

# Strategic Transaction Positions Veracyte to Become a Premier Global Diagnostics Company

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December 3, 2019

# 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.

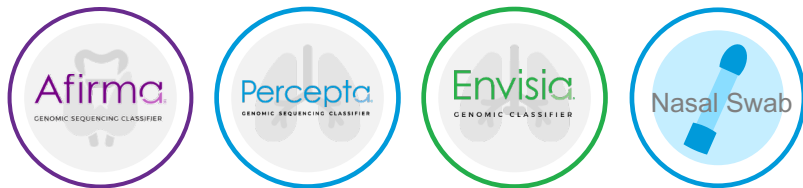
Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "expect," "believe," "should," "may," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding the asset acquisition from NanoString Technologies, Inc.; our revenue, market and operational expectations for the nCounter platform and the Prosigna and LymphMark tests; our ability to successfully integrate the acquired assets into our current business; our expectations regarding future revenues and margins, as well as our expectations regarding our year-end performance; 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 size of our addressable market; 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 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; 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2019. These forward-looking statements speak only as of the date hereof and Veracyte specifically disclaims any obligation to update these forward-looking statements.

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# Transaction Leverages Best-In-Class Capabilities



**Leader in developing &  
commercializing  
high-value genomic diagnostics**



**World-class technology & platform for  
genomic diagnostics**

nCounter® FLEX Analysis System



# What are the Components of the Transaction?

## Exclusive Global Diagnostics Rights to nCounter FLEX Analysis System

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Simultaneous multiplex testing of up to 800 RNA, DNA and protein targets

Elegantly simple, kit-enabled platform

>80% reduction in hands-on time versus sequencing



## Global Sales, Marketing & Distribution Infrastructure

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Presence in 22 countries

Hundreds of installed systems

Distribution agreements

Key personnel & expertise

Long-term supply & service agreements

## Products to Expand Oncology Indications

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**LymphMark™** Lymphoma subtyping test



# Transaction Powers Veracyte Strategic Transformation



nCounter System  
Diagnostic Assets



## Premier Global Diagnostics Company



Global Market Access



Menu Expansion &  
Pipeline Development



Enhanced Biopharma  
Partnership Capabilities



Potential for Long-term Revenue  
Growth & Margin Expansion

# Current Veracyte U.S. Test Menu



veracyte.

**CLIA LAB**

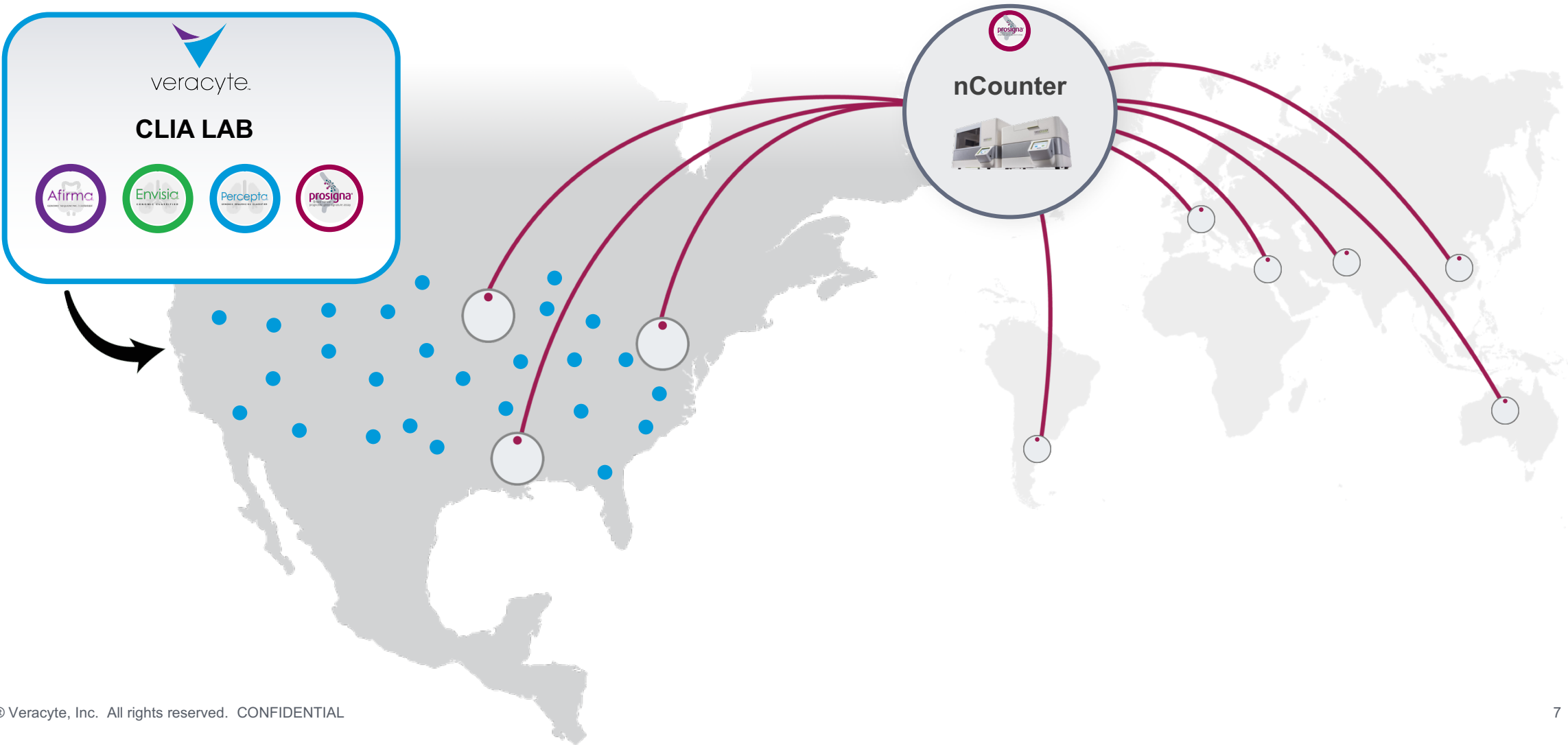




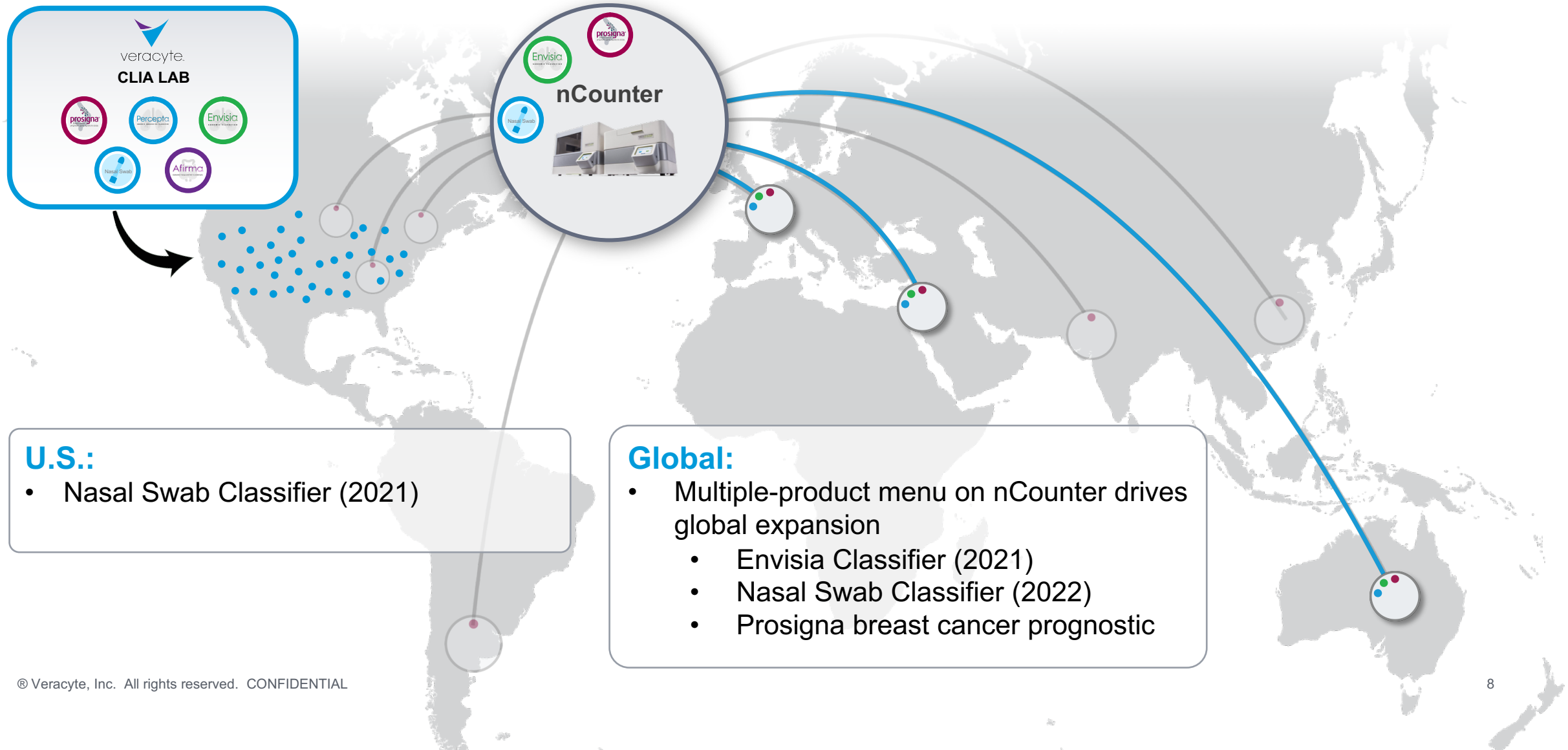
**2019 Expected Revenue = \$120.5M\***

\* Midpoint of 2019 guidance range of \$119 million to \$122 million as of October 22, 2019.

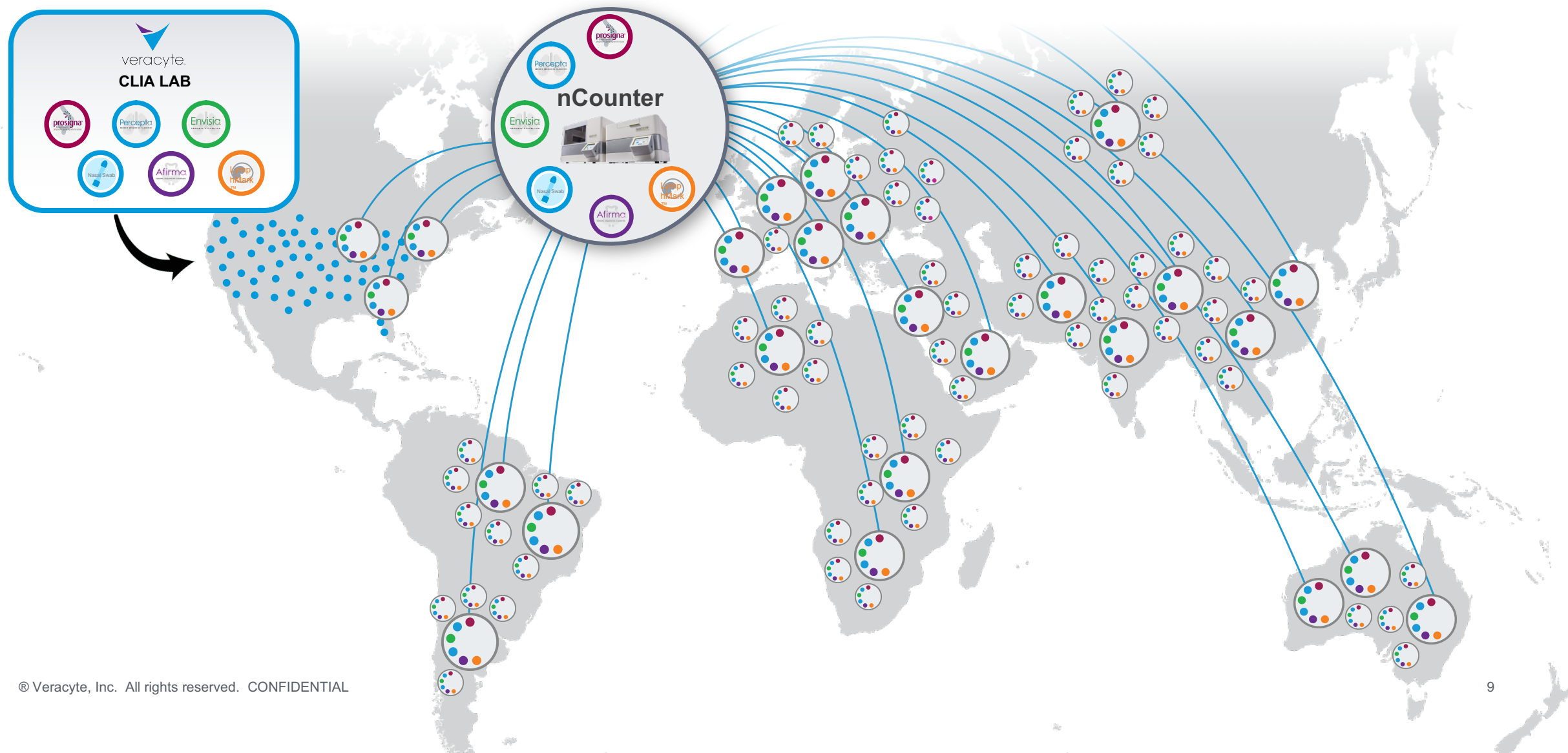
# 2020: Global Market Access and Expanded U.S. Test Menu



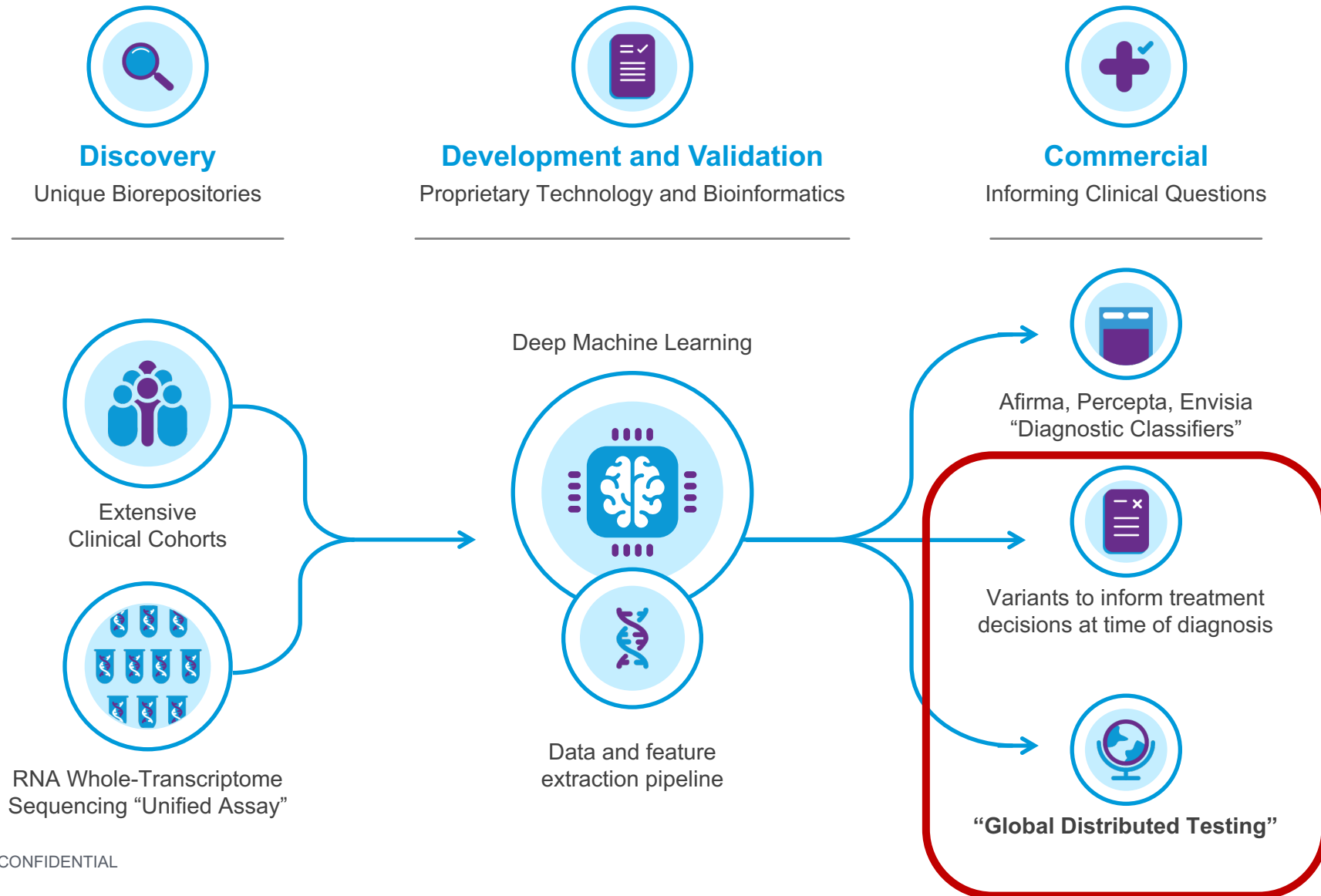
## 2-3 Years: Global Menu Expansion



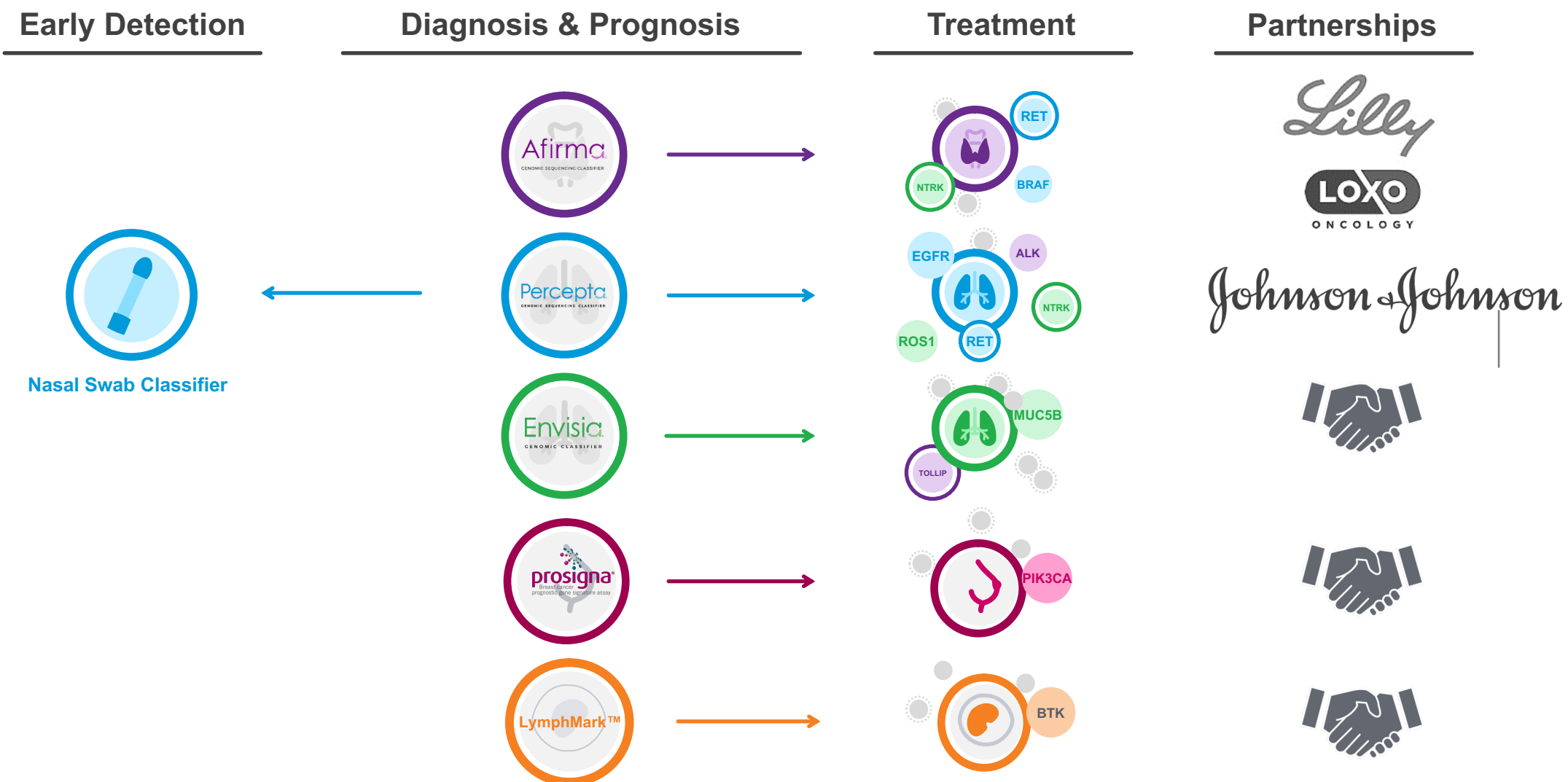
# 5-10 Years: Global Market, Menu and Margin Expansion



# Proprietary Science and Technology Platform Powers Menu Expansion and Global Commercial Flexibility



# New Oncology Indications Drive Pipeline and Enhance Biopharma Partnership Opportunities

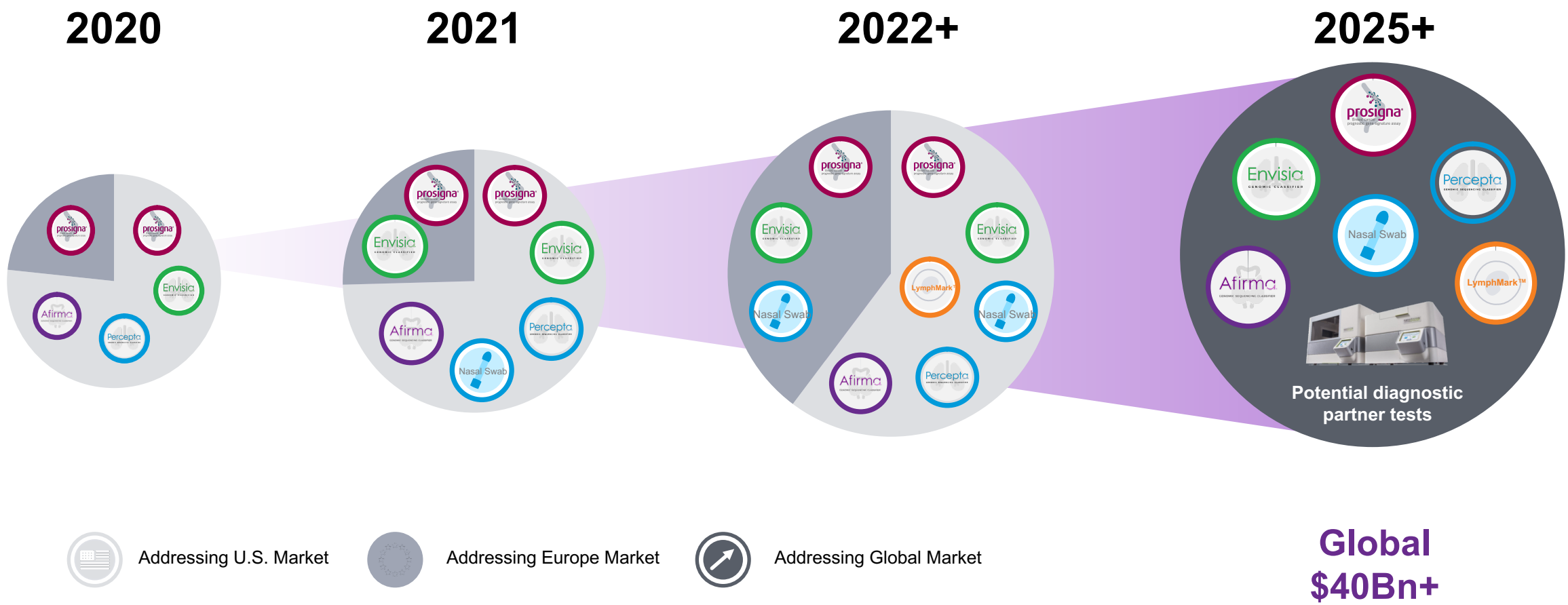




# >\$40B Global TAM Opportunity

	New Disease Areas				Future Potential
	Thyroid Cancer	IPF	Lung Cancer	Breast Cancer/ Lymphoma	Lung Cancer
Clinical Question	Diagnosis & Therapy Selection	Diagnosis	Risk-Assessment & Diagnosis (Post-CT Scan)	Prognosis & Therapy Selection	Early Detection (Pre-CT Scan)
Product	Afirma GSC/ Xpression Atlas	Envisia Classifier	Nasal Swab Classifier/ Percepta	Prosigna/ LymphMark	Future Nasal Test
US & EU Market	\$800M	\$700M	\$4.4B	>\$1.5B	>\$16.5B
Rest of World	TBD	TBD	>\$1.0B	TBD	>\$20B

# Long-Term Revenue Growth Fueled by Addressing Larger Markets



# Financial Summary

## Consideration

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- **\$50MM upfront payment**
  - \$40MM in cash
  - \$10MM in Veracyte stock
- **Up to \$10MM cash in potential commercial milestone payments over next 2-3 years**

## Operational

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- **Supply and service for nCounter system and supply of test kits**
- **Transfer of certain employees to Veracyte**

## Impact

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- **No change to 2019 guidance; continue to expect operating cash flow breakeven before end of 2019**
- **Transaction expected to add \$6-8M of revenue in 2020 and be cash flow neutral to base business – guidance will be provided post Q4 2019 earnings**

