First Quarter 2019 Performance

Investor Financial Presentation

April 30, 2019

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. 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.

Examples of forward-looking statements include, among others, statements we make regarding our belief that we have a strong foundation in place to drive revenue growth and to achieve cashflow breakeven before the end of 2019, our beliefs regarding momentum in our business and potential drivers of future growth, our first quarter 2019 performance and our expectations regarding full-year 2019 revenue and net cash used in operating activities, the success of our Afirma Xpression Atlas platform, our expectations regarding our ability to receive Medicare reimbursement and expand commercialization of our Percepta and Envisia Genomic Classifiers, our expectations regarding our strategic collaboration with Johnson & Johnson, and our ability to drive revenue growth across our endocrinology and pulmonology franchises. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, anticipated events and trends, the economy and other future conditions. Forward-looking statements involve risks and uncertainties, which could cause actual results to differ materially, and reported results should not be considered as an indication of future performance. These risks and uncertainties include, but are not limited to our history of losses since inception; our ability to successfully commercialize our Afirma classifier; the performance and acceptance of our Percepta and Envisia classifiers; our dependence on a few payers for reimbursements and payments of our tests and a significant portion of our revenue; the complexity, time and expense associated with billing and collecting from payers for our classifiers; our ability to increase usage of and reimbursement for the Afirma, Percepta and Envisia classifiers, as well as any future products we may develop or sell; our dependence on physicians and patients who decide whether to order and use our tests; the fluctuation of our quarterly operating results; our ability to comply with federal and state licensing requirements and other laws and regulations applicable to our business, including potential regulation by the Food and Drug Administration or other regulatory bodies; our dependence on supplies for equipment and other materials used for our tests; our ability to continue our momentum and growth; our ability to develop and commercialize new products and the timing and speed of commercialization; the amount by which use of our products is able to reduce invasive procedures and reduce healthcare costs; our ability to attract and retain key personnel; 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 obtain capital when needed; and other risks set forth in our filings with the Securities and Exchange Commission, including the risks set forth in our Annual Report on Form 10-K for the year ended December 31, 2018 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2019. These forward-looking statements speak only as of the date hereof and Veracyte specifically disclaims 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] – Q1 2019

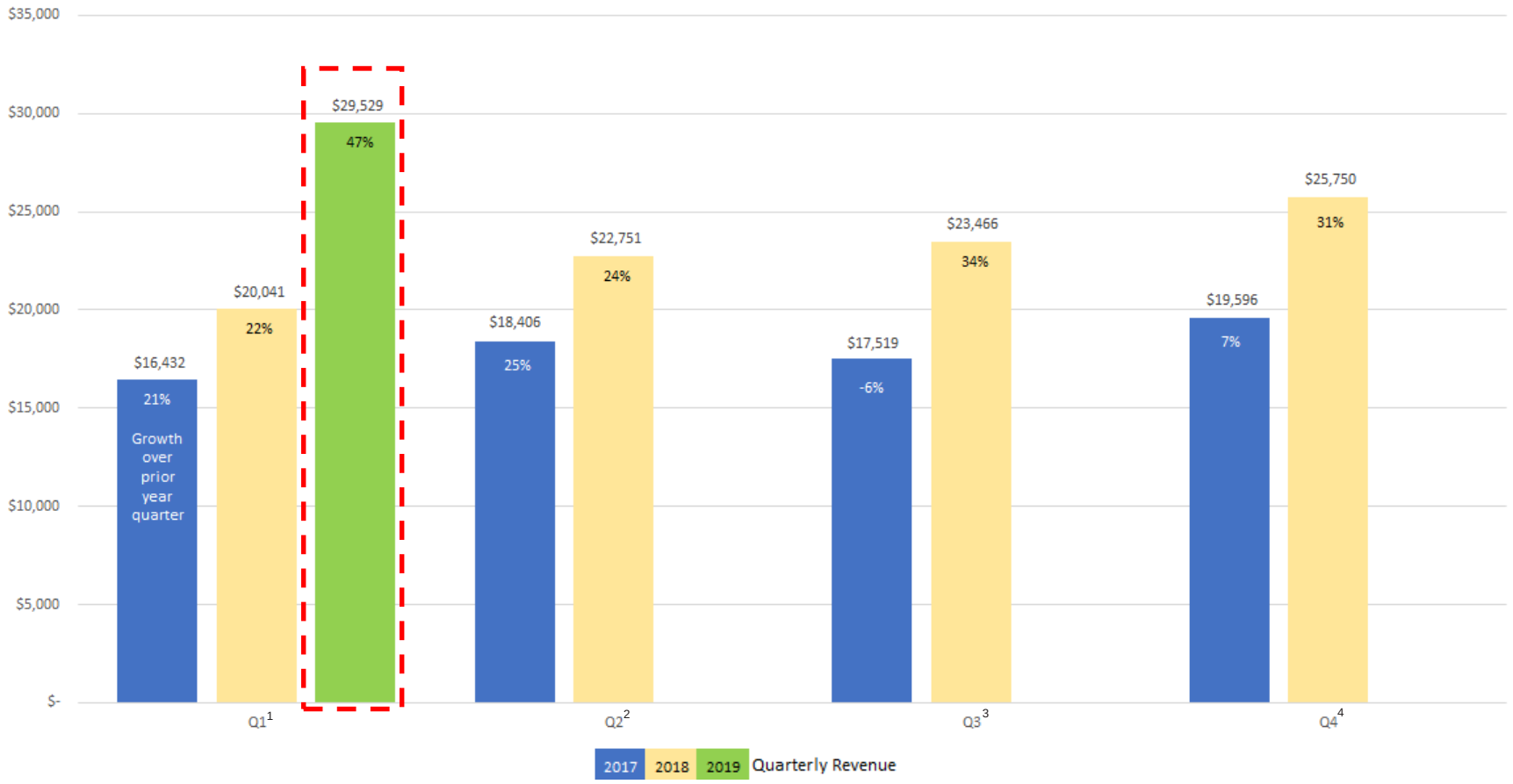
Benchmark		Revenue	Genomic Volume	Gross Margin	Operating Expenses (Excludes Cost of Revenue)	Net Loss	Cash Flow From Operations
+Variance -Variance	+Variance -Variance						
Actual Q1 2019		$29,529	9,162	71%	$23,083	-$1,917	-$1,011
Prior Year		$20,041	6,864	61%	$21,129	-$9,178	-$7,413
		+$9,488	+2,298	n/a	-$1,954	+$7,261	+$6,402
		+47%	+33%	+10%	-9%	+79%	+86%
Highlights		• Product revenue +$5.3 million v.PYQ or +27% • Biopharma services revenue +$4.1 million	• Afirma 8,465 • Percepta 635 • Envisia 62	• Improvement from both selling higher margin products and moving our tests to a unified assay. • Excluding service revenue, gross margin improved 6 percentage points.	• R&D costs declined $0.2 million • S&M costs increased $0.9 million due to higher marketing direct and travel and entertainment expense • G&A costs increased $1.3 million due to higher compensation and professional fees		• Improvement in net loss partially offset by changes in net working capital

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

1 – Key performance indicators (“KPIs”)

Revenue

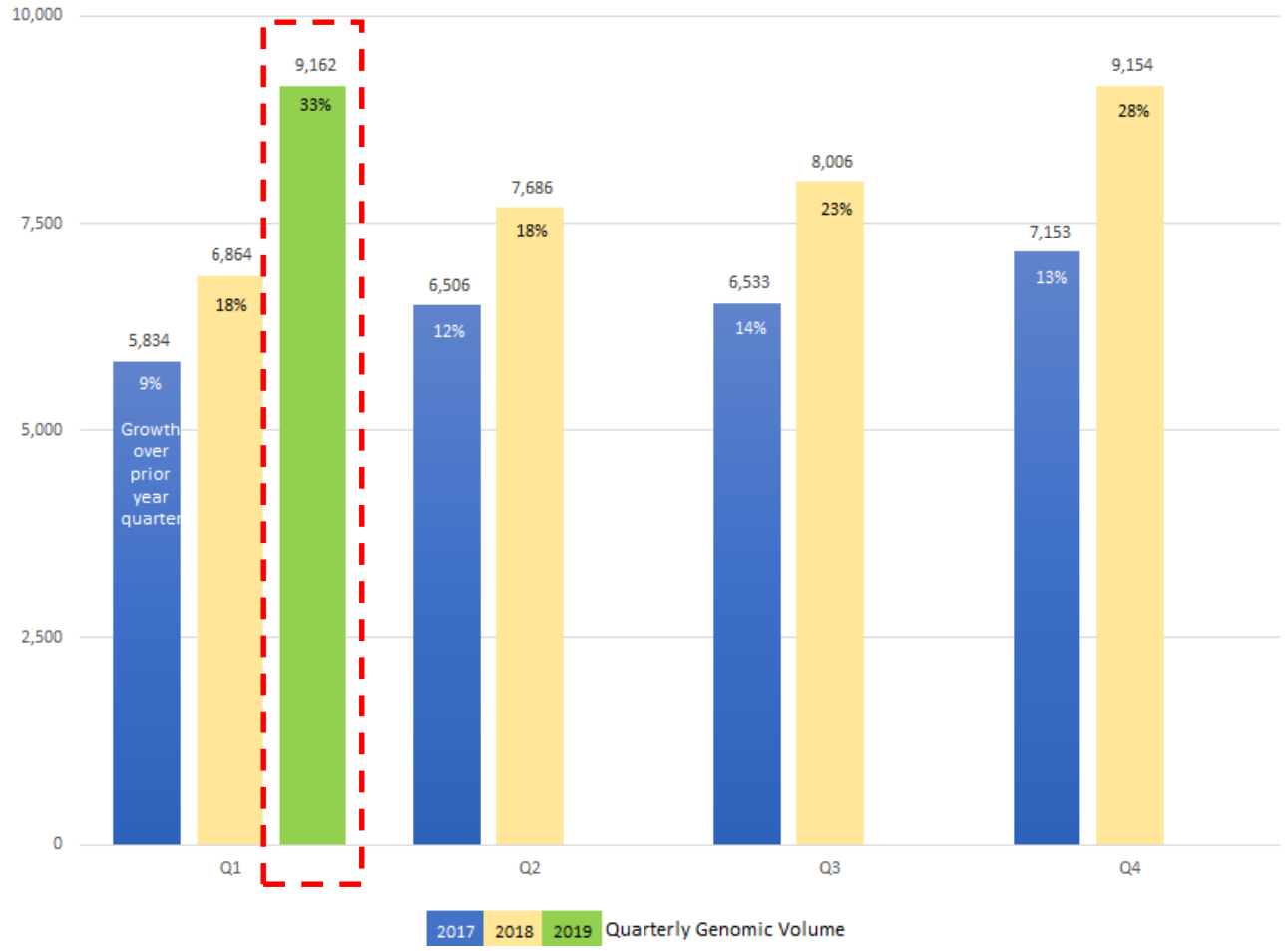
Year-Over-Year Quarterly Revenue



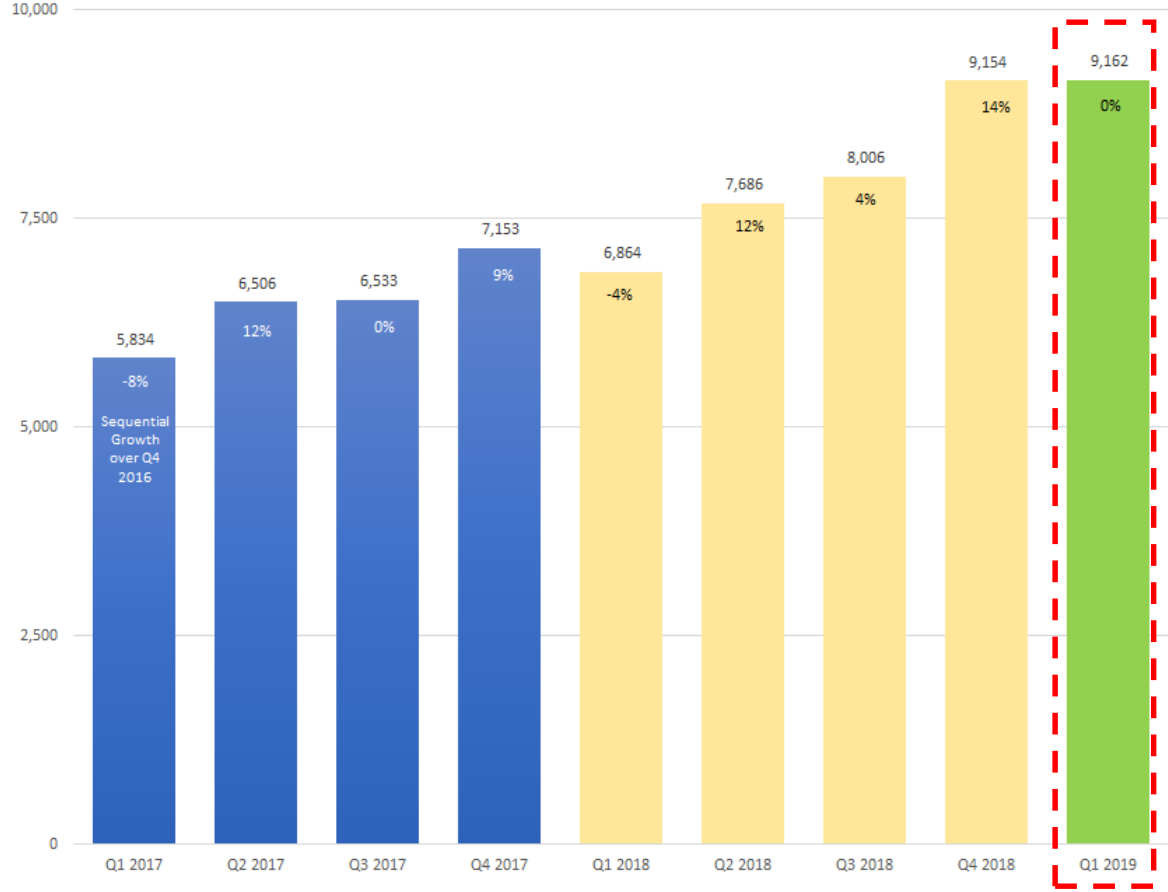
1 – As a result of the related cash collections being higher than previously estimated and cash collection trends, the Company updated its revenue estimates and recognized an additional $0.7 million and $0.6 million of revenue for tests performed in prior periods in Q1 2018 and Q1 2019 respectively.
2 – As a result of the related cash collections being higher than previously estimated and cash collection trends, the Company updated its revenue estimates and recognized an additional $1.0 million and $0.5 million of revenue for tests performed in prior periods in Q2 2017 and Q2 2018 respectively.
3 – As a result of the related cash collections being higher than previously estimated and cash collection trends, the Company updated its revenue estimates and recognized an additional $0.5 million of revenue for tests performed in prior periods in Q3 2018.
4 – As a result of the related cash collections being higher than previously estimated and cash collection trends, the Company updated its revenue estimates and recognized an additional $0.3 million of revenue for tests performed in prior periods in Q4 2018.

Genomic Volume[1]

Year-Over-Year

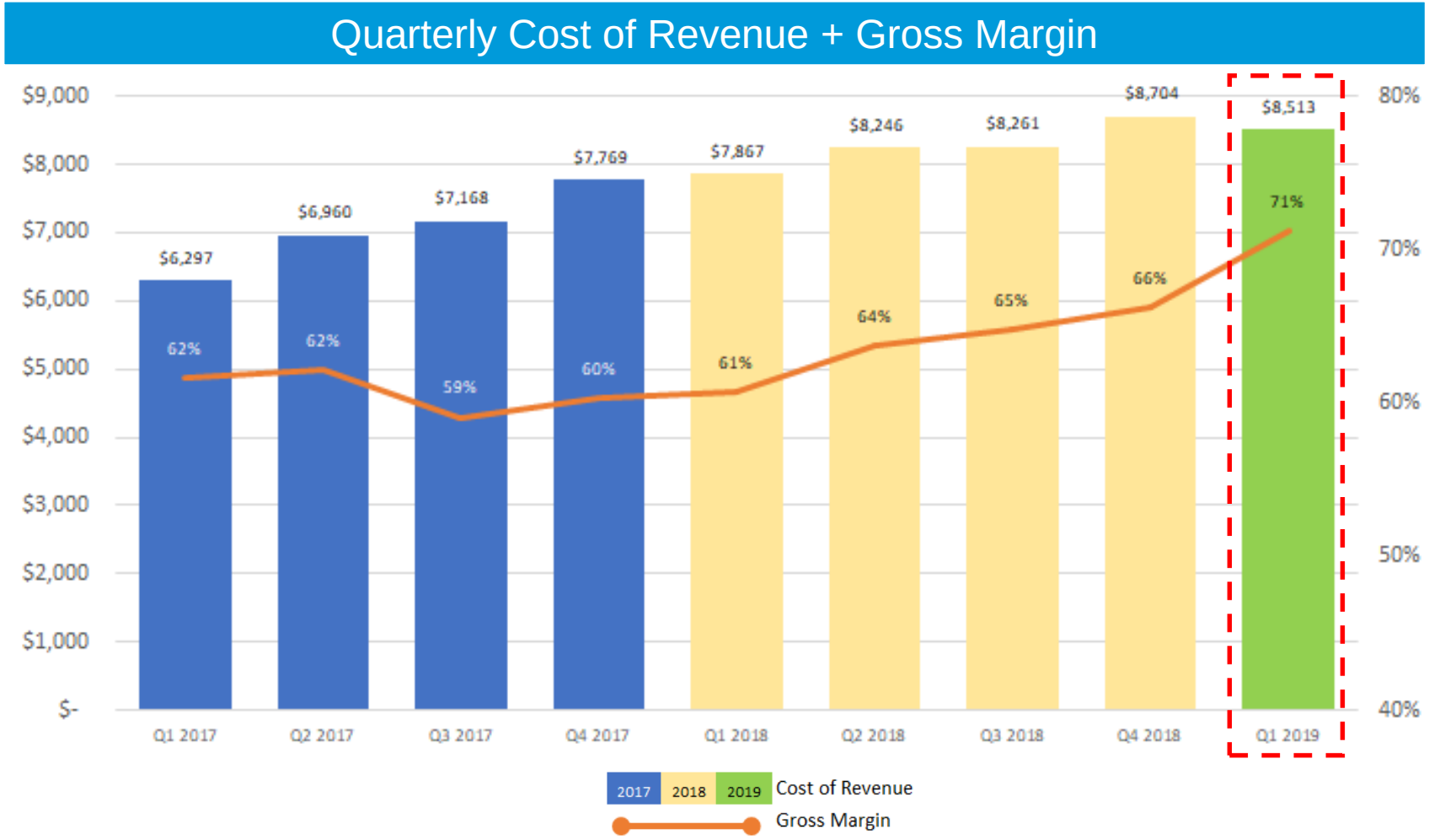


Sequential



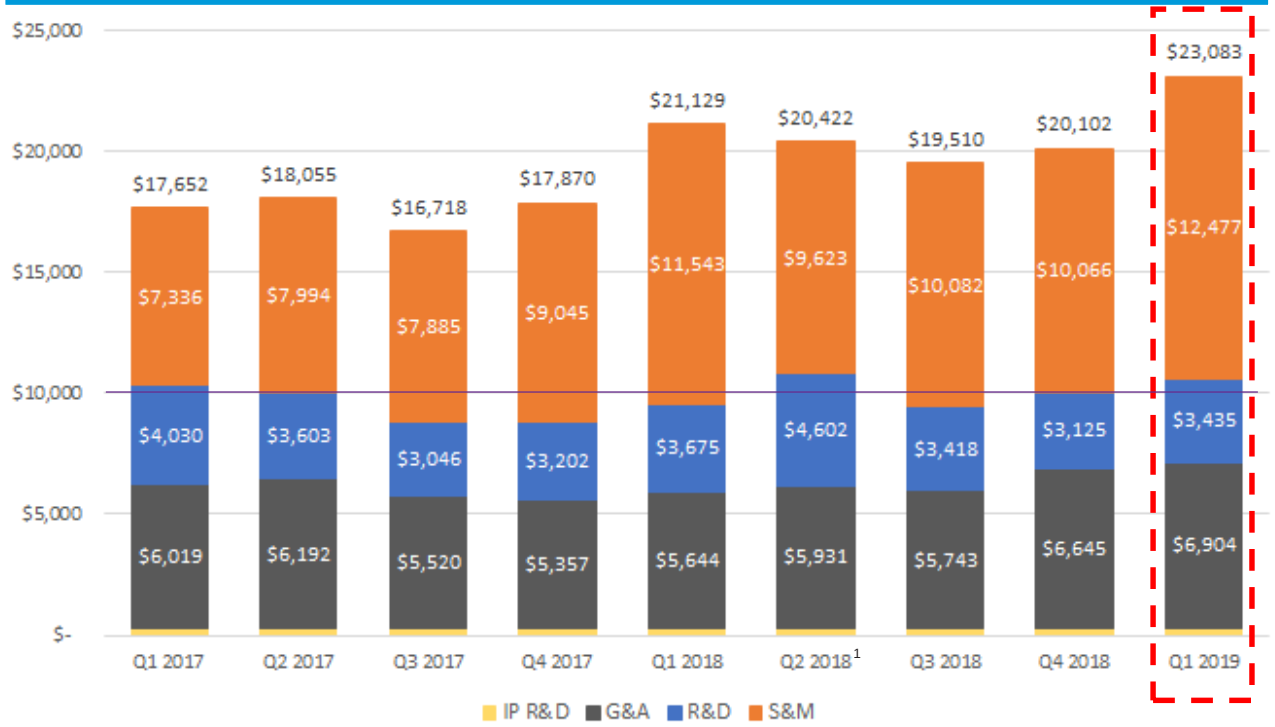
1 – Includes Afirma GEC / GSC, Percepta and Envisia reported genomic volume only.

Cost of Revenue + Gross Margin



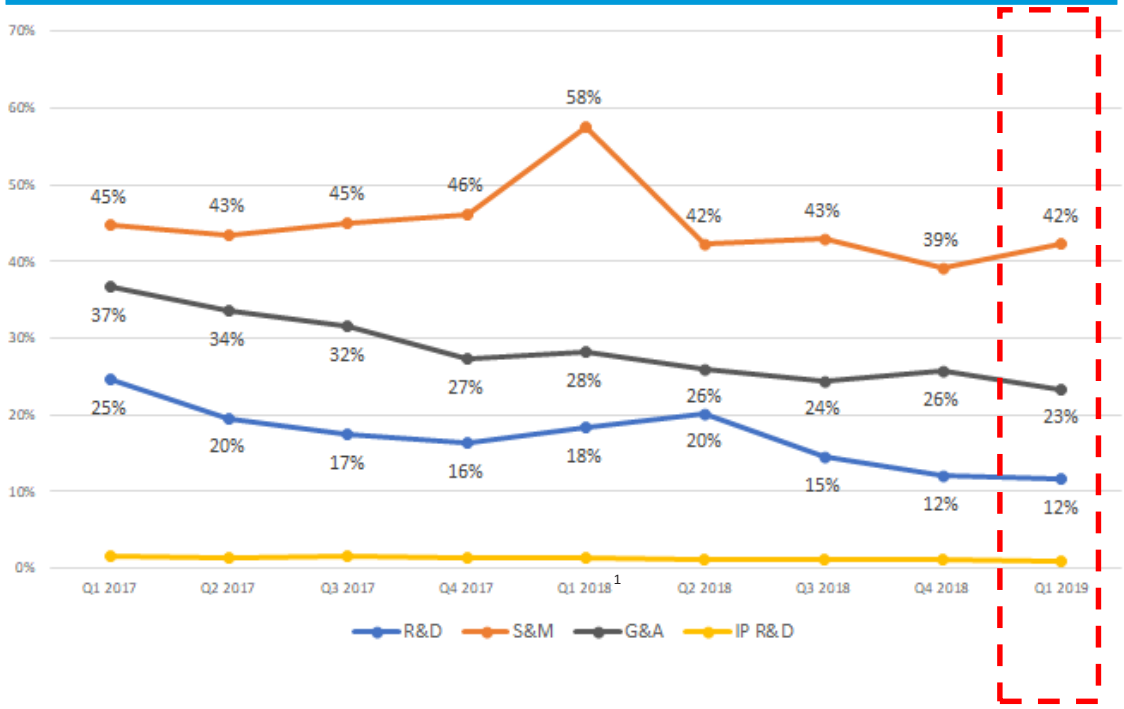
Operating Expenses

Operating Expenses



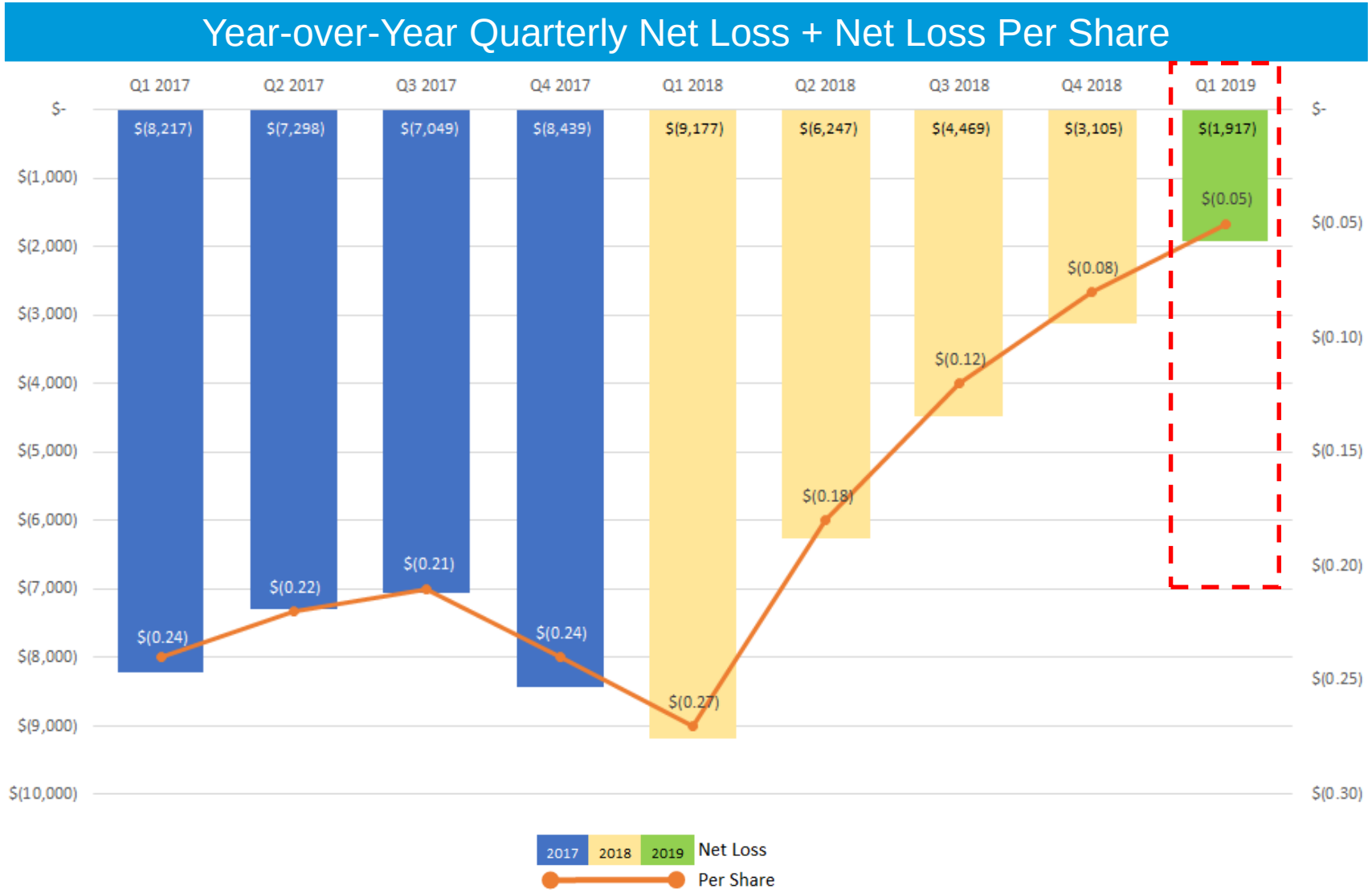
1 – Includes incremental one-time sequencing costs to advance field-of-injury research.

% of Revenue

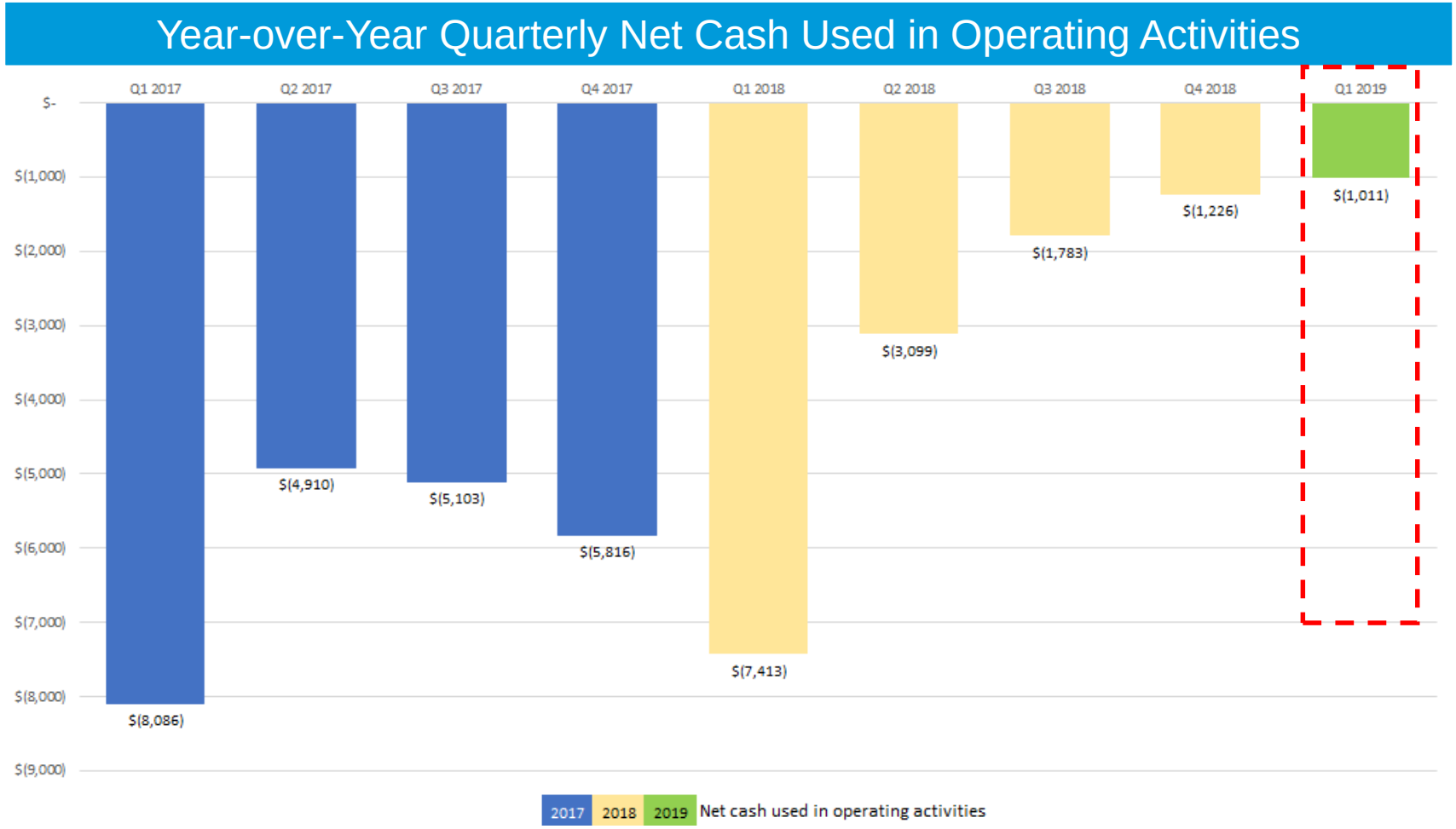


1 – S&M compensation expense increased $3.6 million in Q1 2018 compared to the same period in 2017, principally due to increased sales compensation as we continue to build out our multi-product sales force. Our average field-sales headcount increased 46% over the prior year from 48 people to 70 people.

Net Loss

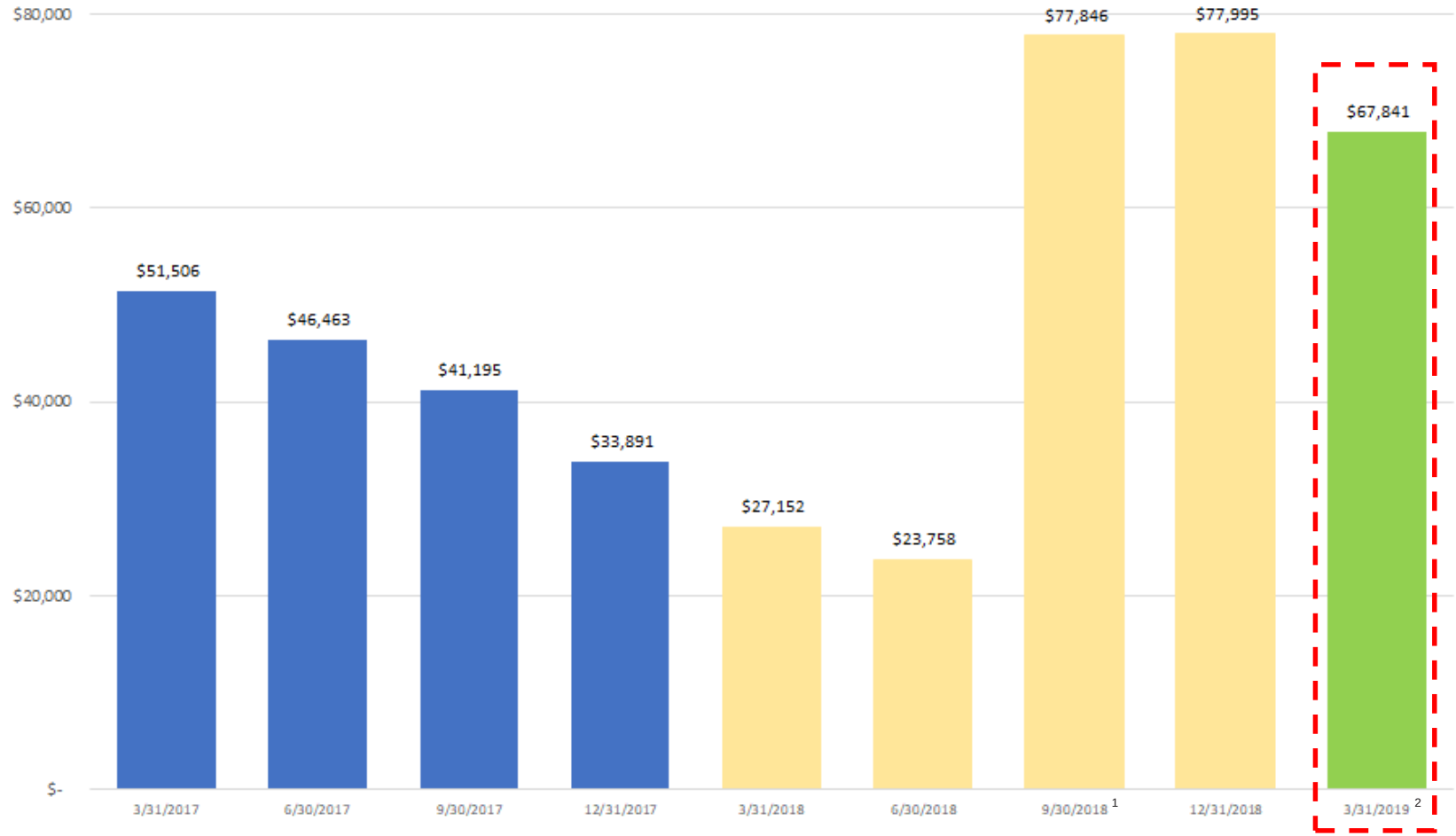

Year-over-Year Quarterly Net Loss + Net Loss Per Share
Q1 2017
Q2 2017
Q3 2017
Q4 2017
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019
$-
$(1,000)
$(2,000)
$(3,000)
$(4,000)
$(5,000)
$(6,000)
$(7,000)
$(8,000)
$(9,000)
$(10,000)
$(8,217)
$(7,298)
$(7,049)
$(8,439)
$(9,177)
$(6,247)
$(4,469)
$(3,105)
$(1,917)
$(0.24)
$(0.22)
$(0.21)
$(0.24)
$(0.27)
$(0.18)
$(0.12)
$(0.08)
$(0.05)
$-
$(0.05)
$(0.10)
$(0.15)
$(0.20)
$(0.25)
$(0.30)
2017
2018
2019
Net Loss
Per Share

Net Cash Used in Operating Activities



Cash

Cash Balance

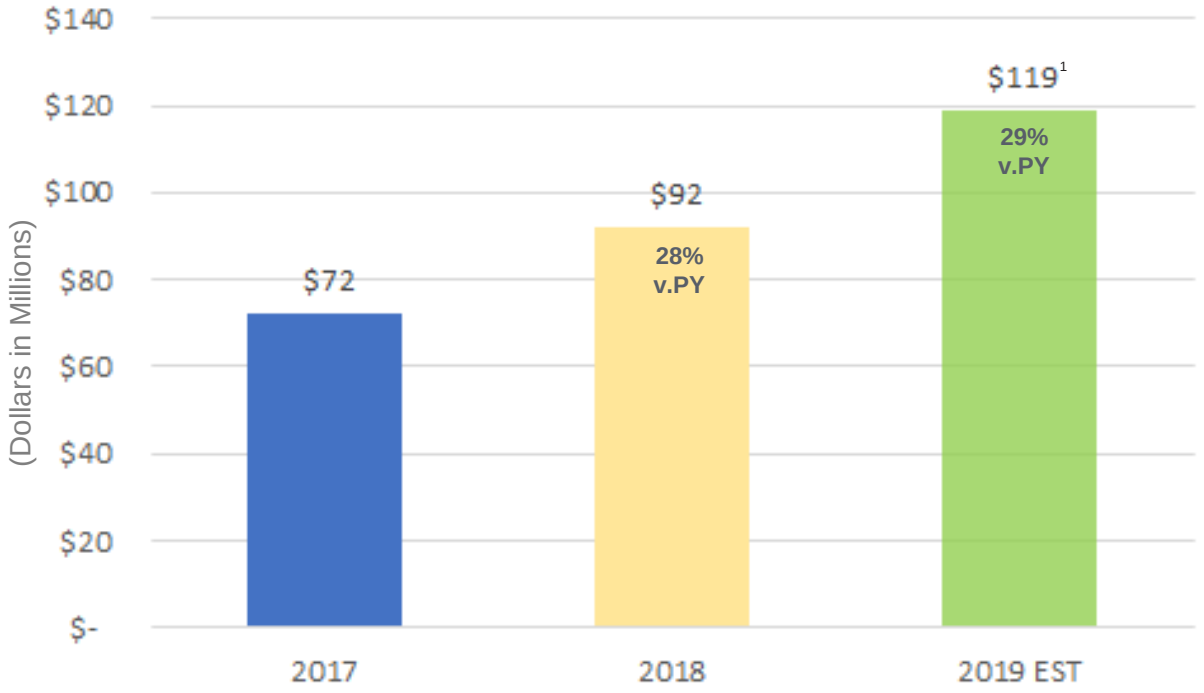


1 – In July 2018, the Company completed a public offering of 5.8 million shares of its common stock, raising $55.0 million in net cash proceeds.

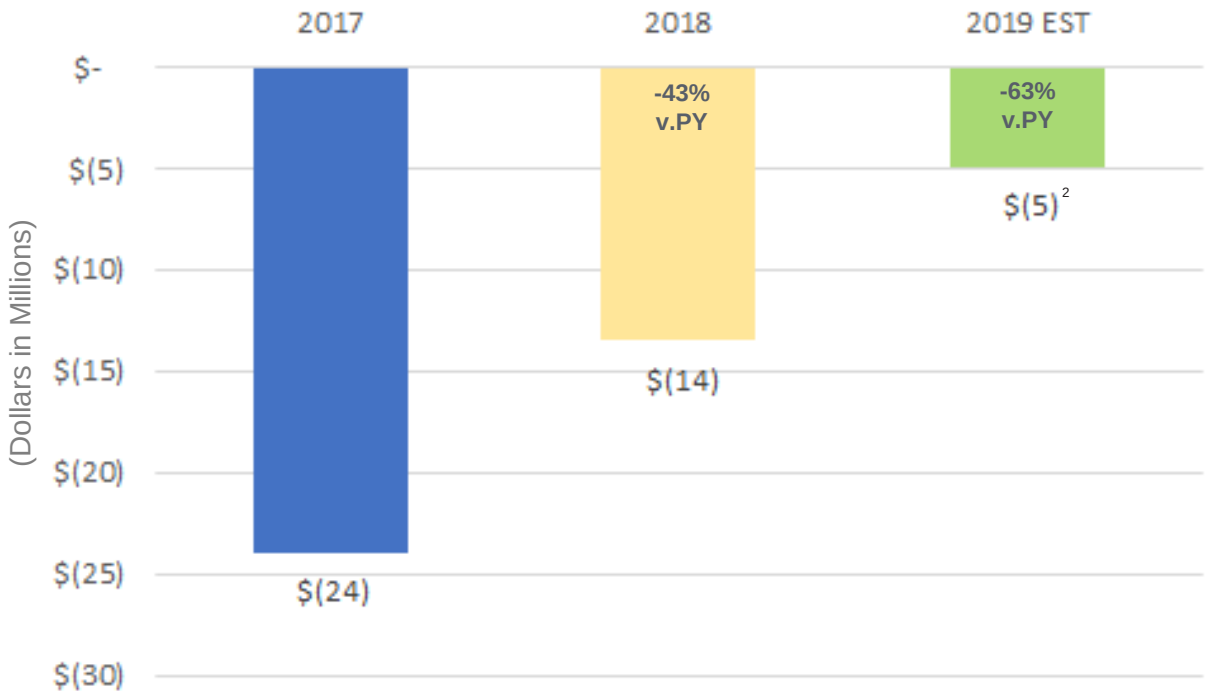
2 – In January 2019, the Company paid down $12.5 million in long term debt.

2019 Guidance

Revenue



Net Cash Used In Operating Activities



1 – Midpoint of 2019 revenue guidance range of $117-121 million as of April 30, 2019

2 – Midpoint of 2019 net cash used in operating activities guidance range of $4-6 million as of April 30, 2019