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Veracyte Secures Up to \$45 Million in Financing from Visium Healthcare Partners

SOUTH SAN FRANCISCO, Calif. and NEW YORK, March 28, 2016 /PRNewswire/ -- [Veracyte, Inc.](#) (NASDAQ: VCYT), a molecular diagnostics company pioneering the field of molecular cytology, and Visium Healthcare Partners, LP, a healthcare investment firm, today announced that they have entered into an agreement that provides up to \$45 million of financing, comprising a term loan agreement and securities purchase option. On a pro forma basis, net proceeds from the new loan facility and the cash and cash equivalents as of December 31, 2015 provide Veracyte with approximately \$73 million to fund the continued growth of the company's core business.

"This agreement provides Veracyte the funding and flexibility we need to advance our business towards having three revenue generating products by the end of 2018. We have a clear path to profitability and will build the business with financial discipline and measured investments," said Bonnie Anderson, president and chief executive officer of Veracyte.

Under and subject to the terms and conditions of the term loan agreement, Visium Healthcare Partners will initially provide gross proceeds of \$25 million, of which approximately \$5 million will be used to retire the company's existing loan with Silicon Valley Bank. Up to \$15 million of additional funding is available to the company, at its option, through June 2017, subject to the satisfaction of revenue milestones and certain other borrowing conditions. The agreement has a term of six years, with quarterly payments of interest only for the first four years. At Veracyte's discretion, during the first four years, a portion of the interest payments can be deferred and paid, along with interest accrued thereon together with the principal in the final two years. Lastly, if Veracyte elects to execute an equity offering, Visium has certain rights to participate with up to \$5 million of additional investment.

"With its focus on using genomics to resolve diagnostic ambiguity, Veracyte is transforming disease diagnosis, helping patients avoid unnecessary surgeries and reducing healthcare costs," said Avinash Amin, partner at Visium Healthcare Partners. "We are particularly excited about the company's growth trajectory as it further builds its endocrinology franchise, driven by the continued expansion of the Afirma® Gene Expression Classifier in thyroid testing, and as it applies its commercial diagnostic strategy to pulmonology. This includes the phased launch of the Percepta® Bronchial Genomic Classifier and the planned commercial introduction of its idiopathic pulmonary fibrosis test later this year."

About Veracyte

Veracyte (NASDAQ: VCYT) is pioneering the field of molecular cytology, offering genomic solutions that resolve diagnostic ambiguity and enable physicians to make more informed treatment decisions at an early stage in patient care. By improving preoperative diagnostic accuracy, the company aims to help patients avoid unnecessary invasive procedures while reducing healthcare costs. Veracyte's Afirma Thyroid FNA Analysis centers on the proprietary Afirma Gene Expression Classifier (GEC) and is becoming a new standard of care in thyroid nodule assessment. The Afirma test is recommended in leading practice guidelines and is covered for nearly 180 million lives in the United States, including through Medicare and many commercial insurance plans. Veracyte is expanding its molecular cytology franchise to other clinical areas, beginning with difficult-to-diagnose lung diseases. In April 2015, the company launched the Percepta Bronchial Genomic Classifier, a test to evaluate patients with lung nodules that are suspicious for cancer. Veracyte is developing a second product in pulmonology, targeting interstitial lung diseases, including idiopathic pulmonary fibrosis. For more information, please visit www.veracyte.com.

About Visium

Visium Healthcare Partners is a healthcare investment fund focused on structured investments in growth-stage healthcare companies that have innovative, commercially-validated products and technologies. The fund targets investments of \$20 million to \$100 million or more and seeks to develop customized financing solutions for its partners in both public and private markets worldwide. Visium Healthcare Partners is managed by an affiliate of Visium Asset Management, LP, an alternative investment firm with approximately \$7 billion in assets under management and approximately 170 employees across offices in New York, London, and San Francisco. For more information, please visit www.visiumfunds.com/funds.aspx or contact vhp@visiumfunds.com.

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, statements we make regarding our expectations for the use of existing cash and cash equivalents and proceeds from the loan agreement, beliefs regarding the runway provided by the loan agreement, and expectations regarding the company's growth strategy and product launch timing. 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: the satisfaction of funding conditions in the loan agreement, our ability to increase usage of and reimbursement for Afirma and to obtain reimbursement for any future products we may develop or sell; our ability to continue our momentum and growth; our dependence on a few payers for a significant portion of our revenue; the complexity, time and expense associated with billing and collecting from payers for our tests; laws and regulations applicable to our business, including potential regulation by the Food and Drug Administration or other regulatory bodies; our dependence on strategic relationships and our ability to successfully convert new accounts resulting from such relationships; our ability to develop and commercialize new products and the timing of commercialization; our ability to successfully achieve adoption of and reimbursement for our Percepta Bronchial Genomic Classifier; our ability to achieve sales penetration in complex commercial accounts; our ability to launch our new product within the expected time frame, the occurrence and outcome of clinical studies; the timing and publication of study results; the applicability of clinical results to actual outcomes; our inclusion in clinical practice guidelines; the continued application of clinical guidelines to our products; our ability to compete; our ability to expand into international markets and achieve adoption of our tests in such markets; and other risks set forth in the company's filings with the Securities and Exchange Commission, including the risks set forth in the company's Annual Report on Form 10-K for the year ended December 31, 2015. 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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