



January 3, 2019

Veracyte Announces Strategic Collaboration with Johnson & Johnson Innovation in Battle Against Lung Cancer

Alliance with the Lung Cancer Initiative at Johnson & Johnson to Accelerate Development of First Nasal Swab Test for Early Lung Cancer Detection

Veracyte to Host Conference Call and Webcast on January 3, 2019 at 8:30 a.m. ET

SOUTH SAN FRANCISCO, Calif.--(BUSINESS WIRE)--Jan. 3, 2019-- [Veracyte, Inc.](#) ("Veracyte") (Nasdaq: VCYT) announced today that it has entered into a long-term strategic collaboration with Johnson & Johnson Innovation LLC* and the Lung Cancer Initiative at Johnson & Johnson to advance the development and commercialization of novel diagnostic tests to detect lung cancer at its earliest stages, when the disease is most treatable. The collaboration will build upon foundational "field of injury" science -- where genomic changes associated with lung cancer can be identified with a simple brushing of a person's airway -- to develop new interventions that can save lives.

Under terms of the agreement, Veracyte and the Lung Cancer Initiative at Johnson & Johnson, whose mission is to prevent, intercept and cure lung cancer, will combine clinical study cohorts involving more than 5,000 patients with multiple years of clinical outcome data. Veracyte will contribute bronchial and nasal samples from its clinical trials, which are part of the company's extensive lung cancer-focused biorepository. Veracyte will deploy its RNA whole-transcriptome sequencing platform, utilizing high-dimensional data and machine learning pipelines on the combined cohort, providing the most comprehensive genomic content available which the Lung Cancer Initiative at Johnson & Johnson will have access to for therapeutic purposes.

The collaboration is expected to accelerate two key lung cancer programs for Veracyte. First, the development of the first non-invasive nasal swab test for early lung cancer detection and, secondly, the commercialization of its Percepta classifier on the company's RNA whole-transcriptome sequencing platform, which, as a result of this collaboration, is expected to launch in the first half of 2019.

"We are thrilled to team up with Johnson & Johnson and their Lung Cancer Initiative in the fight against lung cancer," said Bonnie Anderson, chairman and chief executive officer of Veracyte. "This strategic collaboration further advances Veracyte's pioneering position in lung cancer diagnosis and underscores the promise of our field of injury science and approach. With the acceleration of our product pipeline, we believe this collaboration expands our addressable lung cancer diagnostic market to a \$30 billion to \$40 billion global opportunity."

Anderson continued, "We estimate the combined monetary and non-monetary value of the collaboration to Veracyte at more than \$50 million. The monetary component consists of a \$5 million upfront payment and the potential to earn up to a total of \$15 million in future development and reimbursement milestone payments. The non-monetary value reflects the significant value of clinical cohorts accessible to Veracyte through the collaboration. Also as result of this agreement, we expect our biopharmaceutical service revenue for 2019 to increase by an estimated \$5 million."

Lung cancer is the leading cause of cancer deaths worldwide. In the United States, lung cancer causes more than 154,000 lung cancer-related deaths each year – more than the next three most prevalent cancers combined. Because lung cancer is difficult to diagnose before it has metastasized, only 16 percent of cases are detected at an early stage, when the disease is more treatable. Lung cancer's five-year survival rate is only 18 percent, much lower than that of other common cancers. Approximately 80 percent of lung cancer deaths are caused by smoking.

*Johnson & Johnson Services, Inc. is the legal entity party to the agreement.

Conference Call and Webcast Information

Veracyte will host a conference call and simultaneous webcast today at 8:30 a.m. ET to discuss its collaboration with Johnson & Johnson Innovation and the Lung Cancer Initiative at Johnson & Johnson. The call and webcast may be accessed as follows:

Webcast: <https://investor.veracyte.com/events-presentations>

Dial-in number (U.S.): (855) 541-0980

International Number (Canada only): (970) 315-0440

Conference ID: 5295859

The webcast should be accessed 10 minutes prior to the conference call start time. A replay of the webcast will be available for one year following the conclusion of the live broadcast and will be accessible on the company's website at <https://investor.veracyte.com/events-presentations>.

About Veracyte

Veracyte (Nasdaq: VCYT) is a leading genomic diagnostics company that improves patient care by providing trustworthy and actionable answers to challenging clinical questions. The company's products uniquely combine advanced genomic technology, clinical science and machine learning to provide answers that give physicians and patients a clear path forward, informing both diagnosis and treatment decisions without the need for costly, risky surgeries that are often unnecessary. Since its founding in 2008, Veracyte has commercialized three genomic tests, which are transforming the diagnosis of thyroid cancer, lung cancer and idiopathic pulmonary fibrosis. Veracyte is based in South San Francisco, California. For more information, please visit www.veracyte.com and follow the company on Twitter (@veracyte).

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "expect," "believe," "should," "may," "will" and similar references to future

periods. Examples of forward-looking statements include, among others, the expected impacts of Veracyte's collaboration with Johnson & Johnson in developing interventions for lung cancer, on Veracyte's financial and operating results, on the timing of the commercialization of the Percepta classifier, and on the size of Veracyte's addressable market. Forward-looking statements are neither historical facts nor assurances of future performance, but are based only on our current beliefs, expectations and assumptions. These statements involve risks and uncertainties, which could cause actual results to differ materially from our predictions, and include, but are not limited to: our ability to achieve milestones under the collaboration agreement with Johnson & Johnson; our ability to achieve and maintain Medicare coverage for our tests; the benefits of our tests and the applicability of clinical results to actual outcomes; the laws and regulations applicable to our business, including potential regulation by the Food and Drug Administration or other regulatory bodies; our ability to successfully achieve and maintain adoption of and reimbursement for our products; the amount by which use of our products are able to reduce invasive procedures and misdiagnosis, and reduce healthcare costs; the occurrence and outcomes of clinical studies; and other risks set forth in our filings with the Securities and Exchange Commission, including the risks set forth in our quarterly report on Form 10-Q for the quarter ended September 30, 2018. 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, except as required by law.

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