



# ANSWERS



Decipher Biosciences Acquisition

**Further Solidifies Global Leadership  
in Cancer Diagnostics and  
Accelerates Growth**

February 3, 2021

# Forward-Looking Statements

This presentation contains forward-looking statements, including, but not limited to, our statements related to our plans, objectives, expectations (financial and otherwise) or intentions with respect to the anticipated acquisition of Decipher Biosciences; statements regarding the expected timing for completion of the transaction; statements related to the expected benefits of the proposed transaction, including but not limited to, the acceleration of Veracyte's revenue and path to profitability, the accretiveness to Veracyte's gross margin, and the expansion of Veracyte's total addressable market opportunity; statements regarding Veracyte and Decipher's total revenue and genomic test volume for 2020; and statements regarding the commercial launch of the Decipher Bladder test and Decipher's kidney cancer test, the breadth and depth of Veracyte's product offerings in cancer diagnostic testing, and the ability of Decipher GRID to augment Veracyte's biorepositories.

Forward-looking statements can be identified by words such as: "appears," "anticipate," "intend," "plan," "expect," "believe," "should," "may," "will," "positioned," "designed" and similar references to future periods. Actual results may differ materially from those projected or suggested in any forward-looking statements. These statements involve risks and uncertainties, which could cause actual results to differ materially from our predictions, and include, but are not limited to, the possibility that the closing conditions to the proposed transaction may not be satisfied or waived, including that a governmental entity may not grant a required regulatory approval; delay in closing the transaction or the possibility of non-consummation of the transaction; the risk of stockholder litigation in connection with contemplated transaction; the retention of Decipher employees and Veracyte's ability to successfully integrate the Decipher Biosciences business; and risks inherent in the achievement of anticipated synergies and the timing thereof. Additional factors that may impact these forward-looking statements can be found in Item 1A – "Risk Factors" in our Annual Report on Form 10-K filed with the SEC on February 25, 2020 and in our Quarterly Report on Form 10-Q filed with the SEC on November 2, 2020. A copy of these documents can be found at the Investors section of our website at [www.veracyte.com](http://www.veracyte.com). These forward-looking statements speak only as of the date hereof and Veracyte specifically disclaims any obligation to update these forward-looking statements or reasons why actual results might differ, whether as a result of new information, future events or otherwise.

## No Offer or Solicitation

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

## Important Additional Information May be Filed with the SEC

Veracyte may file with the SEC a registration statement on Form S-4, which, if filed, will include a prospectus of Veracyte. INVESTORS ARE URGED TO CAREFULLY READ THE REGISTRATION STATEMENT AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT VERACYTE, DECIPHER, THE PROPOSED TRANSACTION AND RELATED MATTERS. If filed, investors will be able to obtain free copies of the registration statement and other documents filed with the SEC through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov) and on Veracyte's website at <https://investor.veracyte.com>.

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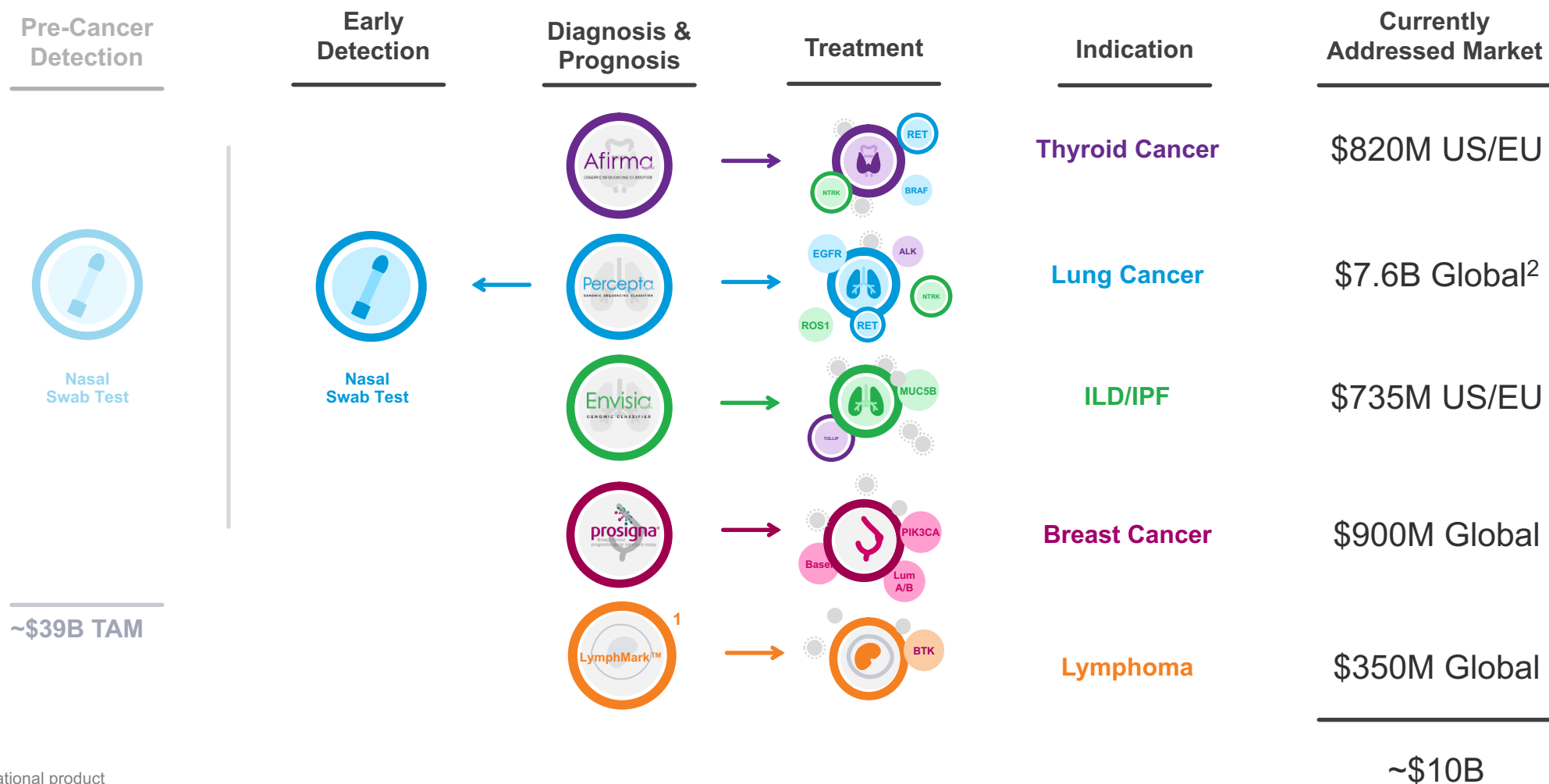




**Our vision is to improve  
outcomes for patients all  
over the world at every  
step of their journey.**



# Genomic tests targeting multiple diseases across care continuum



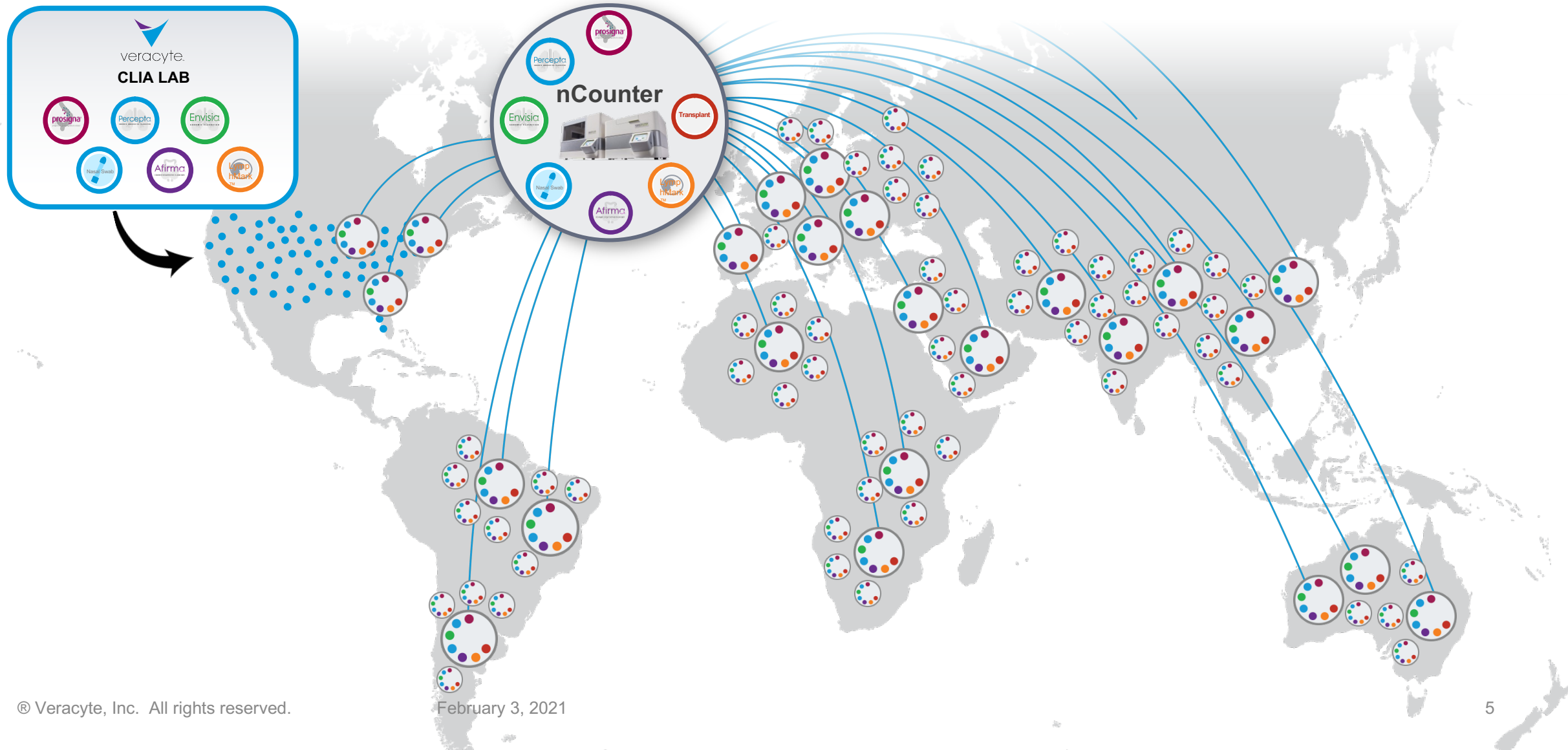
<sup>1</sup> Investigational product

<sup>2</sup> Percepta Genomic Atlas is US only



## Veracyte today

# A global platform for international expansion





Combination creates comprehensive portfolio of novel genomic diagnostic tests addressing 7 of the top 10 cancers

Drives market, menu and global expansion  
**Accelerates growth**



## Decipher Biosciences overview

# A market leader in urologic cancer genomic diagnostics

- Commercial-stage precision oncology company focused on \$2B urologic cancer market
- Approximately 100 full-time employees, large CLIA- and CAP-certified lab in San Diego
- Unique product portfolio spanning the entire localized prostate cancer care continuum
- 2020 revenue grew >130% to \$39M to \$40M, compared to \$16.5M in 2019
- Operating cashflow positive in 2020
- Proven proprietary technology, included in over 220 scientific publications
- Biopharma partnerships including Janssen, Astellas and Dendreon



## Decipher Biosciences urologic cancer tests

# Significant commercial traction in large markets

Product Portfolio	Product Indications	2020 U.S. Estimated Incidence <sup>1</sup>	Clinical Evidence			Commercialization			
			Analytic Validation	Clinical Validation	Clinical Utility	Medicare Coverage	NCCN Guideline Inclusion	Commercial Payors <sup>4</sup>	Prior or Expected Launch Date
<b>DECIPHER PROSTATE BIOPSY</b>	NCCN Very Low	12,000	✓	✓	✓	✓		✓	2019
	NCCN Low	42,000	✓	✓	✓	✓	✓	✓	2019
	NCCN Fav. Int.	29,000	✓	✓	✓	✓	✓	✓	2020
	NCCN Unfav. Int.	32,000	✓	✓		✓	✓	✓	2020
	NCCN High	37,000	✓	✓		✓	✓	✓	2020
	NCCN Very High	8,000	✓	✓		✓			2020
	Lymph Node +	6,000	✓	✓		✓			2020
	nmCRPC	8,000	✓	✓					<b>2023</b>
	mCRPC <sup>2</sup>	68,000	✓	✓					<b>2023</b>
	mHSPC	15,000	✓	✓					<b>2022</b>
<b>DECIPHER PROSTATE RP</b>	Post-Radical Prostatectomy	70,000	✓	✓	✓	✓	✓	✓	2015
	Salvage	30,000	✓	✓	✓	✓	✓	✓	2020
<b>DECIPHER BLADDER</b>	NMIBC / MIBC	80,000	✓	✓		✓ <sup>3</sup>			<b>2021</b>
<b>DECIPHER RENAL CELL</b>	In development								

<sup>1</sup> Based on 2020 estimates by Global Data

<sup>2</sup> Represents patients who are eligible for new drug therapy, including first-, second-, and third-line therapies. Includes patients at diagnosis and patients that progress from BCR to mCRPC, mHSPC to mCRPC, and nmCRPC to mCRPC

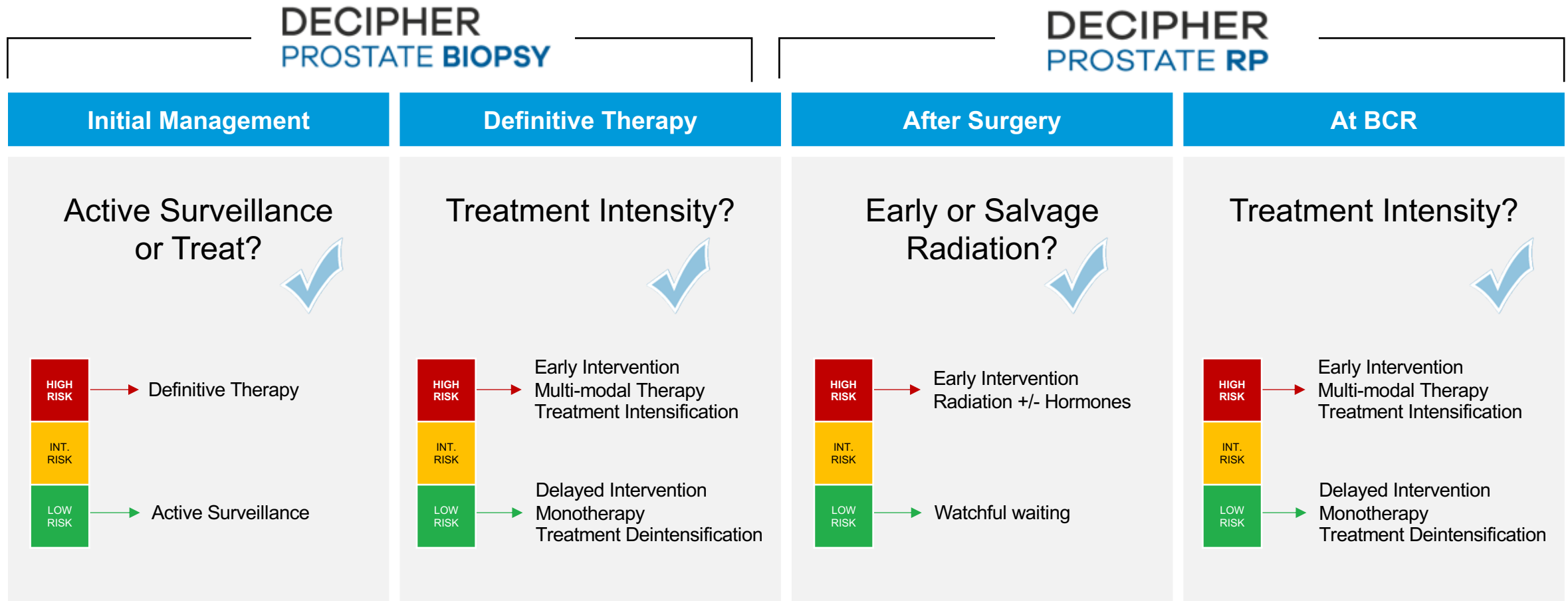
<sup>3</sup> Draft LCD DL38647 published 5/21/2020, expected to be final and effective in 2021

<sup>4</sup> Decipher tests are covered by numerous regional and select international payors and are actively pursuing additional coverage



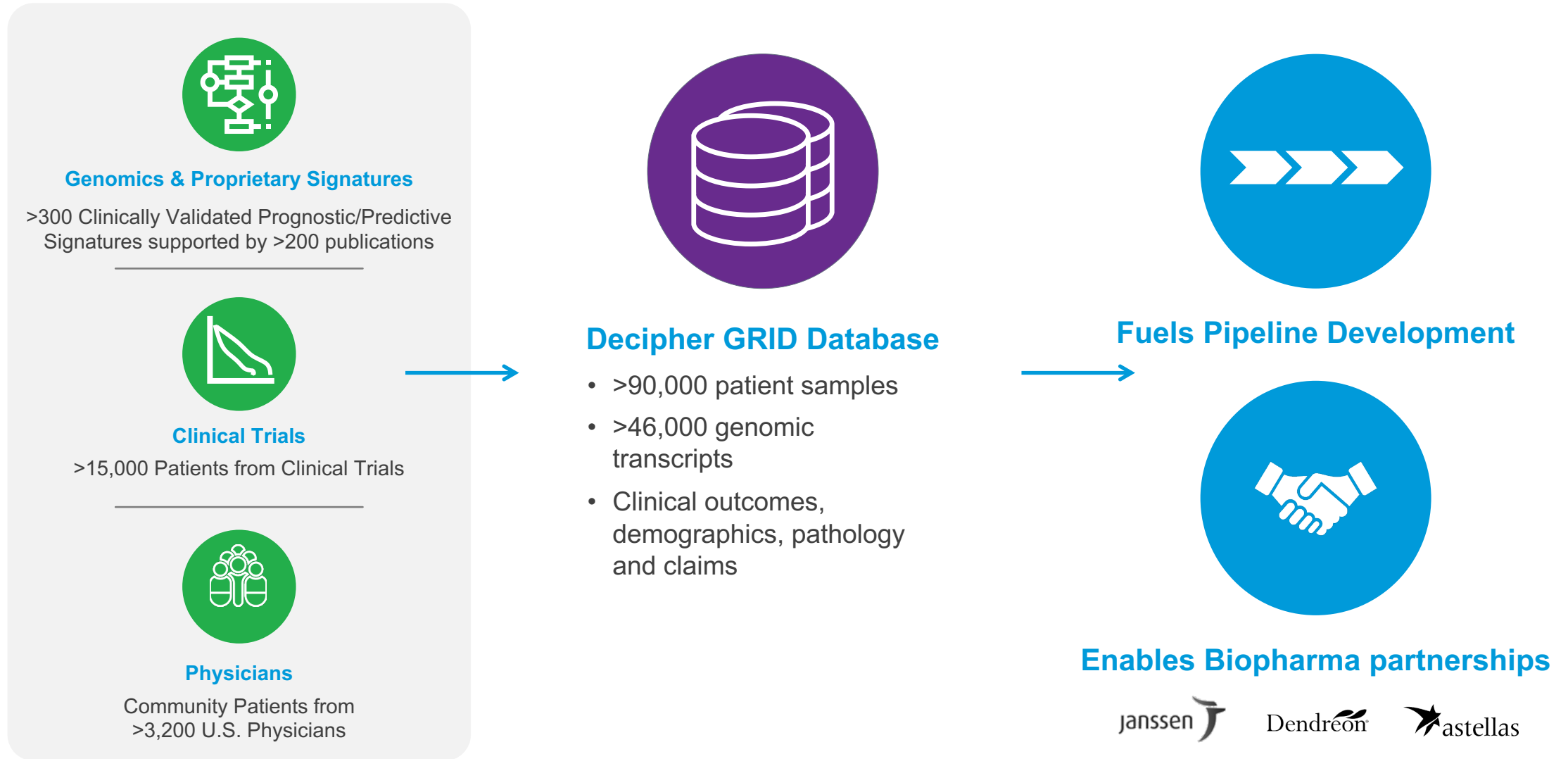
## Decipher Biosciences in prostate cancer

Enables physicians to personalize treatment across localized disease



## Decipher GRID

Comprehensive urologic cancer biorepository to drive further value



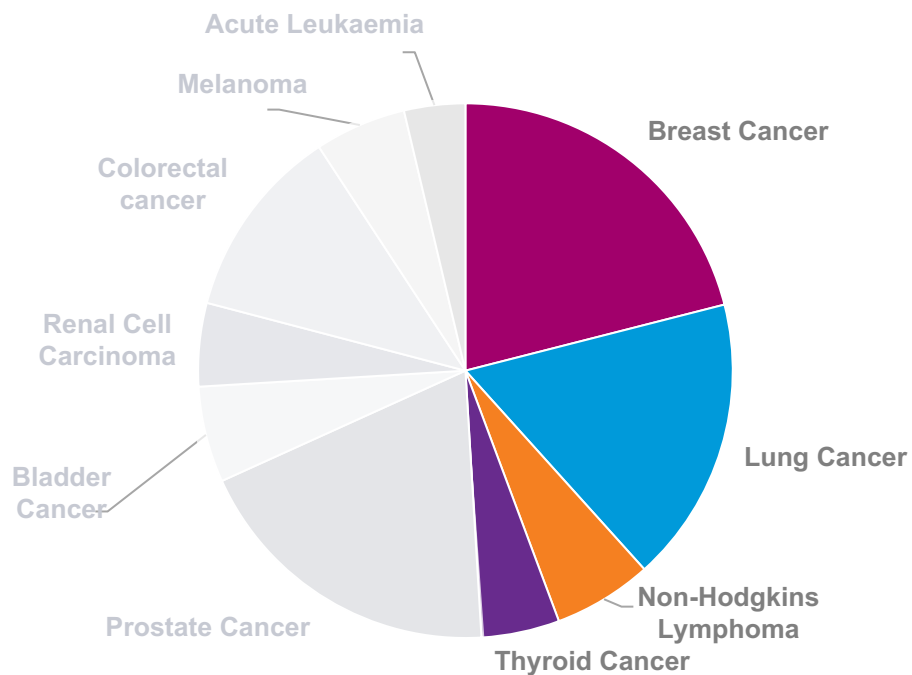


## Top cancers in US by incidence

# Market and menu expansion accelerates growth

### VERACYTE

Addressing **4 of top 10** cancers



~680,000  
patients/year

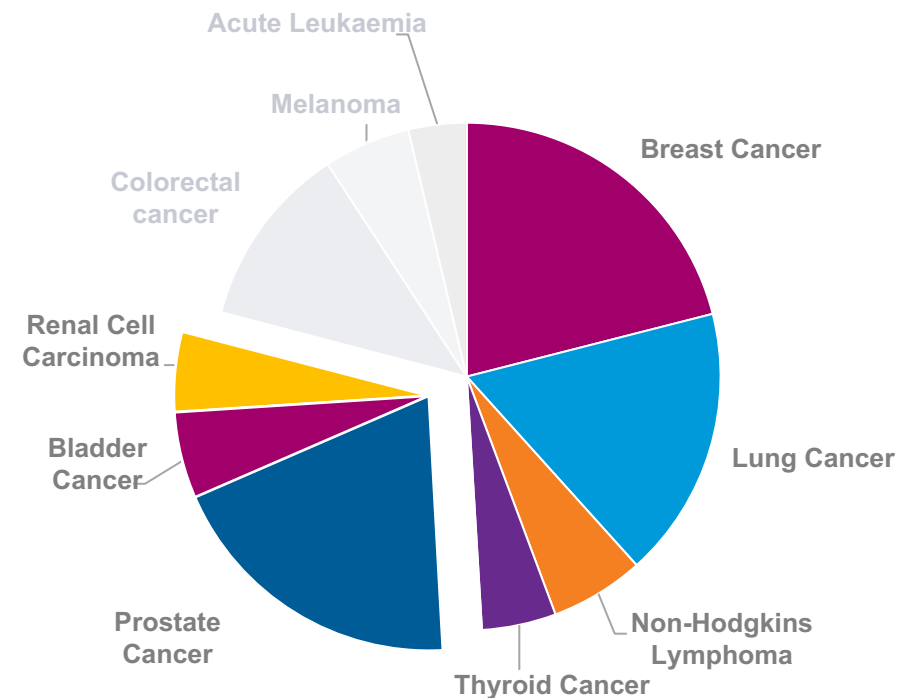
~60% increase



**\$2B+ TAM  
in US alone**

### VERACYTE + Decipher Biosciences

Addressing **7 of top 10** cancers



~1,100,000  
patients/year

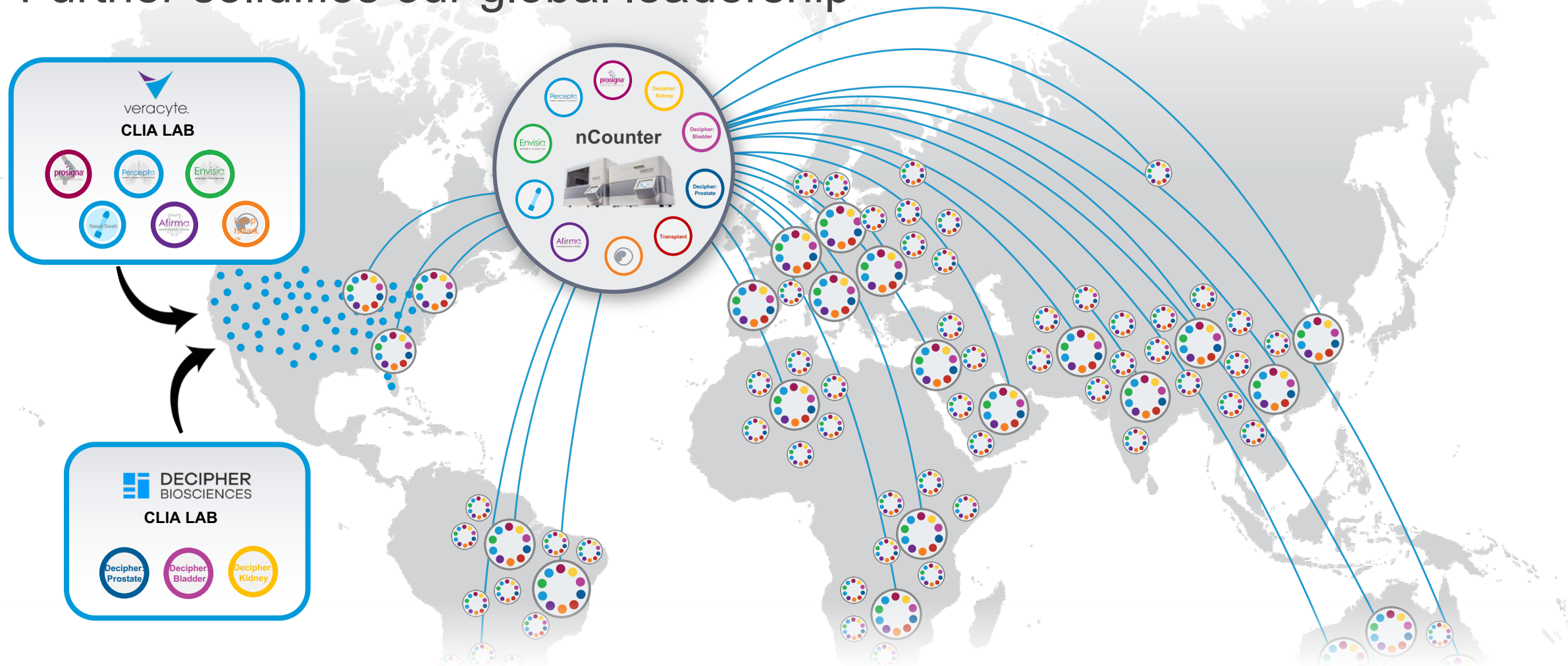
Source: Evaluate Pharma Forecasts  
Note: Incidence based on US population in 2022.

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## Veracyte + Decipher Biosciences

# Further solidifies our global leadership

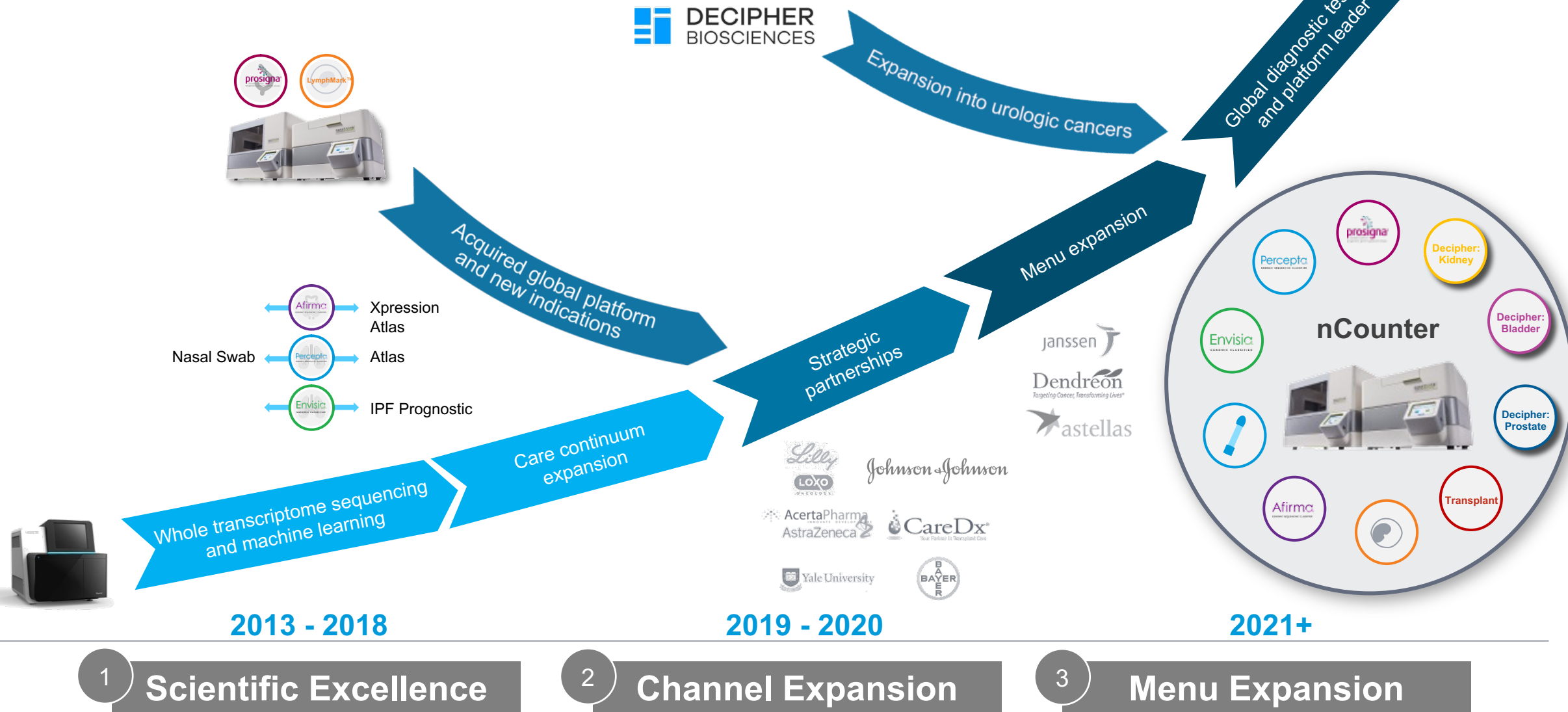


**~\$50+ BILLION** LONG-TERM GLOBAL TAM

Company estimates



Accelerates our strategic growth pathway



## Transaction terms

# Total consideration of \$600 million

Cash

+

Equity

\$250 million

Up to \$350 million

Veracyte has the option at its sole discretion to substitute cash in lieu of shares in any amount up to the entire stock consideration<sup>1</sup>. For purposes of any substitution of shares with cash, the same fixed price of \$54.30<sup>2</sup> per Veracyte share would be used.

Total Consideration

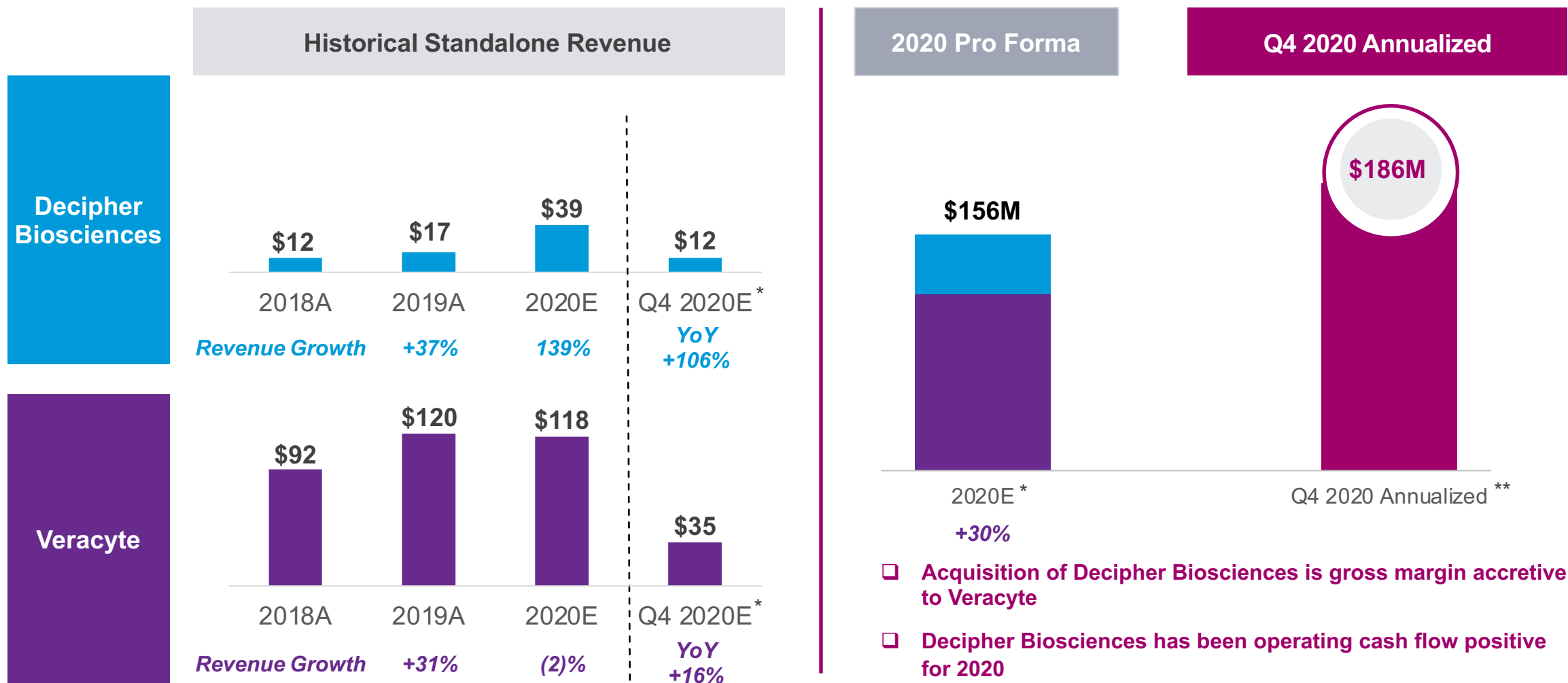
\$600 million

<sup>1</sup> Veracyte's option to substitute cash may be exercised until March 15, 2021

<sup>2</sup> Price based on average of 10-day VWAPs ending January 29, 2021

## Illustrative Pro Forma Financials (\$ in millions)

# Accelerating Revenue Growth and Pathway to Profitability



Source: \* Figures are based on the mid-point of the total revenue expected to be reported by Veracyte and Decipher Biosciences for the fourth quarter of 2020 and full year 2020. Veracyte expects to report total revenue of between \$34 million and \$35 million for the fourth quarter of 2020 and \$117 million and \$118 million for the full year 2020. Decipher Biosciences expects to report total revenue of between \$11.75 million and \$12.25 million for the fourth quarter of 2020 and \$39 million and \$40 million for the full year 2020. These figures preliminary and unaudited and subject to each company's financial closing procedures.

\*\*Represents the annualized total revenue for the combined company based on the midpoint of the total revenue for each company for the fourth quarter of 2020.



# Experienced team with track record of success



**Bonnie Anderson**

Chairman and  
Chief Executive Officer

**Keith Kennedy**  
Chief Financial Officer and  
Chief Operating Officer



**Giulia C. Kennedy, Ph.D.**

Chief Scientific Officer and  
Chief Medical Officer



**Tina Nova, Ph.D.**

General Manager, Urologic Cancers

(Subject to transaction closing)



**John Hanna**

General Manager, Endocrinology, Breast  
Cancer and Lymphoma



**Morten Frost**

General Manager, Pulmonology



**Tracy Morris**

Vice President, Corporate Communications  
and Investor Relations



