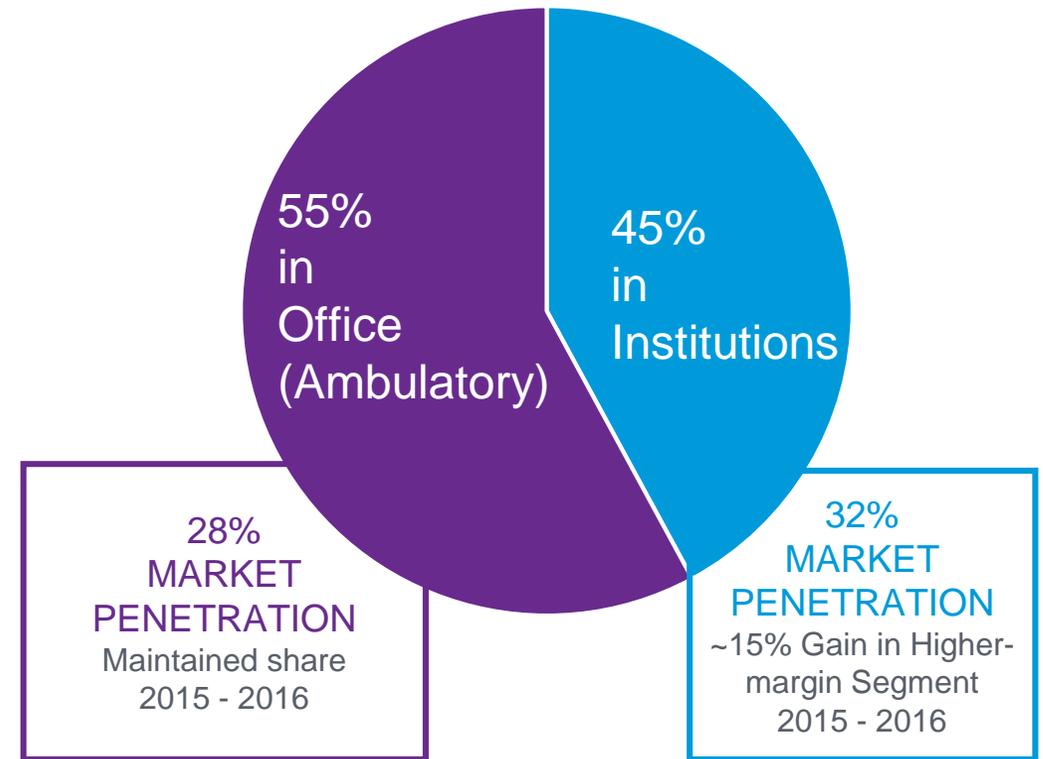
\* Company estimates

# Afirma: 30% Penetration, Leveraging Higher-Margin Segment

Afirma Market Penetration  
30% of FNAs Performed



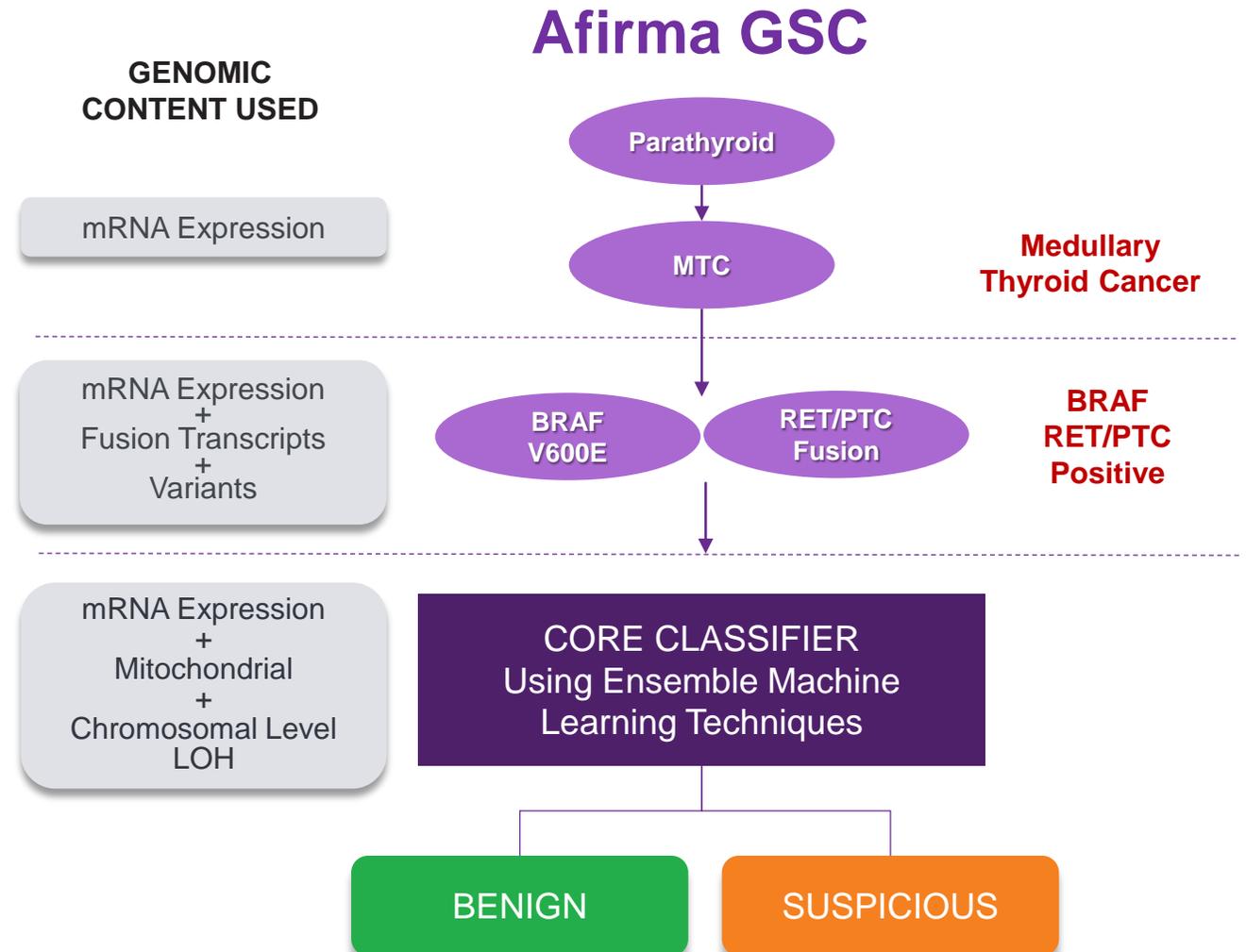
525,000 Annual FNA Volume in U.S. 2016



# Next Generation: Afirma Genomic Sequencing Classifier

Combining **machine learning with deep RNA sequencing** to advance a more powerful Afirma solution

- Maintain **high sensitivity and NPV = 94%**
- **Reduces unnecessary surgeries by ~70%**
- **Expandable platform** to address new clinical questions





# Percepta<sup>®</sup>

BRONCHIAL GENOMIC CLASSIFIER

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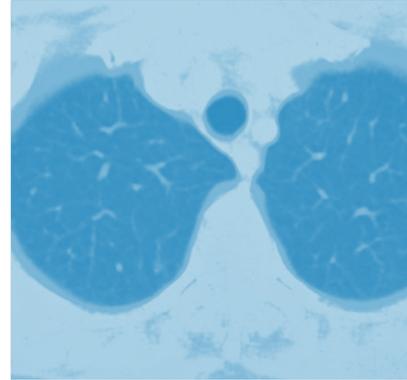
Improving Lung Cancer Screening and Diagnosis

# The Challenge



**~225k**

New Cases per Year  
(90% are Smokers)



**~160k**

Deaths per Year



**EARLY DETECTION**

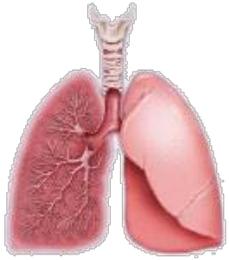
is Key to Reducing Mortality  
But Lung Cancer is Hard to  
Diagnose without Invasive,  
Risky and Costly Surgeries



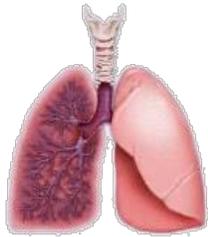
**40%**

of Patients Undergoing  
Invasive Biopsy Do Not  
Have Cancer

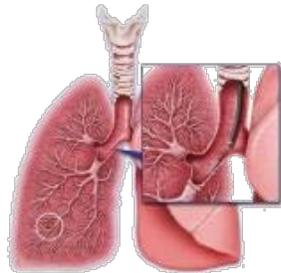
# Innovative Field of Injury™ Technology



Peripheral lung nodules are difficult to biopsy, yielding high rates of inconclusive bronchoscopies



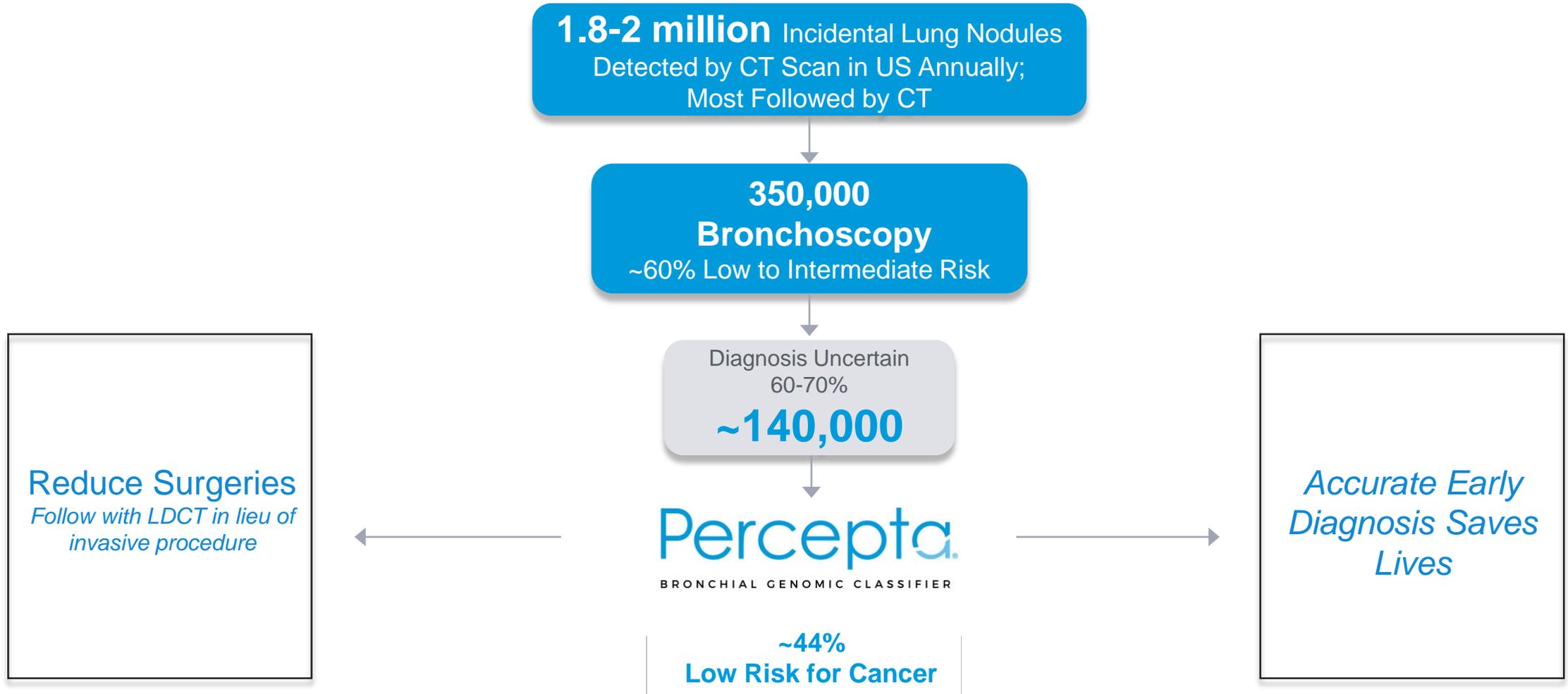
Smoking alters the gene expression of the epithelial cells throughout the airway



A gene signature of epithelial cells collected from the airway can determine cancer risk in a peripheral lung nodule

Determining cancer risk from a **BRONCHIAL** or **NASAL** brushing

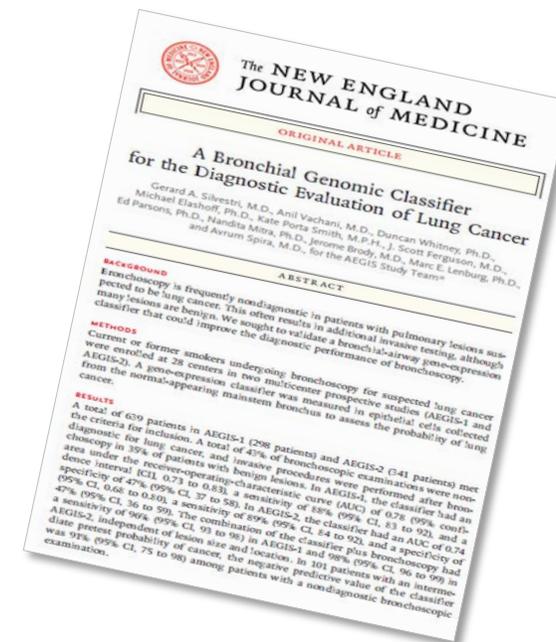
# Percepta: Lung Cancer



# Leading with Evidence: Proven Clinical Validity

## Percepta Bronchial Genomic Classifier

- Percepta + bronchoscopy demonstrate **97% sensitivity for detecting cancer** compared to 75% for bronchoscopy alone
- **91% NPV in patients** with greatest uncertainty of cancer status
- Large prospective, multi-center, double-blinded studies
- **639 patients** across 28 sites

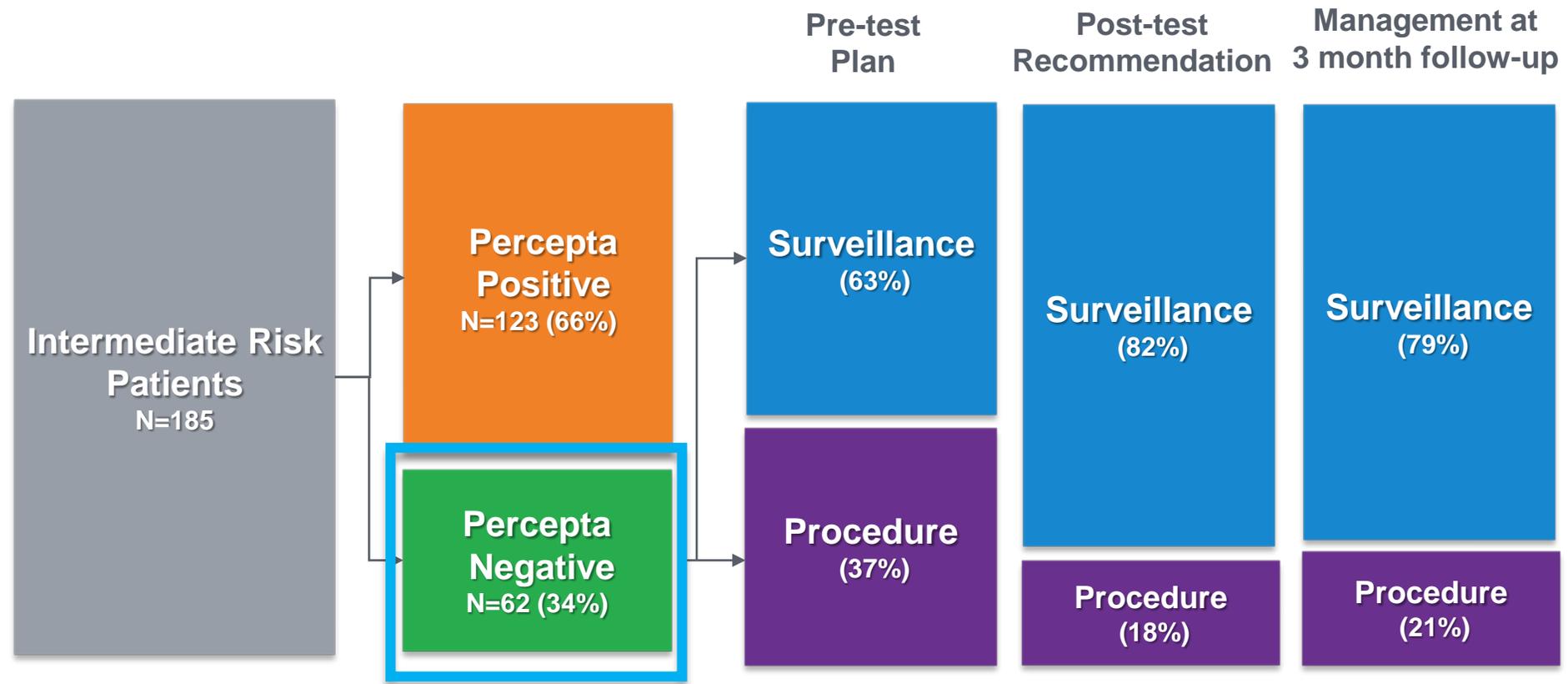


## CONCLUSION

Identifies patients at low risk for lung cancer following inconclusive bronchoscopy and who may avoid unnecessary invasive procedures

# Percepta Demonstrates Strong Clinical Utility

## 51% Relative Reduction in Invasive Procedures from Pre- to Post-test Plans



# Market Opportunity for Percepta



**350k**

Bronchoscopies  
per Year for Lung Cancer  
Evaluation; ~60% Low to  
Intermediate Risk



**~60-70%**  
are Inconclusive



**140k**

Patients Tested at an  
Estimated \$3,500 per Test



**~\$500M**

Market Opportunity;  
will Increase Significantly  
w/ Expanded Screening\*

\*Company estimates

# Lung Cancer Screening Expected to Significantly Expand Market

## *Screening Will Save More Lives, Increases Need for Better Diagnosis*

- **>8M High-Risk Americans** are eligible for annual CT screening
- NLST – Annual CT screening can **reduce deaths by 20%**
- **U.S. Market poised to double or triple\*** as screening programs progress



Today **~\$500M**  
U.S. Market



2–3 years  
**\$1-1.5B**

\*Company estimates



# Screen Together Campaign

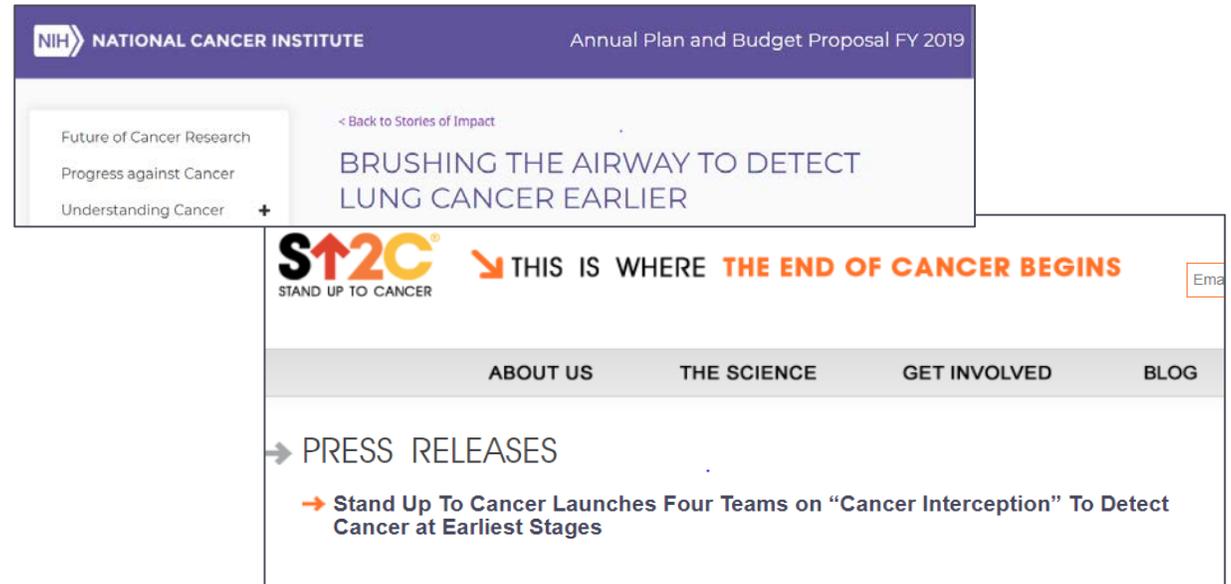
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- Joint effort by Veracyte and Lung Cancer Initiative of North Carolina
- Launched September 2017
- Commit with a friend or relative to get screened for the lung cancer
- Emphasis on benefits of early detection



# Innovative Field of Injury™ Technology

Biomarkers correlated to the risk of cancer in the bronchial “field of injury” shown to translate to the nasal epithelium



Imagine...Detecting a Patient’s Risk of Cancer from a Nasal Swab?



# Envisia™

GENOMIC CLASSIFIER

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Clarifying the Diagnosis of Idiopathic Pulmonary Fibrosis

# Idiopathic Pulmonary Fibrosis: A Diagnostic Odyssey



## Interstitial Lung Diseases (ILD) Are Difficult to Differentiate

IPF is one of the most prevalent ILDs and among the most deadly and difficult to diagnose



## Misdiagnosis Is Common

55% of patients were misdiagnosed at least once



## ILD Patients Endure Long Diagnostic Delays

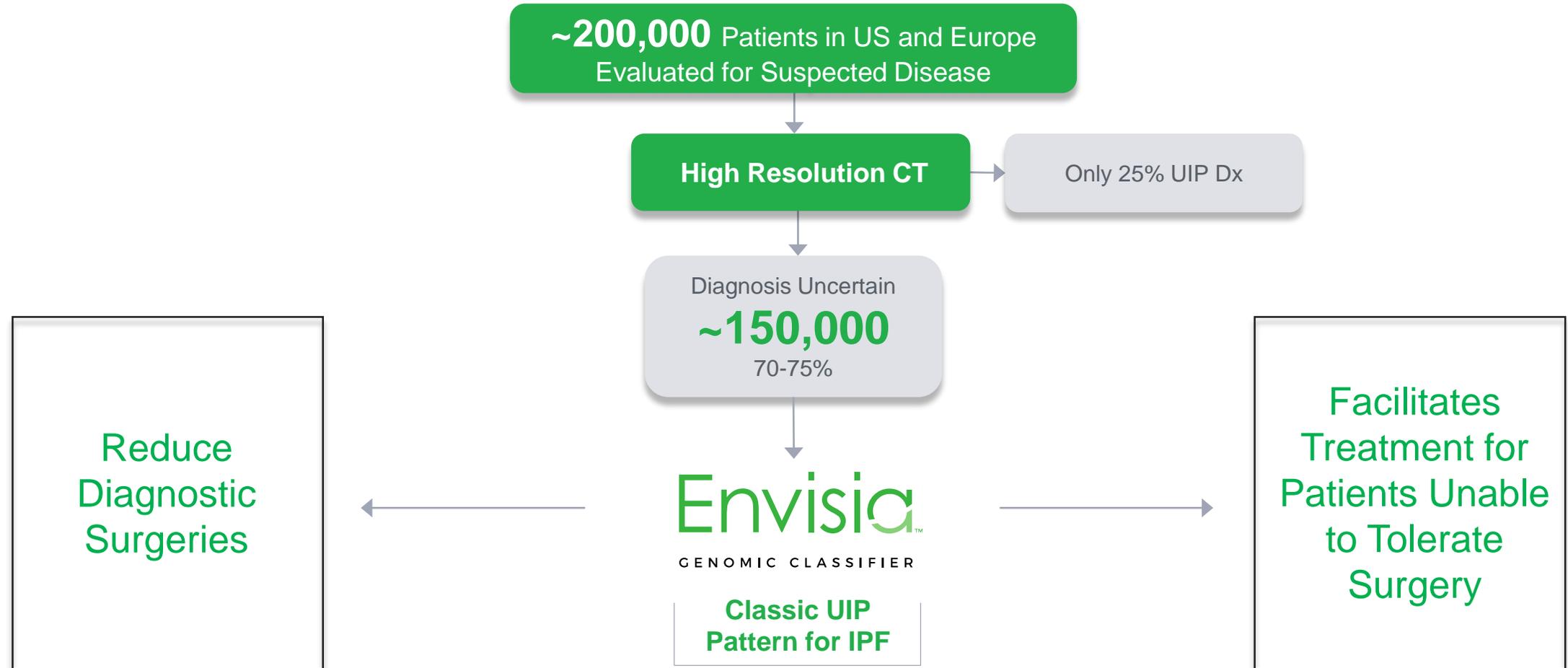
42% report at least one year delay from symptom onset to diagnosis



## Availability of Drugs Make Timely Diagnosis Critical

New drugs slow progression of IPF

# Envisia: Idiopathic Pulmonary Fibrosis



# Market Opportunity for Envisia



**200k**

Patients Suspected of ILD  
Each Year in US and  
Europe



**~75%**

Yield Uncertain Diagnosis  
by HRCT and  
Bronchoscopy



**150k**

Patients Tested at an  
Estimated \$3,500 per Test



**\$525M**

Potential to Increase with  
New Drug Approvals\*

\* Company estimates

# Envisia: The First-of-its-Kind Test to Aid in the Diagnosis of IPF

## *Rigorous Science and Clinical Validation*

- Machine learning coupled with deep RNA sequencing to detect the presence or absence of classic Usual Interstitial Pneumonia (UIP) pattern for IPF diagnosis
- Independent validation confirmed achievement of study endpoint for **high specificity of UIP to minimize false positive results and potential over diagnosis of IPF**

### **SPECIFICITY = 88%**

Only 12% of patients who did not have a UIP pattern on histopathology had a positive result (false positives)

### **SENSITIVITY = 70%**

An estimated two-thirds of patients with a UIP pattern on histopathology had a positive classifier result (true positives)

Data presented at the ATS Meeting, 2017



# Management and 2017 Catalysts

# Experienced Team with Track Record of Success

**Bonnie H. Anderson**  
*Chairman and Chief Executive Officer*



**Keith S. Kennedy**  
*Chief Financial Officer*



GE Capital

**Christopher M. Hall**  
*President and Chief Operating Officer*



**Neil M. Barth, MD, FACP**  
*Chief Medical Officer*



**Giulia C. Kennedy, PhD**  
*Chief Scientific Officer*

CHIRON



**John Hanna**  
*Chief Commercial Officer*



Humana

# 2017 Goals and Milestones



## Growth

- ✓ GEC volume growth and reimbursement expansion
- ✓ Anthem coverage
  - Convert coverage to contracts
- ✓ Launch next-generation Afirma GEC



## Expansion and Reimbursement

- ✓ Final Medicare coverage
- ✓ Expand adoption beyond ~40 registry sites
  - Expand coverage and contracts
  - Guideline inclusion



## Evidence Development

- ✓ Initiate Registry enrollment at ~30 sites
- ✓ Publish clinical evidence
  - Build library of evidence to support Medicare coverage in 2018

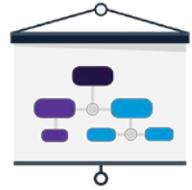
**Positioned for Sustained Growth**

# Why VCYT



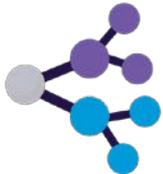
## Large Markets

Addressing \$2B+ market opportunity\*



## Proven Model

Answer right clinical question; change care and reduce costs; develop rigorous evidence; obtain reimbursement



## Growing Franchises

Leverage thyroid successes in pulmonology



## Attractive Financials

Growing revenue and margins; \$41.2M in cash\*\*; targeting cash flow positive in 2018

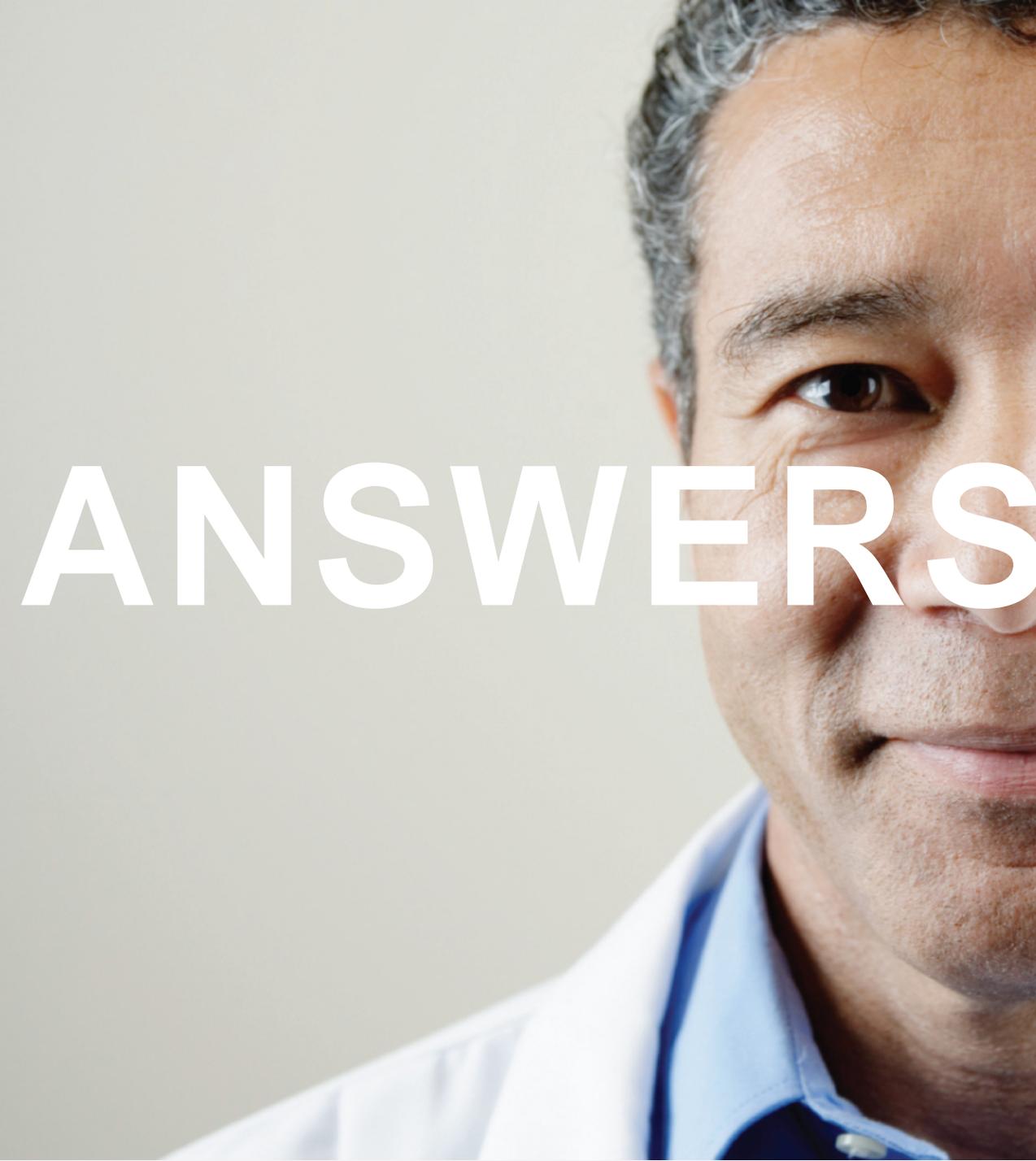


## Strong Team

Deep expertise to lead age of evidence and create value through innovation

\* Company estimate

\*\* Cash and cash equivalents as of September 30, 2017



# ANSWERS

Thank You

November 9, 2017