Fourth Quarter and Full Year 2017 Performance

Investor Financial Presentation

February 27, 2017

Safe Harbor Statement

This presentation contains statements that are not historical and that are based on our beliefs and assumptions and on information currently available to us, including the catalysts that will drive our momentum in 2018. These statements 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 known and unknown risks, uncertainties, assumptions, and other factors that could cause actual results to differ materially from our expectations.

These risks and uncertainties include, but are not limited to: our history of losses since inception; our ability to successfully transition to our next-generation Afirma Genomic Sequencing Classifier; the performance and acceptance of our Percepta and Envisia classifiers; our ability to increase usage of and reimbursement for the Afirma and Percepta classifiers and to obtain adequate reimbursement for our Envisia classifier, as well as any future products we may develop or sell; our dependence on Thyroid Cytopathology Partners to perform the cytopathology component of our Afirma test; our ability to continue our momentum and growth; our dependence on a few payers for a significant portion of our revenue; the complexity, time and expense associated with billing and collecting from payers for our classifiers; laws and regulations applicable to our business, including potential regulation by the Food and Drug Administration or other regulatory bodies; our dependence on strategic relationships and collaborations; unanticipated delays in research and development efforts; our ability to develop and commercialize new products, and the timing and speed of commercialization; our ability to successfully enter new product or geographic markets; our ability to conduct clinical studies and the outcomes of such clinical studies; the amount by which use of our products is able to reduce invasive procedures and reduce healthcare costs; our ability to achieve sales penetration in complex commercial accounts; the occurrence and outcome of clinical studies; the timing and publication of study results; the applicability of clinical results to actual outcomes; the continued application of clinical guidelines to our products and their inclusion in such clinical practice guidelines; our ability to compete; our ability to compete against other companies, products and technologies; our ability to protect our intellectual property; our ability to obtain capital when needed; and the other risks set forth in our filings with the Securities and Exchange Commission, including the risks set forth in the company's Annual Report on Form 10-K for the year ended December 31, 2017, which is available on our Investor Relations website at www.veracyte.com and on the SEC website at www.sec.gov. These forward-looking statements speak only as of the date hereof. We specifically disclaim any obligation to update these forward-looking statements.

This presentation also includes certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles, or GAAP. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. We have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the appendix.

Financial KPIs[1] – Q4 2017

Benchmark		Revenue	Genomic Volume	Gross Margin	Operating Expenses (Excludes Cost of Revenue)	Net Loss	Cash Burn[2]
+ Variance	+ Variance						
- Variance	- Variance						
Result Q4 2017		$19,596	7,153	60%	$17,870	-$8,439	-$6,116
Prior Year		$18,258	6,313	64%	$15,414	-$4,402	-$4,682
		+$1,338	+840	n/a	-$2,456	-$4,037	-$1,434
		+7%	+13%	-4%	-16%	-92%	-31%

Drivers		• Cash revenue for tests reported in prior periods:
		  • $0.3 million Q4 2017
		  • $2.6 million Q4 2016
		• Accrued revenue of $19.3 million grew 23%
		• Accrued revenue includes $2.5 million for cytopathology
		  • Accrued revenue grew 25% excluding cytopathology
			• Reported genomic volume included 7,073 Afirma tests and 80 Percepta tests	• Gross margins are favorably impacted by cash revenue collected on tests performed in prior periods
				• Gross margins with respect to accrued revenue improved from 58% to 60%
					• R&D spend declined $0.4 million
					• G&A spend declined $0.4 million
					• S&M spend increased $3.2M principally due to ~40% increase in sales staff, direct marketing and professional fees incurred to support our commercial operations
						• Net loss increased principally due to:
						  • Decline in cash revenue collected for prior period tests
						  • Increase in S&M spend to support Percepta launch
						  • $1.5M exit fee paid in Q4 2017 to refinance and significantly lower the current interest rate on senior secured credit facility
							• Cash burn increased principally due to:
							  • $1.6 million increase in net cash used in operating activities
							  • Offset by a $0.2 million reduction in net purchases of property and equipment

Numbers presented in this presentation may vary from SEC filings due to rounding

Note 1 – Key performance indicators ("KPIs")
Note 2 – Cash burn is a non-GAAP measure that we define as net cash used in operating activities plus net capital expenditures, such as net purchases of property and equipment. See reconciliation in Appendix.

Financial KPIs[1] – Fiscal Year 2017

Benchmark	Revenue	Genomic Volume	Gross Margin	Operating Expenses (Excludes Cost of Revenue)	Net Loss	Cash Burn[2]
Result FY 2017	$71,953	26,026	61%	$70,296	-$31,003	-$25,230
Prior Year	$65,085	23,237	61%	$68,426	-$31,358	-$32,192
+ Variance	+$6,868	+2,789	n/a	-$1,870	+$355	+$6,963
+ Variance	+11%	+12%	flat	-3%	+1%	+22%

Drivers	• 2017 revenue comprised of $69.3 million of accrued revenue and $2.7 million of cash revenue
	• Company began accruing substantially all test volume in Q3 2016
	• 2017 revenue included $8.5 of revenue from cytopathology
		• Reported genomic volume included 25,921 Afirma tests and 105 Percepta tests	• Gross margins flat
			• Gross margins with respect to accrued revenue for 2017 were 59%
				• R&D spend declined $1.4 million
				• G&A spend declined $0.7 million
				• S&M spend increased 4.0M principally due to ~40% increase in sales staff, offset by a decline in Genzyme co-promotion fees, plus direct marketing and professional fees incurred to support our commercial operations
					• Net loss decreased 1% principally due to:
					  • $4.1 million increase in gross profit, despite decline in cash revenue in 2017
					  • Offset by $1.9 million increase in operating expenses (excluding cost of revenue)
					  • Offset by $1.9 million in net other expenses, including $1.5 million exit fee to refinance credit facility
						• Cash burn improved principally due to:
						  • $4.1 million improvement in net cash used in operating activities
						  • Plus $2.9 million improvement in purchases of property and equipment

Numbers presented in this presentation may vary from SEC filings due to rounding

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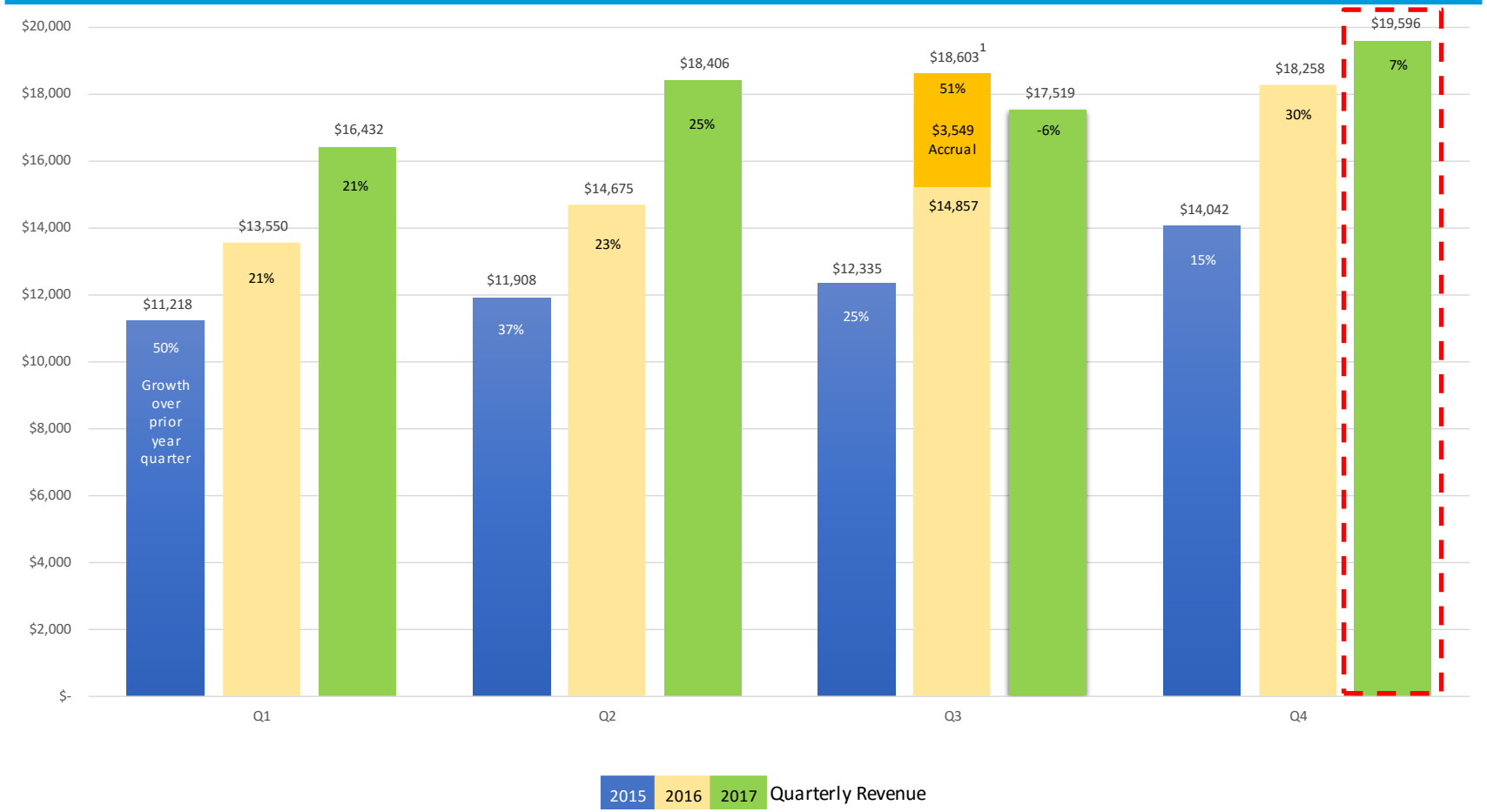
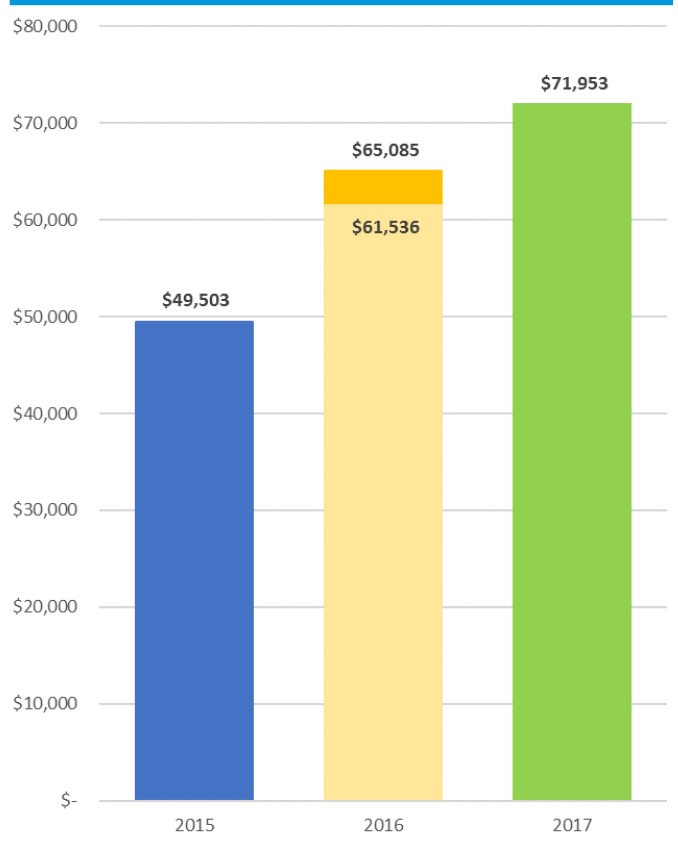
Revenue

Year-over-Year Quarterly Revenue



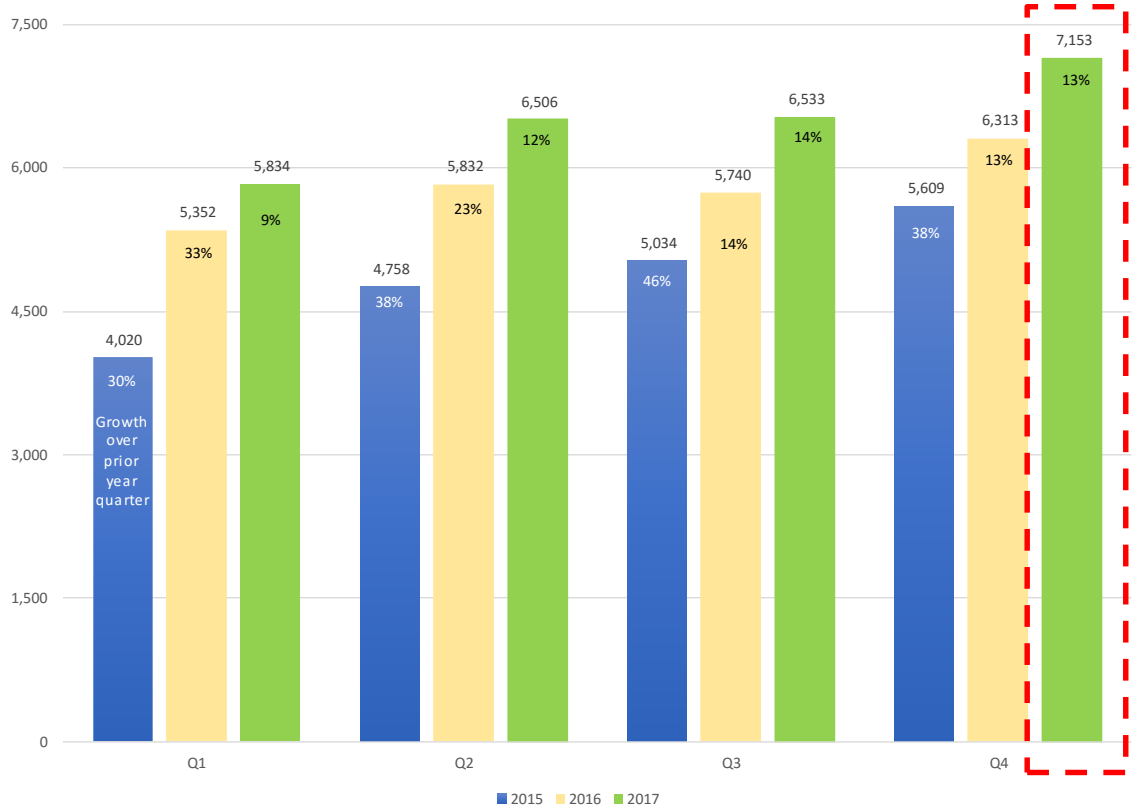
Annual Revenue



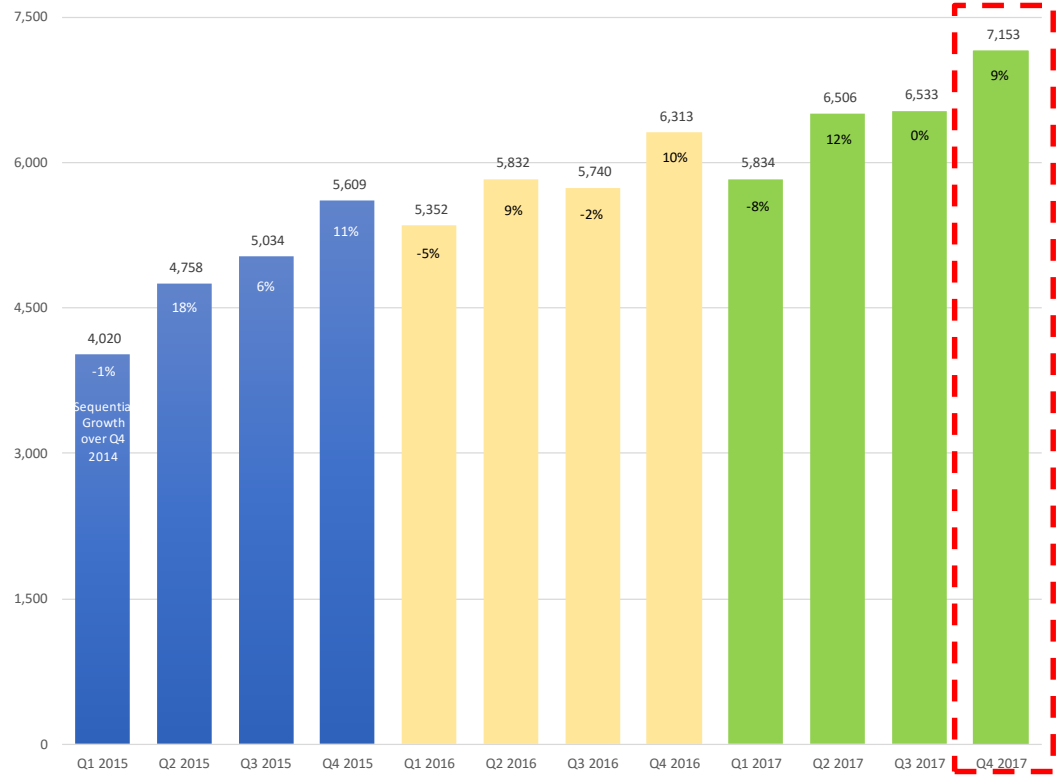
Note 1 – The Company recognized $3.5 million of incremental revenue during the quarter ended September 30, 2016 upon test delivery that previously would not have been recognized until cash was received. The $3.5 million of incremental revenue represented 19% of the $18.6 million in Q3 2016 total revenue. As a result, the Company began accruing substantially all of its billed genomic test volume starting in Q3 2016.

Genomic Volume[1]

Year-Over-Year



Sequential



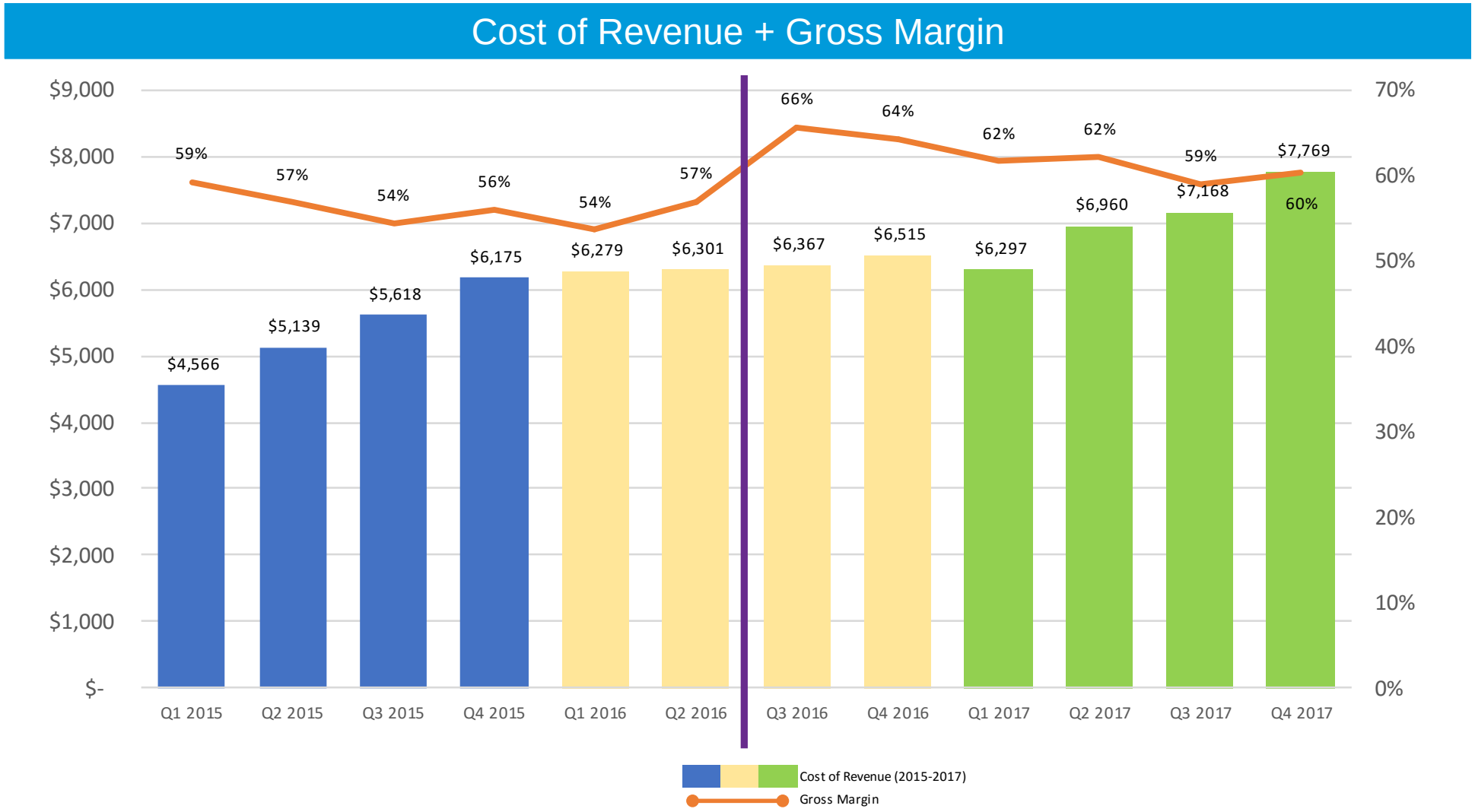
FY2015
Genomic Volume 19,421
38% Annual Growth

FY2016
Genomic Volume 23,237
20% Annual Growth

FY2017
Genomic Volume 26,026
12% Annual Growth

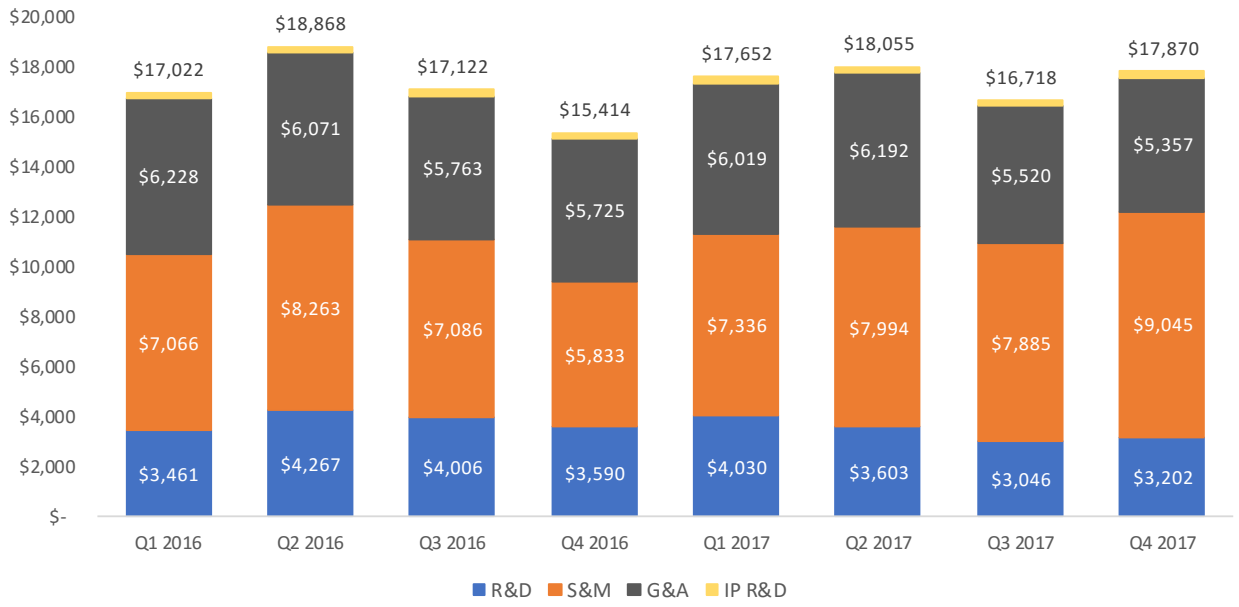
Note 1 – Includes commercial Afirma GEC / GSC and Percepta reported volume only. Excludes clinical/registry volume.

Cost of Revenue + Gross Margin

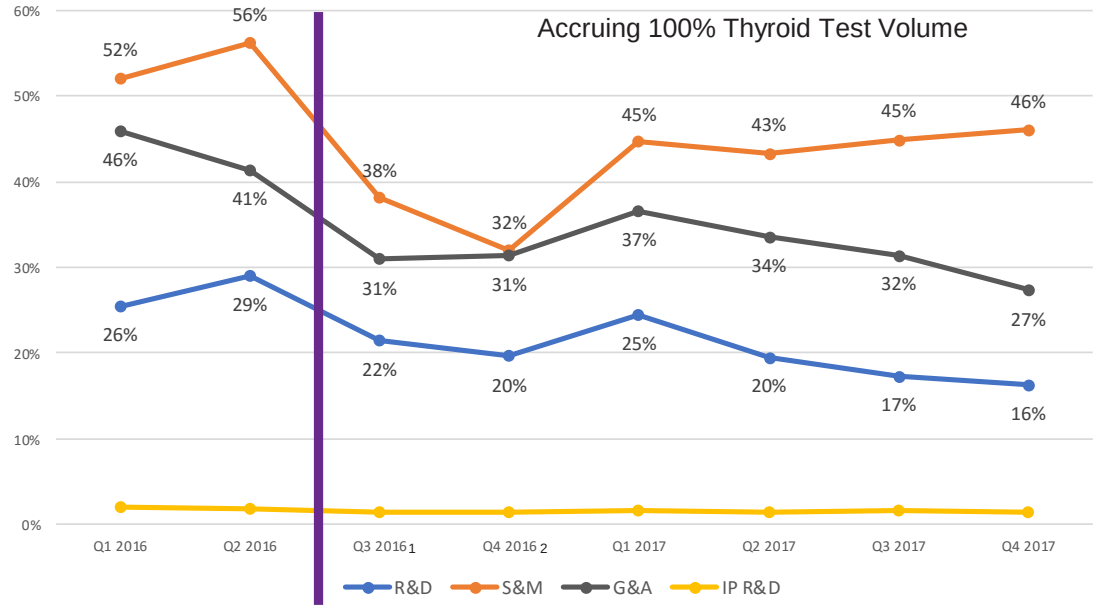


Operating Expenses

Operating Expenses



% of Revenue

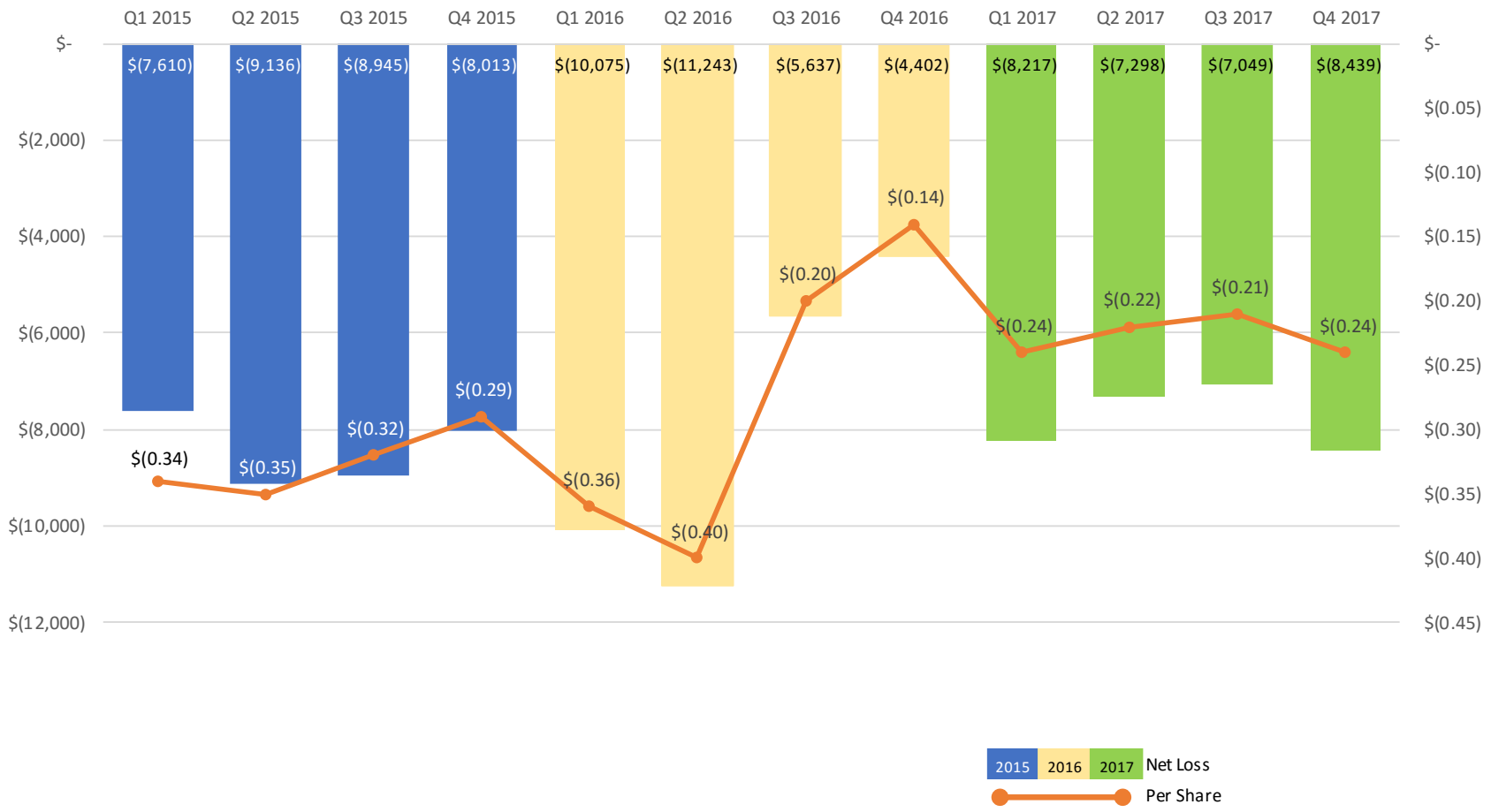


1 – The Company recognized $3.5 million of incremental revenue during the quarter ended September 30, 2016 upon test delivery that previously would not have been recognized until cash was received. The $3.5 million of incremental revenue represented 19% of the $18.6 million in Q3 2016 total revenue.

2 – Genzyme Co-Promotion Agreement terminated effective September 9, 2016 (Q3 2016). Over the four quarter period ended September 30, 2016, the average quarterly expense for the Genzyme Co-Promotion Agreement was $1.7 million or 11% of revenue. There were no material Genzyme Co-Promotion expenses after Q3 2016.

Net Loss

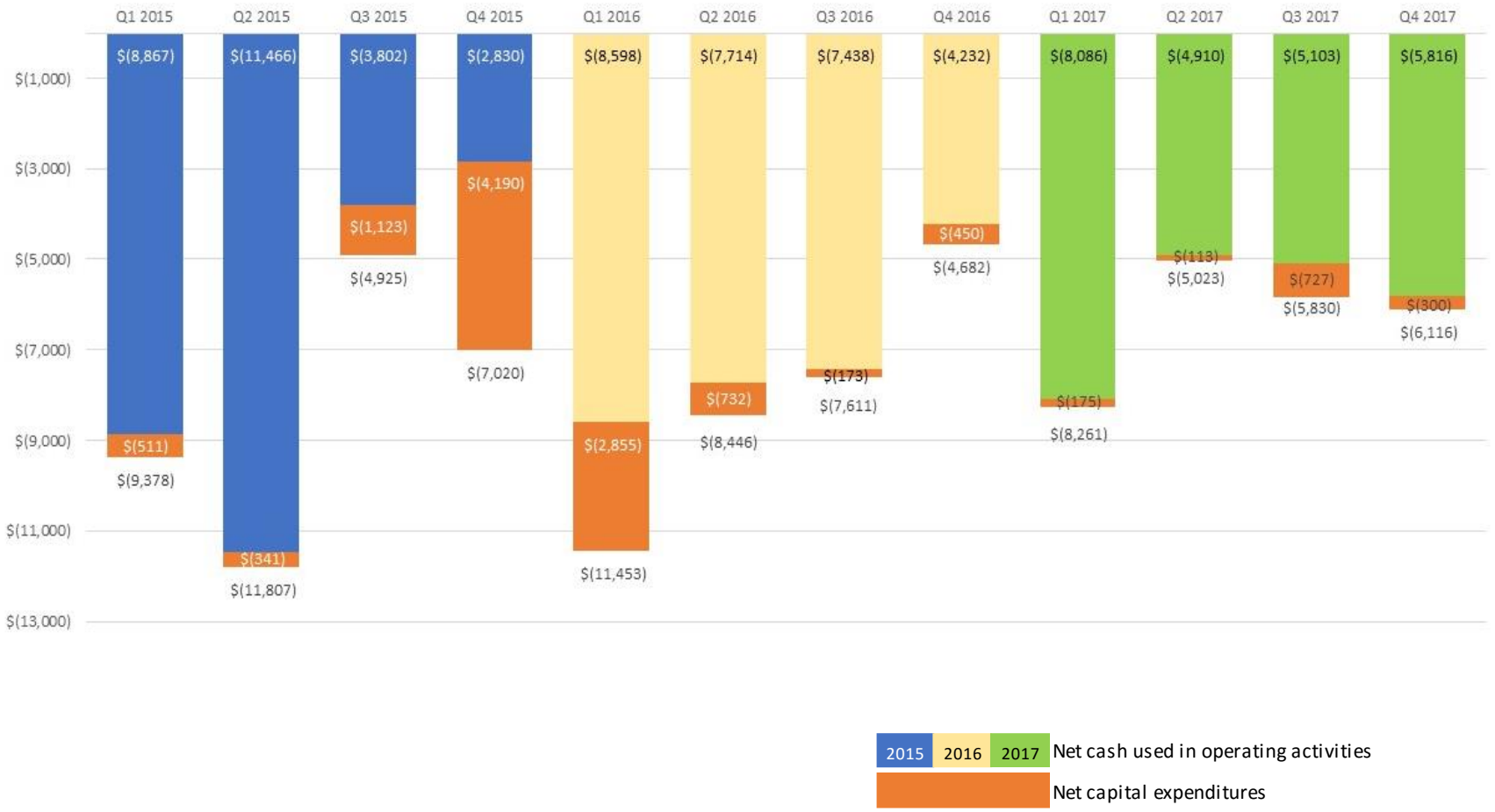
Year-over-Year Quarterly Net Loss + Net Loss Per Share



Annual Net Loss + Per Share

Cash Burn[1]

Quarterly Cash Burn



Annual Cash Burn

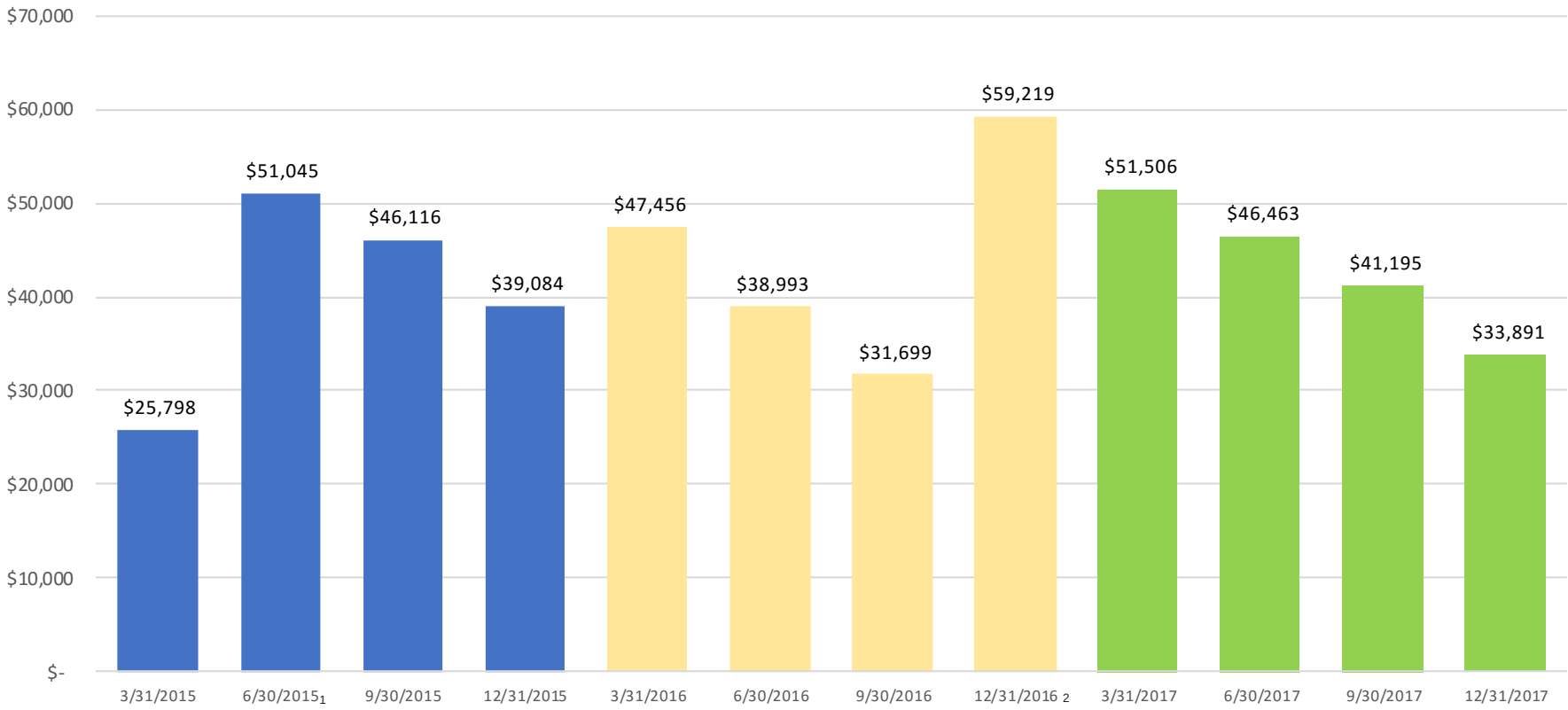
2015 2016 2017 Net cash used in operating activities

Net capital expenditures

Note 1 – Cash burn is a non-GAAP measure that we define as net cash used in operating activities plus net capital expenditures, such as net purchases of property and equipment. See reconciliation in appendix.

Cash

Cash Balance



1 – In April 2015, the Company completed a private placement of 4.9 million shares of its common stock to certain accredited investors, raising $37.3 million in net cash proceeds.
2 – In November 2016, the Company completed a public offering of 5.7 million shares of its common stock, raising $31.9 million in net cash proceeds.

Significant Catalysts will Drive Momentum Through 2018

	Afirma® THYROID FNA ANALYSIS	Percepta® BRONCHIAL GENOMIC CLASSIFIER	Envisia™ GENOMIC CLASSIFIER
Reimbursement Expansion	In-network contract with Anthem	Coverage decision from large commercial payers	Medicare coverage
Evidence Development	Afirma GSC clinical validation data published	Clinical utility data published	Clinical validation data published
Scientific Innovation	Afirma Xpression Atlas launched	Field of injury advances	

Positioned for Sustained Revenue and Genomic Volume Growth

Appendix

Non-GAAP Financial Measures

Reconciliation of Net Cash Used in Operating Activities to Cash Burn

$ in 000's	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY2015	FY2016	FY2017
Net cash used in operating activities	$ (8,867)	$ (11,466)	$ (3,802)	$ (2,830)	$ (8,598)	$ (7,714)	$ (7,438)	$ (4,232)	$ (8,086)	$ (4,910)	$ (5,103)	$ (5,816)	$ (26,965)	$ (27,982)	$ (23,915)
Plus purchases of property and equipment	(511)	(341)	(1,123)	(4,190)	(2,855)	(732)	(173)	(450)	(615)	(113)	(727)	(300)	(6,165)	(4,210)	(1,755)
Less proceeds from the sale of property and equipment	-	-	-	-	-	-	-	-	440	-	-	-	-	-	440
Cash burn	$ (9,378)	$ (11,807)	$ (4,925)	$ (7,020)	$ (11,453)	$ (8,446)	$ (7,611)	$ (4,682)	$ (8,261)	$ (5,023)	$ (5,830)	$ (6,116)	$ (33,130)	$ (32,192)	$ (25,230)
Net cash used in investing activities	$ (441)	$ (944)	$ (1,123)	$ (4,190)	$ (2,975)	$ (614)	$ (173)	$ (450)	$ (175)	$ (113)	$ (607)	$ (300)	$ (6,698)	$ (4,212)	$ (1,195)
Net cash (used in) provided by financing activities	$ 92	$ 37,657	$ (4)	$ (12)	$ 19,945	$ (135)	$ 317	$ 32,202	$ 548	$ (20)	$ 442	$ (1,188)	$ 37,733	$ 52,329	$ (218)

To supplement our financial statements prepared in accordance with U. S. GAAP, we monitor and consider cash burn, which is a non-U.S. GAAP financial measure. This non-U.S. GAAP financial measure is not based on any standardized methodology prescribed by U.S. GAAP and is not necessarily comparable to similarly-titled measures presented by other companies. We define cash burn as net cash used in operating activities plus net capital expenditures, such as net purchases of property and equipment. We believe cash burn to be a liquidity measure that provides useful information to management and investors about the amount of cash consumed by the operations of the business, including our purchases of property and equipment. A limitation of using this non-U.S. GAAP measure is that cash burn does not represent the total change in cash and cash equivalents for the period because it excludes cash provided by or used for other investing and financing activities. We account for this limitation by providing information about our capital expenditures and other investing and financing activities in the statements of cash flows in our financial statements and by presenting cash flows from investing and financing activities in our reconciliation of cash burn. In addition, it is important to note that other companies, including companies in our industry, may not use cash burn, may calculate cash burn in a different manner than we do or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of cash burn as a comparative measure.

Because of these limitations, cash burn should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP. The reconciliation of cash burn to net cash used in operating activities is provided in the table below (in thousands of dollars):