Fourth Quarter and Full Year 2019 Performance

Investor Financial Presentation

February 25, 2020

Forward-Looking Statements

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.

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, statements we make regarding Veracyte's expectations regarding full-year 2020 total revenue and net cash used in operating activities, the expected impacts of the acquisition from NanoString on us, including our ability to expand our platform globally, our ability to increase the efficiency of our advanced genomic testing, and our plans to transfer our current and pipeline genomic tests onto the nCounter system; our ability to advance the development and commercialization of novel diagnostic tests under the collaboration with Johnson & Johnson; our ability to achieve the expected benefits from the Acerta collaboration; and our ability to potentially inform diagnosis and treatment decisions in new oncology indications. 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 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 annual report on Form 10-K for the year ended December 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.

New Items

NEW Reporting – Due to U.S. GAAP requirements, Company now breaking-down service lines into the following categories:

SEC Line Item	Business Discussion	Description	U.S. GAAP	Revenue	Cost of Revenue
1) Testing [1]	**Testing + Product [4]**	**Centralized CLIA testing** (includes Afirma, Percepta, Envisia, Cytology, etc.)	ASC 606	Yes	Yes
2) Product [2]		**Distributed diagnostic testing** (includes Prosigna tests, nCounter FLEX Systems, etc.)	ASC 606	Yes	Yes
3) Biopharmaceutical [3]	**Biopharma + Collaborations [5]** (Includes transactions with Johnson and Johnson Services, Loxo Oncology, etc.)	**Biopharma services** (includes sale of services / data, fixed consideration, etc.)	ASC 606 or Analogy	Yes	Currently none
4) Collaboration [3]		**Collaboration services** (includes contingent / variable consideration, milestones, etc.)	ASC 808	Yes	Currently none

Footnotes – Please see disclosures in Forms 10-Q and 10-K.

1. The Company commenced recognizing **Testing** revenue in accordance with the provisions of ASC 606 ("Revenue from Contracts with Customers")("ASC 606") starting January 1, 2018. Prior to January 1, 2018, the Company recognized testing revenue in accordance with the provisions of ASC 954-605 ("Health Care Entities – Revenue Recognition")("ASC 954"). These services are completed upon the delivery of test results to the prescribing physician. The Company recognizes revenue related to billings based on estimates of the amount that will ultimately be realized.

2. In December 2019, the Company announced the acquisition of the exclusive global diagnostic license to the nCounter® platform for diagnostic use, as well as the acquisition of NanoString's Prosigna® breast cancer prognostic test and in-development LymphMark™ lymphoma subtyping assay. The Company began recognizing **Product** revenue in December 2019 for all distributed diagnostics tests, equipment and other services. The Company recognizes product revenue when control of the promised goods or services is transferred to its customers, in an amount that reflects the consideration expected to be received in exchange for those products or services. When the applicable revenue recognition standard is met, we plan to report all distributed diagnostic tests, equipment and other services as product revenue.

3. From time to time, the Company enters into arrangements with for research and development and/or commercialization services. The underlying terms generally provide for consideration to the Company in the form of non-refundable upfront license fees, development and commercial performance milestone payments, and/or profit sharing. We allocate consideration to each distinct performance obligation and recognize revenue when control of the related goods is transferred or services are performed. Consideration associated with at-risk substantive performance milestones is recognized as revenue when it is probable that a significant reversal of the cumulative revenue recognized will not occur. The Company adopted ASU No. 2018-18, *Collaborative Arrangements (Topic 808 or* ASC 808), in 2019. A collaborative arrangement within the scope of ASC 808 may be partially within the scope of other U.S. GAAP standards, such as ASC 606. Under ASU 2018-18, transactions in collaborative arrangements are to be accounted for under ASC 606 if the counterparty is a customer for a good or service (or bundle of goods and services) that is a distinct unit of account. Under ASU 2018-18, we are precluded from presenting consideration from transactions with a counterparty that is not a customer together with revenue recognized under ASC 606.

4. In this presentation and in our public statements, we may combine **Testing + Product** revenue when discussing testing services intended for physicians and patients, regardless of whether the test is run in our laboratory, including cytopathology services, or a customer's laboratory.

5. In this presentation and in our public statements, we may combine **Biopharmaceutical + Collaboration** revenue when discussing revenue from biopharmaceutical arrangements.

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

KPIs[1] vs Prior Year – 2019

Benchmark		Revenue		Gross Margin		Operating Expenses (Excludes Cost of Revenue)		Net Loss		Cash Flow From Operations		Genomic Volume (Testing Services)[2]	
+ PY Variance - PY Variance	+ PY Variance - PY Variance												
Q1 2019 Actuals		$29,529		71%		$23,082		-$1,917		-$1,011		9,162	
		+$9,488	+47%	n/a	+10%	-$1,953	-9%	+$7,261	+79%	+$6,403	+86%	+2,298	+33%
Q2 2019 Actuals		$30,136		71%		$24,461		-$2,494		-$2,455		9,663	
		+$7,385	+32%	n/a	+7%	-$4,039	-20%	+$3,753	+60%	+$643	+21%	+1,977	+26%
Q3 2019 Actuals		$30,973		71%		$23,621		-$729		-$1,556		9,941	
		+$7,507	+32%	n/a	+6%	-$4,111	-21%	+$3,739	+84%	+$226	+13%	+1,935	+24%
Q4 2019 Actuals		$29,730		66%		$27,809		-$7,458		$1,790		10,846	
		+$3,980	+15%	n/a	flat	-$7,706	-38%	-$4,353	-140%	+$3,017	+246%	+1,692	+18%
2019 Actuals		$120,368		70%		$98,972		-$12,598		-$3,232		39,612	
		+$28,360	+31%	n/a	+6%	-$17,809	-22%	+$10,401	+45%	+$10,288	+76%	+7,902	+25%

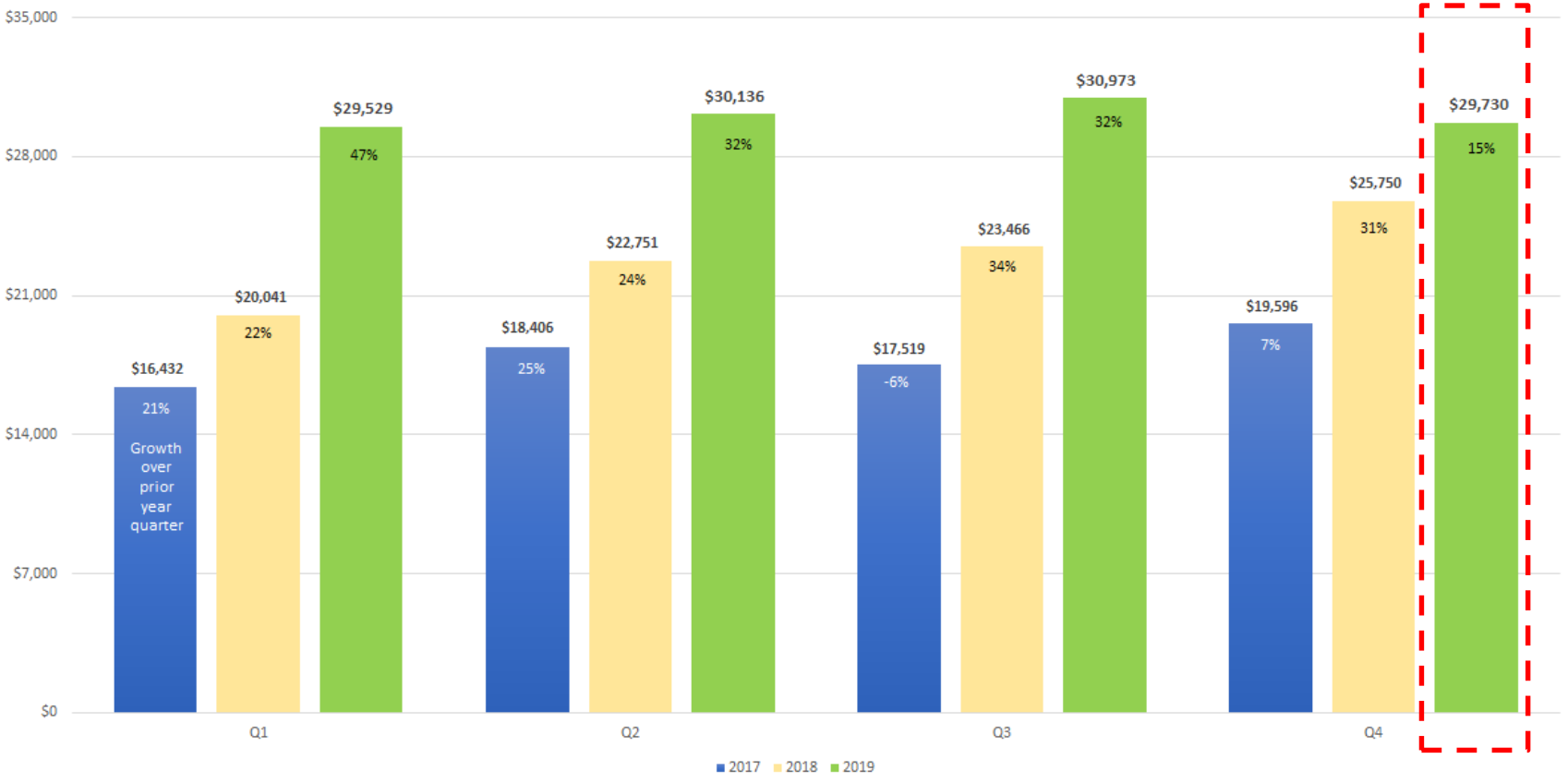
1 – Key performance indicators (“KPIs”)
2 – Includes combined Afirma, Percepta and Envisia reported genomic test volume for CLIA-based laboratory testing. Excludes clinical and registry CLIA-based testing volume, as well as product volumes.

Revenue vs Prior Year – 2019

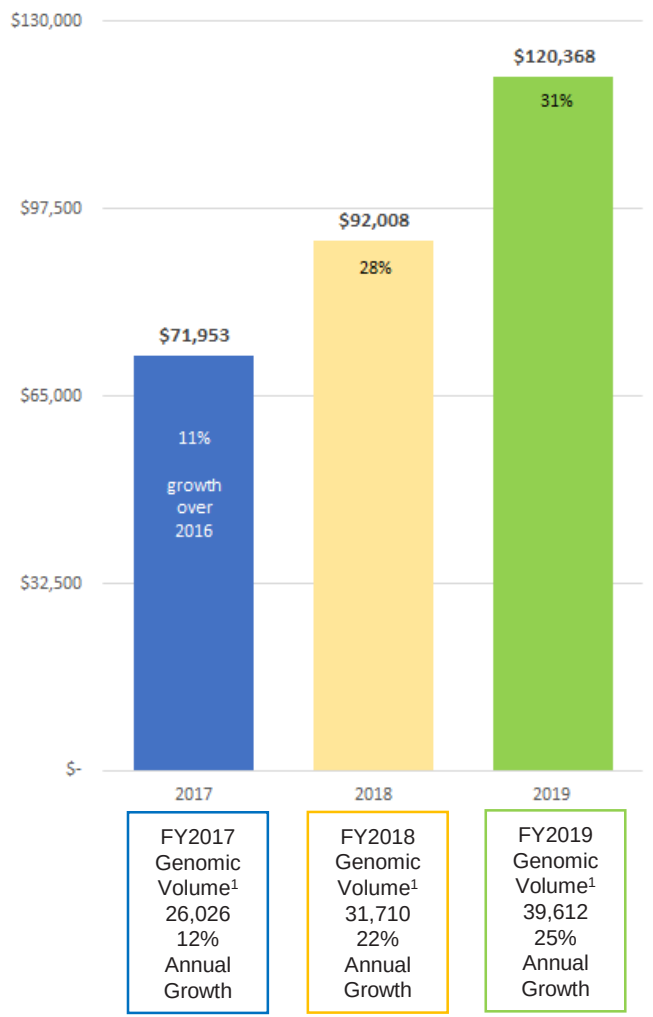
Benchmark		Testing		Product		Testing + Product Revenue		Biopharma		Collaboration		Biopharma + Collaboration Revenue		Total Revenue	
+ PY Variance	+ PY Variance														
- PY Variance	- PY Variance														
Q1 2019 Actuals		$25,389		$0		$25,389		$4,140		$0		$4,140		$29,529	
		+$5,348	+27%	+$0	0%	+$5,348	+27%	+$4,140	n/a	+$0	n/a	+$4,140	n/a	+$9,488	+47%
Q2 2019 Actuals		$26,686		$0		$26,686		$1,450		$2,000		$3,450		$30,136	
		+$4,385	+20%	+$0	0%	+$4,385	+20%	+$1,000	+222%	+$2,000	n/a	+$3,000	+667%	+$7,385	+32%
Q3 2019 Actuals		$26,723		$0		$26,723		$2,250		$2,000		$4,250		$30,973	
		+$3,507	+15%	+$0	0%	+$3,507	+15%	+$2,000	+800%	+$2,000	n/a	+$4,000	+1,600%	+$7,507	+32%
Q4 2019 Actuals		$28,557		$923		$29,480		$250		$0		$250		$29,730	
		+$3,057	+12%	+$923	n/a	+$3,980	+16%	+$0	+0%	+$0	n/a	+$0	+0%	+$3,980	+15%
2019 Actuals		$107,355		$923		$108,278		$8,090		$4,000		$12,090		$120,368	
		+$16,297	+18%	+$923	n/a	+$17,220	+19%	+$7,140	+752%	+$4,000	n/a	+$11,140	+1,173%	+$28,360	+31%

Revenue

Year-over-Year Quarterly Total Revenue



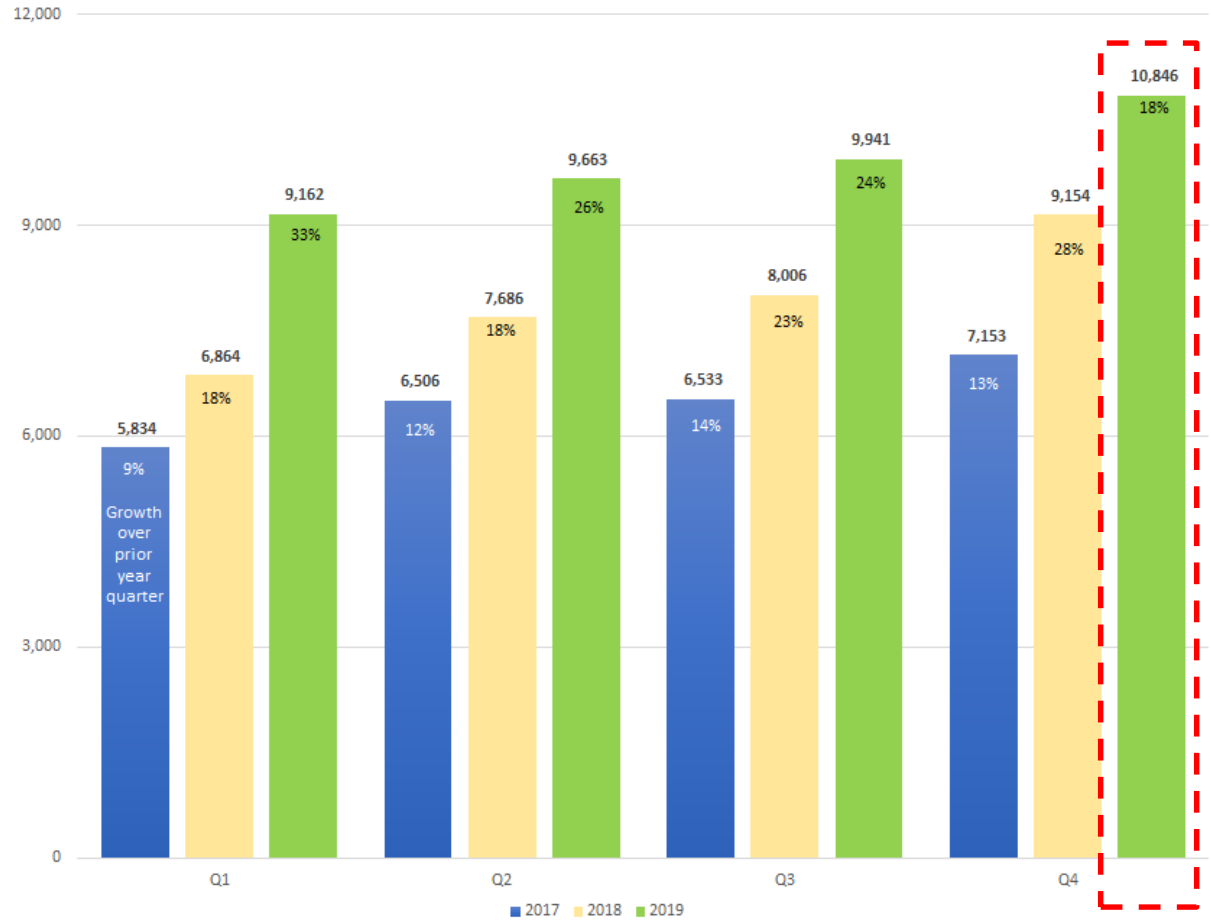
Annual Total Revenue



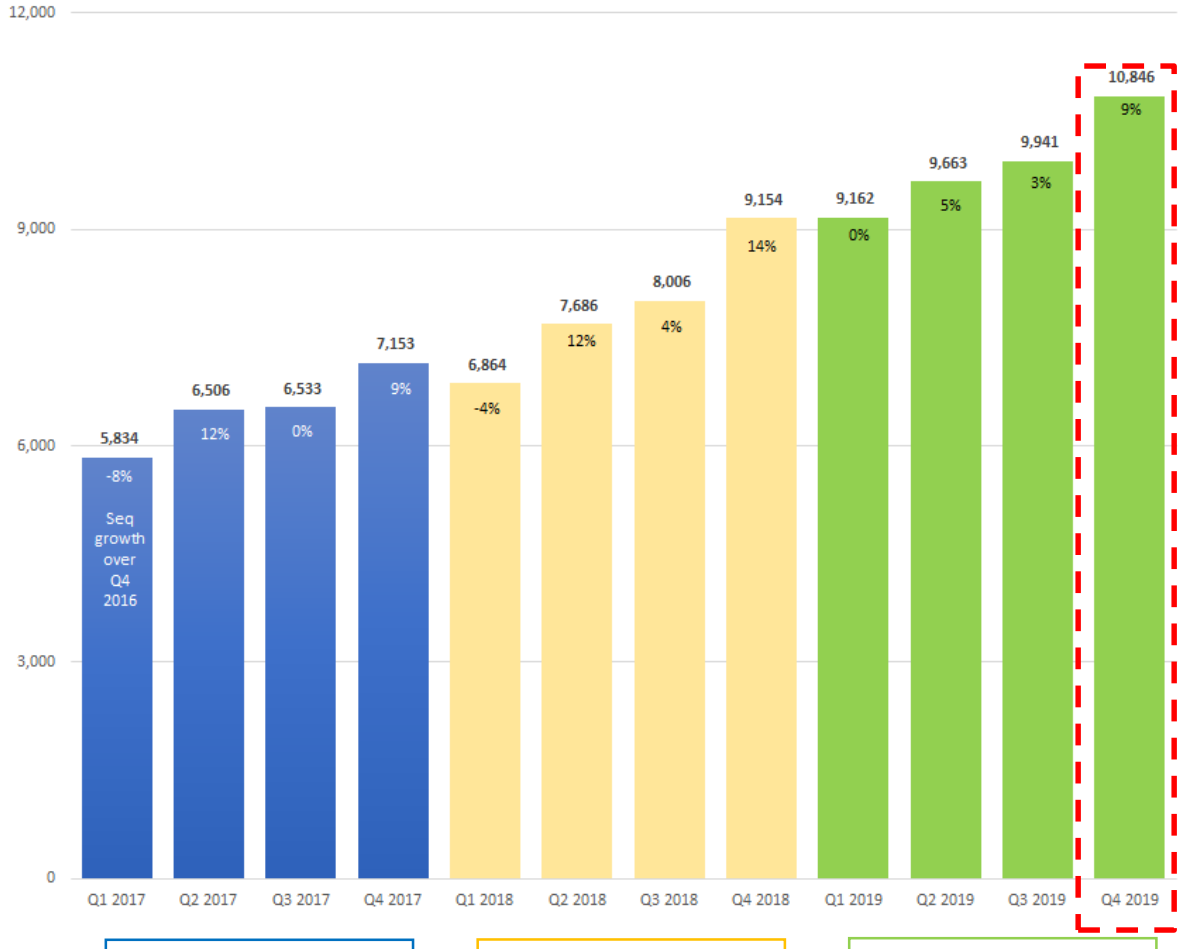
1 – Includes combined Afirma, Percepta and Envisia reported genomic test volume for CLIA-based laboratory testing. Excludes clinical and registry CLIA-based testing volume, as well as product volumes.

Genomic Volume (Testing Services)[1]

Year-Over-Year



Sequential



FY2017
Genomic Volume 26,026
12% Annual Growth

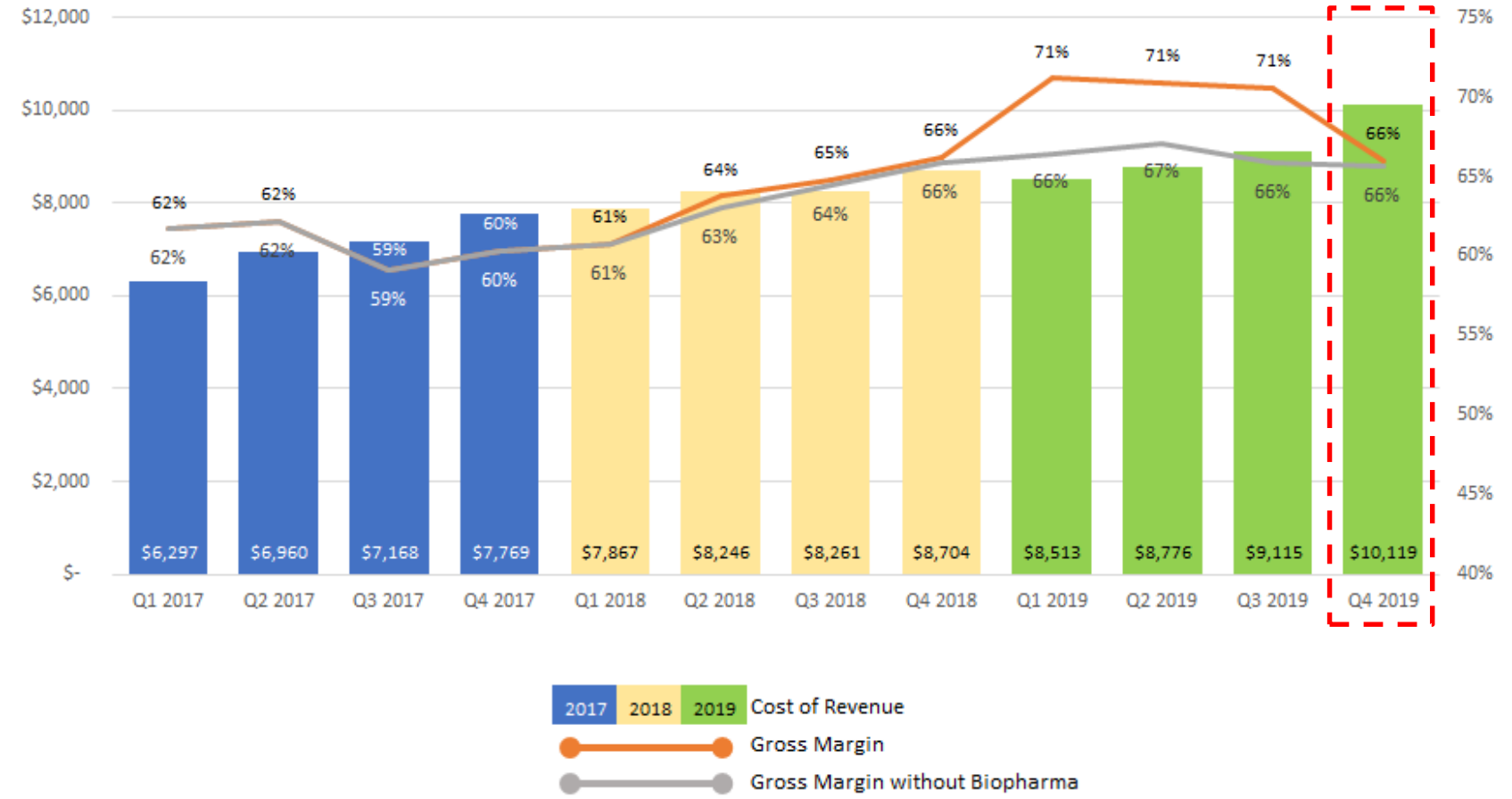
FY2018
Genomic Volume 31,710
22% Annual Growth

FY2019
Genomic Volume 39,612
25% Annual Growth

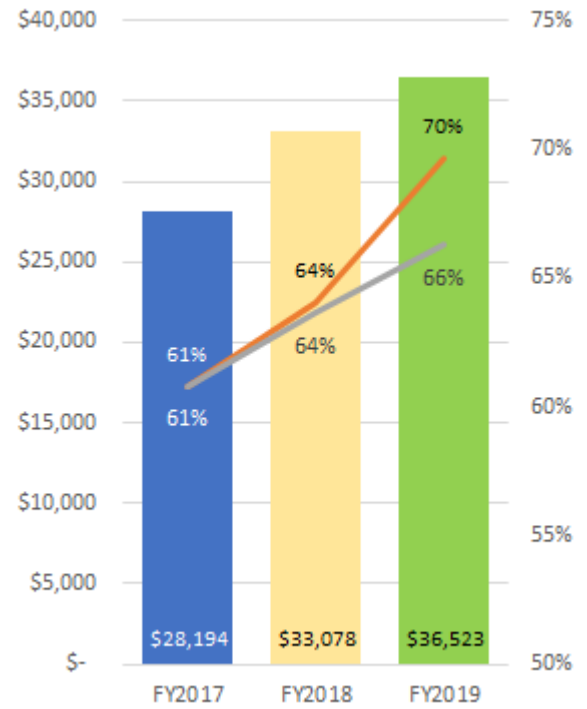
1 – Includes combined Afirma, Percepta and Envisia reported genomic test volume for CLIA-based laboratory testing. Excludes clinical and registry CLIA-based testing volume, as well as product volumes.

Cost of Revenue + Gross Margin

Quarterly Cost of Revenue + Gross Margin

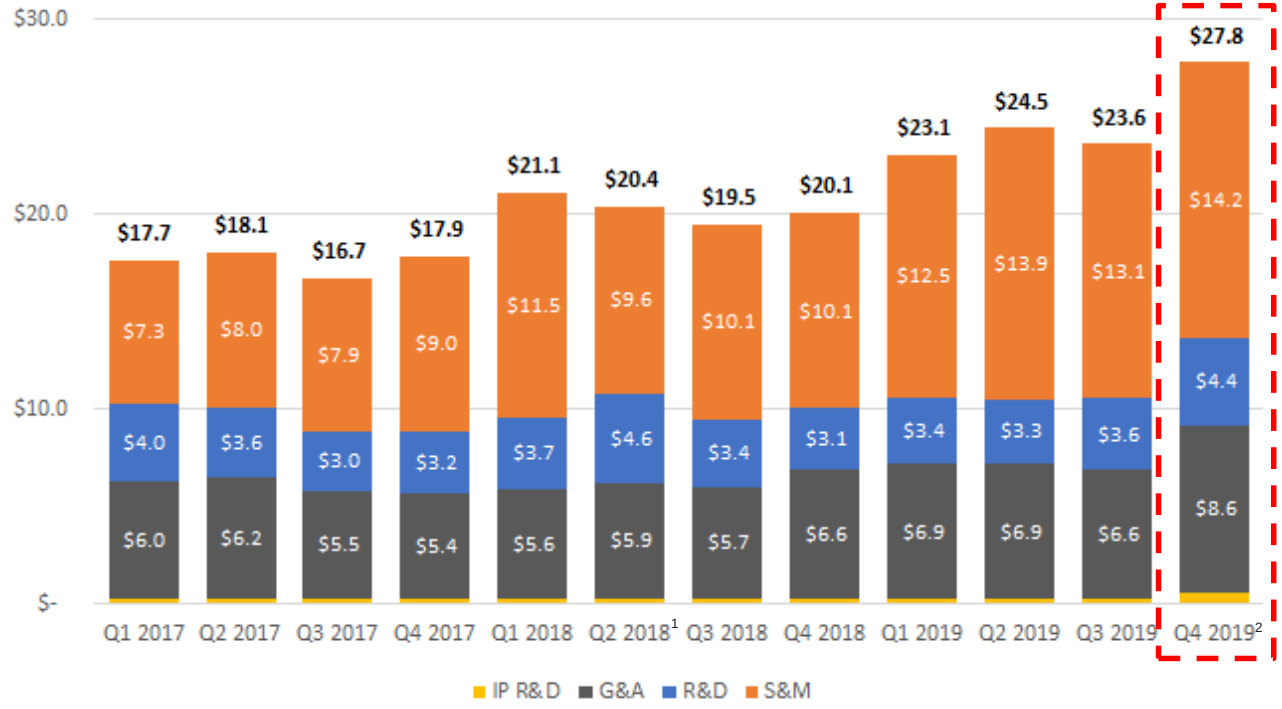


Annual

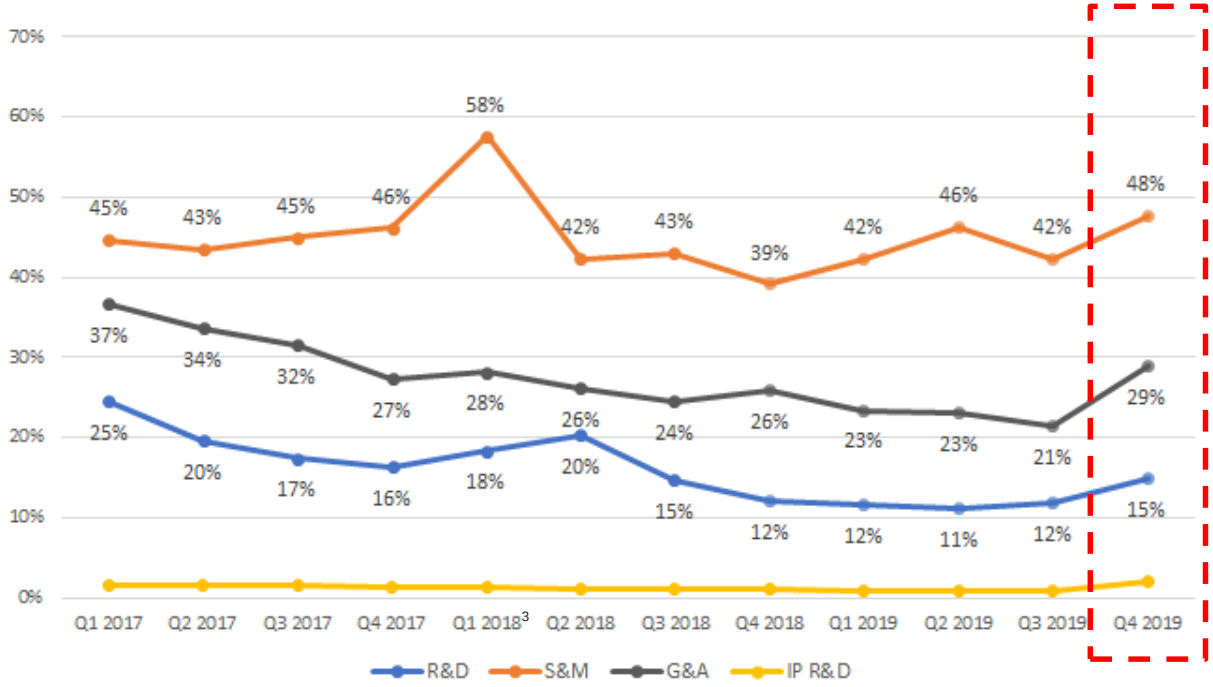


Operating Expenses

Operating Expenses



% of Revenue

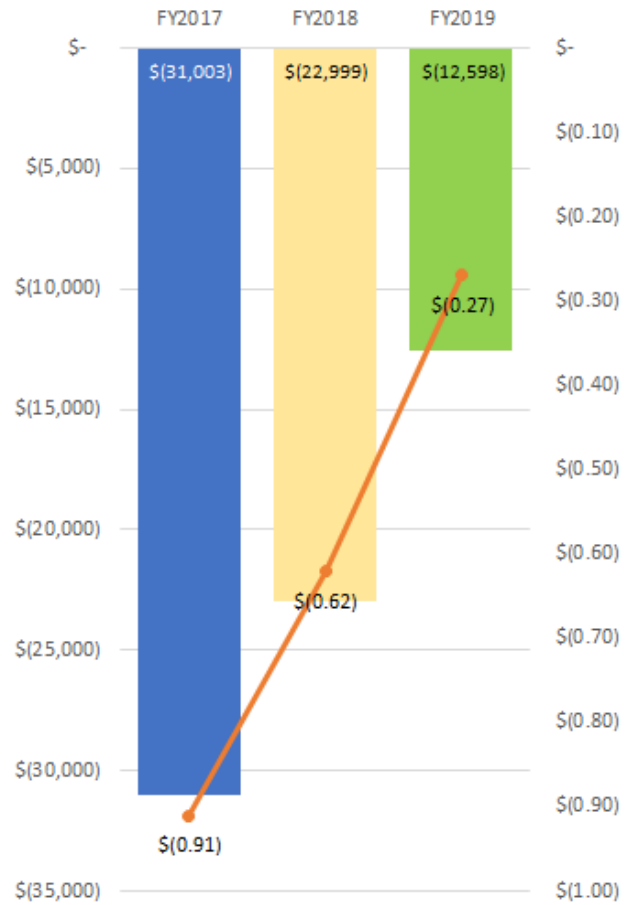


1 – Includes incremental one-time sequencing costs to advance field-of-injury research.
2 – G&A Includes $1.5 million in transaction costs for the NanoString acquisition.
3 – S&M compensation expense increased $3.6 million in Q1 2018 compared to the same period in 2017, principally due to increased sales 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

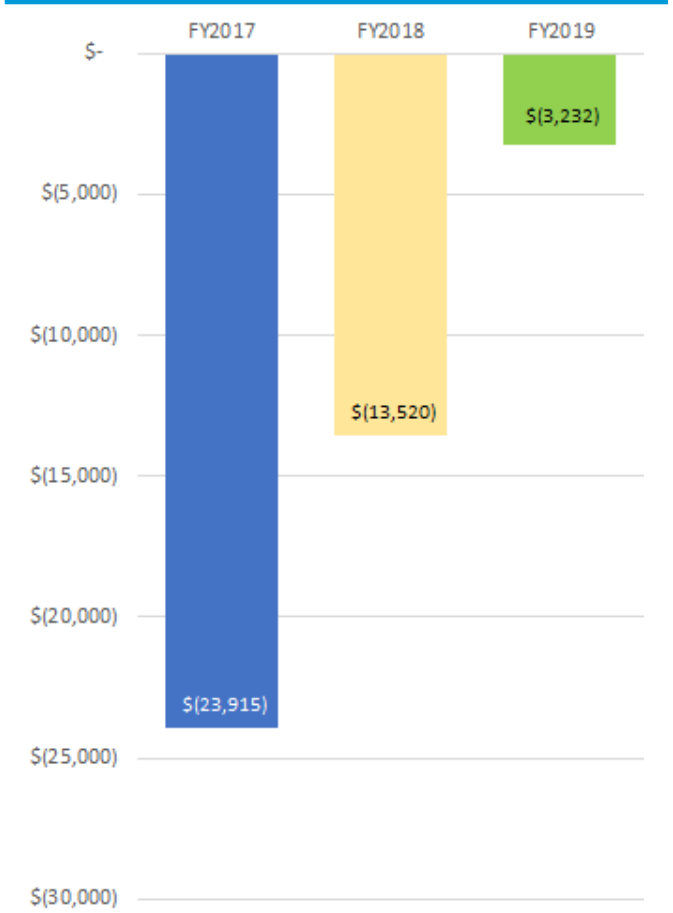
Annual Net Loss + Per Share



Cash Flow From Operations

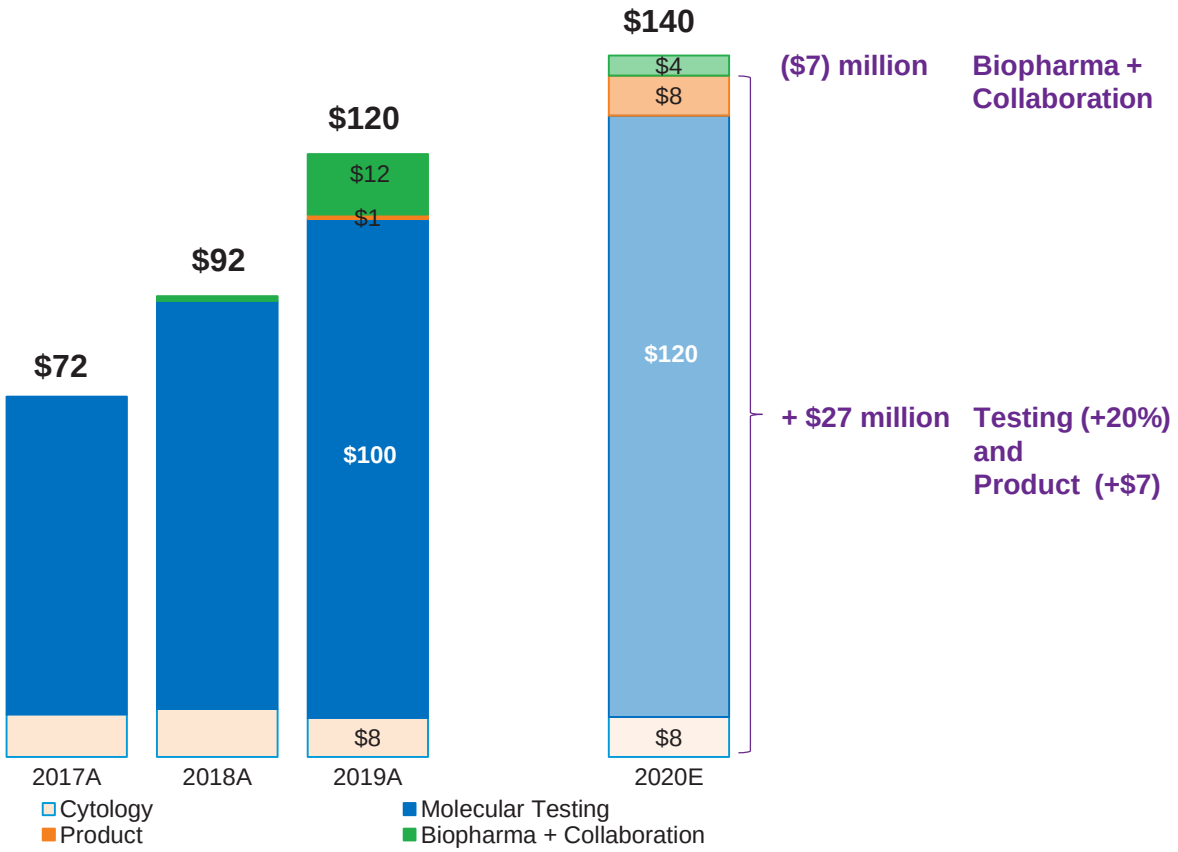
Quarterly CFFO

Annual CFFO

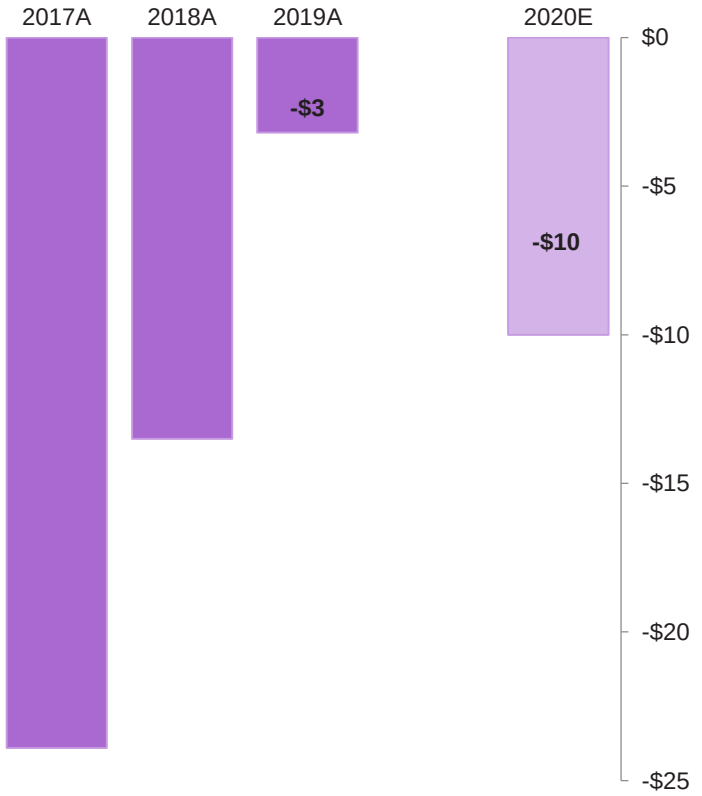


Guidance

Revenue[1]



Cash Used in Operating Activities[2]



2020 Investment to support global strategy and commercial strategy

Expect to increase our investment in **Sales & Marketing** to $17-19 million per quarter and our **combined R&D and G&A** spend to stay within a million-dollar band around the quarterly average spend of approximately $13 million.

1 – Midpoint of 2020 revenue guidance range of $138-142 million as of February 25, 2020. "Molecular Testing" represents revenue recognized for molecular test reports generated by the Company's CLIA laboratory and excludes cytopathology services, which is shown separately.

2 – Midpoint of 2020 net cash used in operating activities guidance range of $8-12 million as of February 25, 2020

Catalysts to drive continued momentum through 2021

	Product & Testing Revenue	Collaboration Revenue	Evidence Development	Pipeline Advancement / Menu Expansion
2020	• Afirma GSC and XA volume growth • Double Pulmonology genomic test volume	• Loxo/Lilly Thyroid Cancer • Acerta Pharma / Astra Zeneca Lymphoma	• Envisia publications/ abstracts/presentations • Percepta publications/ abstracts/presentations • Prosigna publications/ abstracts/presentations	• Afirma XA enhancements • Nasal swab data • NOBLE trial initiation • LymphMark advances
2021	• Guideline inclusion (pulmonology) • Reimbursement Expansion (pulmonology)	• Johnson & Johnson nasal swab lung cancer • Loxo/Lilly Thyroid Cancer • Acerta Pharma / Astra Zeneca Lymphoma	• Nasal swab pivotal clinical validation • Envisia nCounter data	• Nasal Swab US Launch • Envisia nCounter Launch • Percepta Atlas Launch