



# ANSWERS



## Jefferies Virtual Healthcare Conference

June 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 regarding the current and future impacts of COVID-19 on Veracyte's business, actions Veracyte has taken, or will take, in response to COVID-19, potential timing for a recovery of Veracyte's business, the catalysts to drive momentum through 2021 and Veracyte's long-term outlook. 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: the impact of COVID-19 on Veracyte's business and operating results, specifically, and the healthcare system and economy more generally, Veracyte's ability to achieve and maintain Medicare coverage for its tests; the benefits of Veracyte's tests and the applicability of clinical results to actual outcomes; the laws and regulations applicable to Veracyte's business, including potential regulation by the Food and Drug Administration or other regulatory bodies; Veracyte's ability to successfully achieve and maintain adoption of and reimbursement for its products; the amount by which use of Veracyte's 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 Veracyte's filings with the Securities and Exchange Commission, including the risks set forth in its quarterly report on Form 10-Q for the quarter ended March 31, 2020. 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.**

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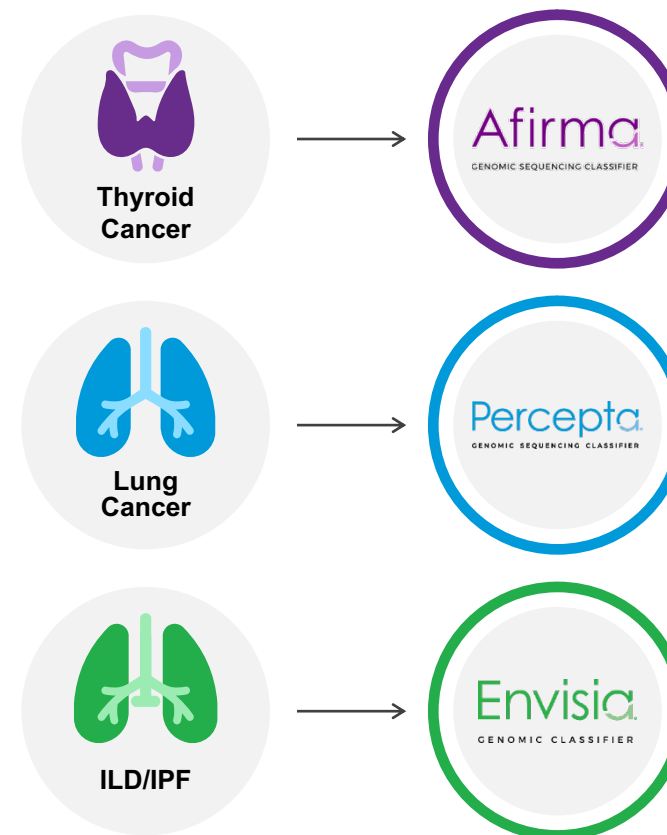


We are a global genomic  
diagnostics company  
transforming care  
throughout the patient  
journey.

## WHERE WE STARTED

Founded with a mission to improve diagnostic accuracy

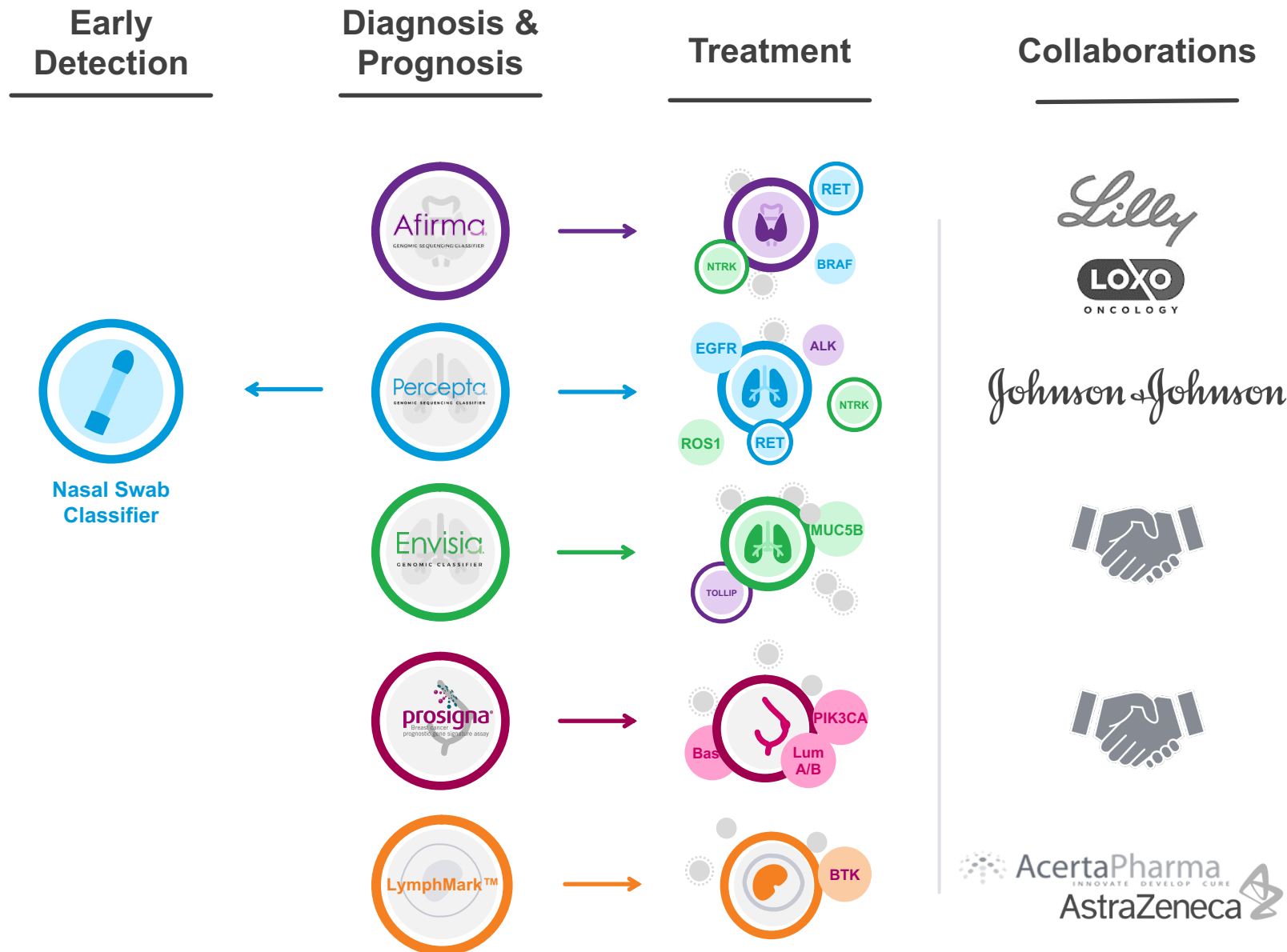
## Diagnosis



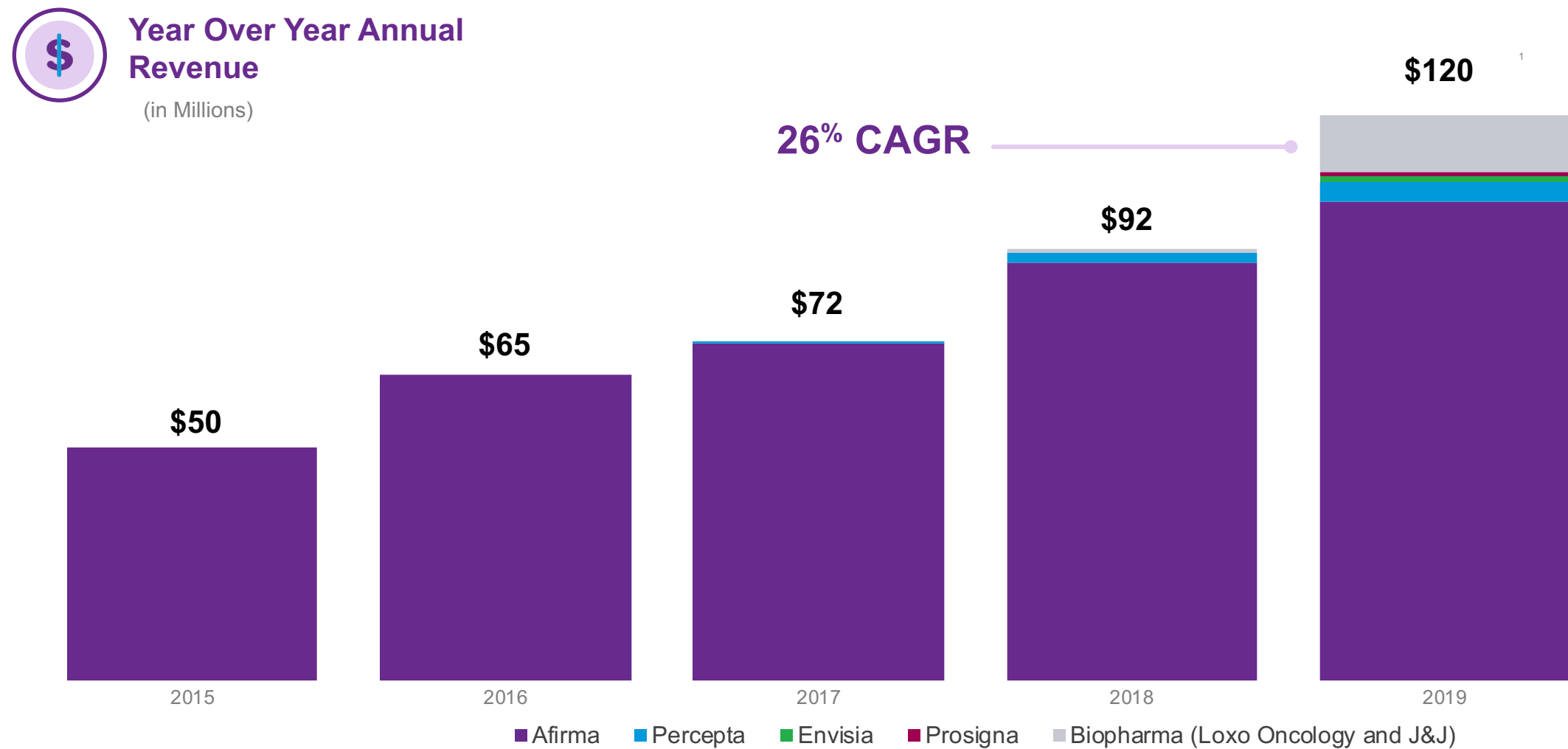


## WHERE WE ARE TODAY

Answering clinical questions in more indications throughout the patient journey and forging valuable partnerships



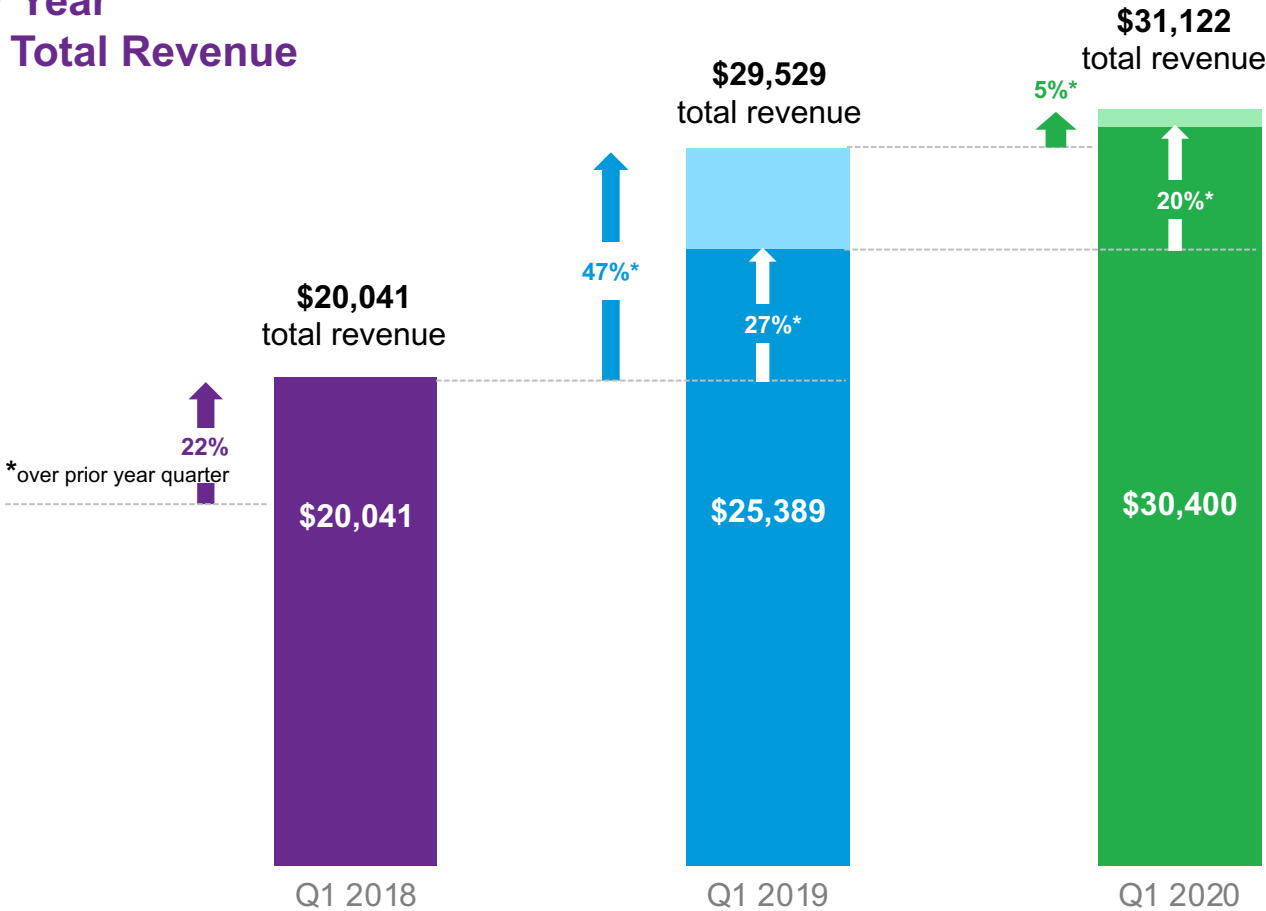
# Strong revenue growth driven by expanding sources



# Strong Q1 2020 Revenue Growth



**Year Over Year  
Quarterly Total Revenue**  
(in Millions)



**Biopharma & Collaboration Revenue**  
(Loxo Oncology, J&J and Acerta Pharma/AstraZeneca)

**Testing & Product Revenue**  
(Afirm, Percepta, Envisia and Prosigna)



## PLATFORM FOR EXPANSION

# Exclusive global diagnostics rights to best-in-class system

### nCounter FLEX Analysis System

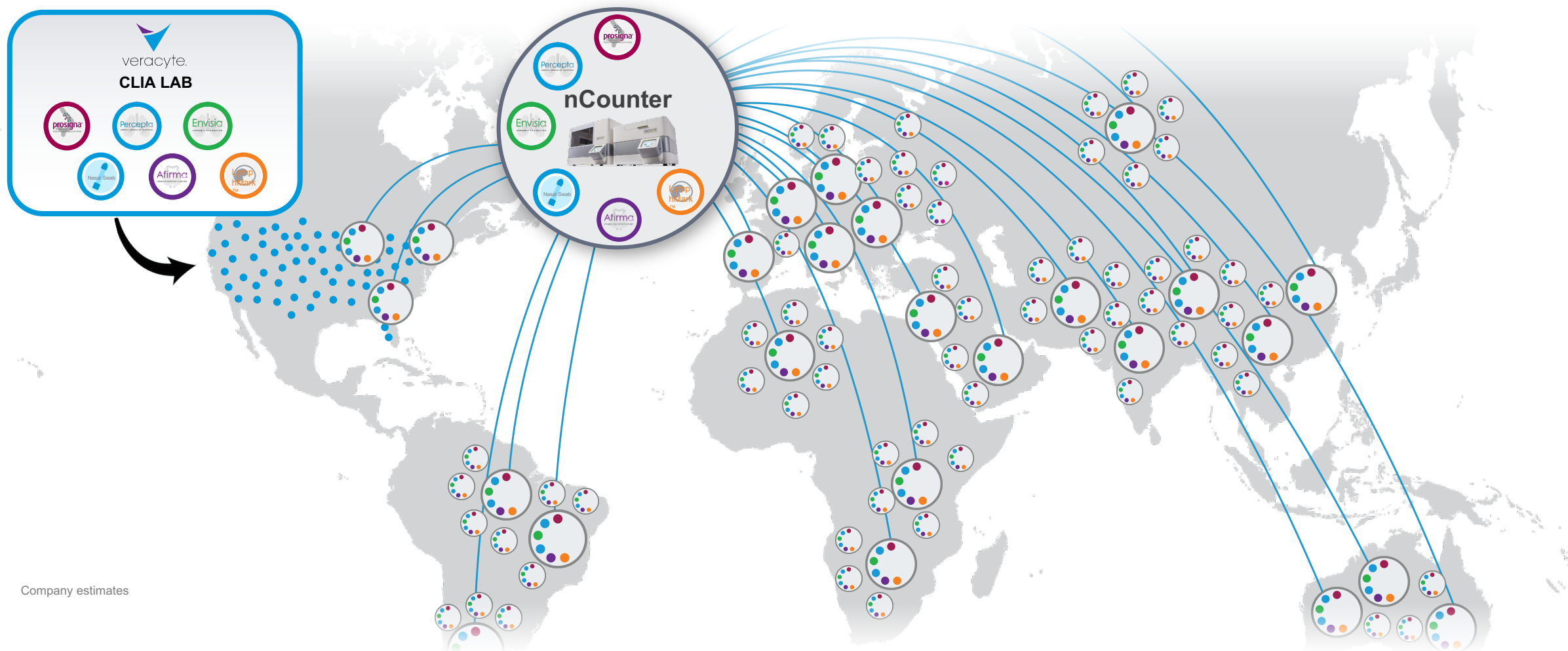
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- Simultaneous multiplex testing of up to 800 RNA, DNA and protein targets
- Elegantly simple, kit-enabled platform
- >80% reduction in hands-on time versus sequencing
- Presence in 22 countries
- Hundreds of installed systems



## WHERE WE ARE GOING (5-10 Years)

Global market, menu and margin expansion

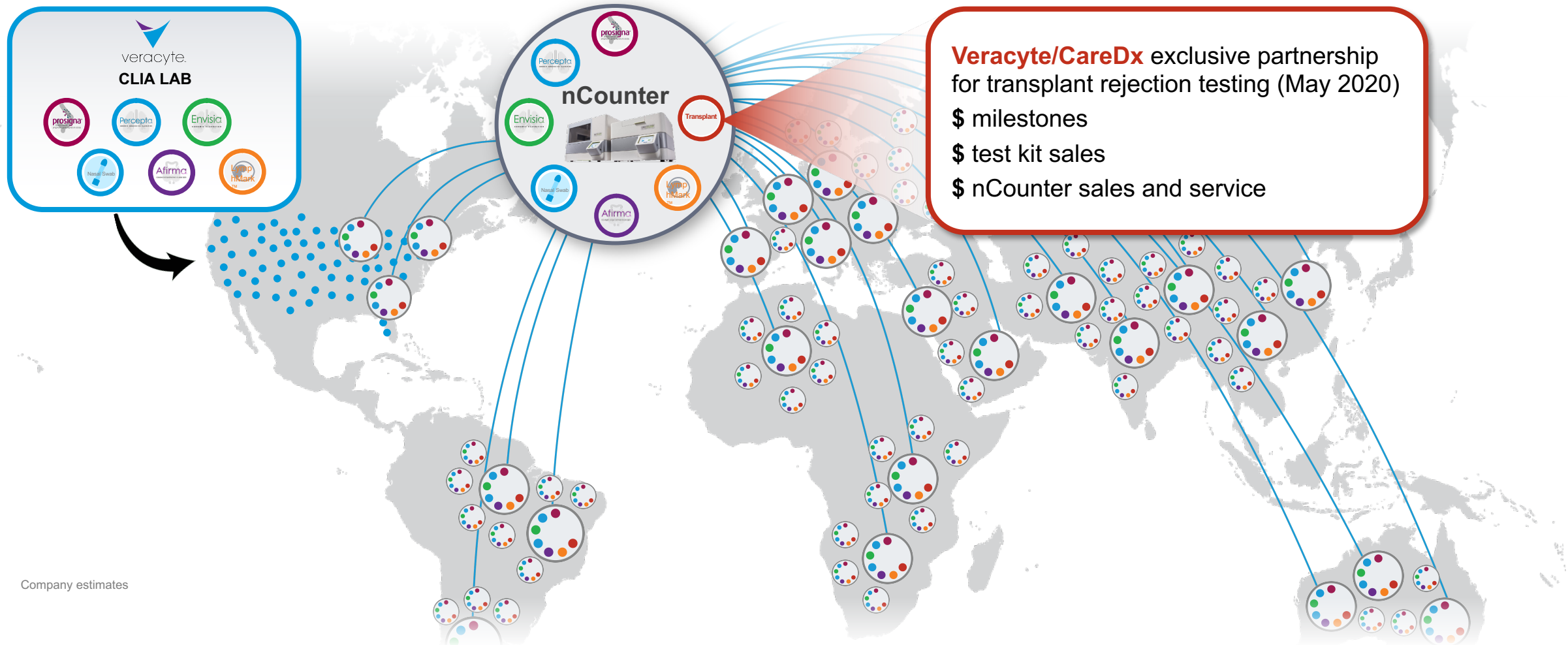


Company estimates

**\$40 BILLION** GLOBAL MARKET OPPORTUNITY

## WHERE WE ARE GOING (5-10 Years)

### Attractive solution for diagnostic partners



Company estimates



# Our Strategic Growth Pathway



# Our foundational strategy drives our business



## Relevant Questions

Integrated into current care pathway to change practice and reduce surgeries



## Scientific Rigor

Build robust scientific and clinical evidence; inform guidelines



## Value Creation

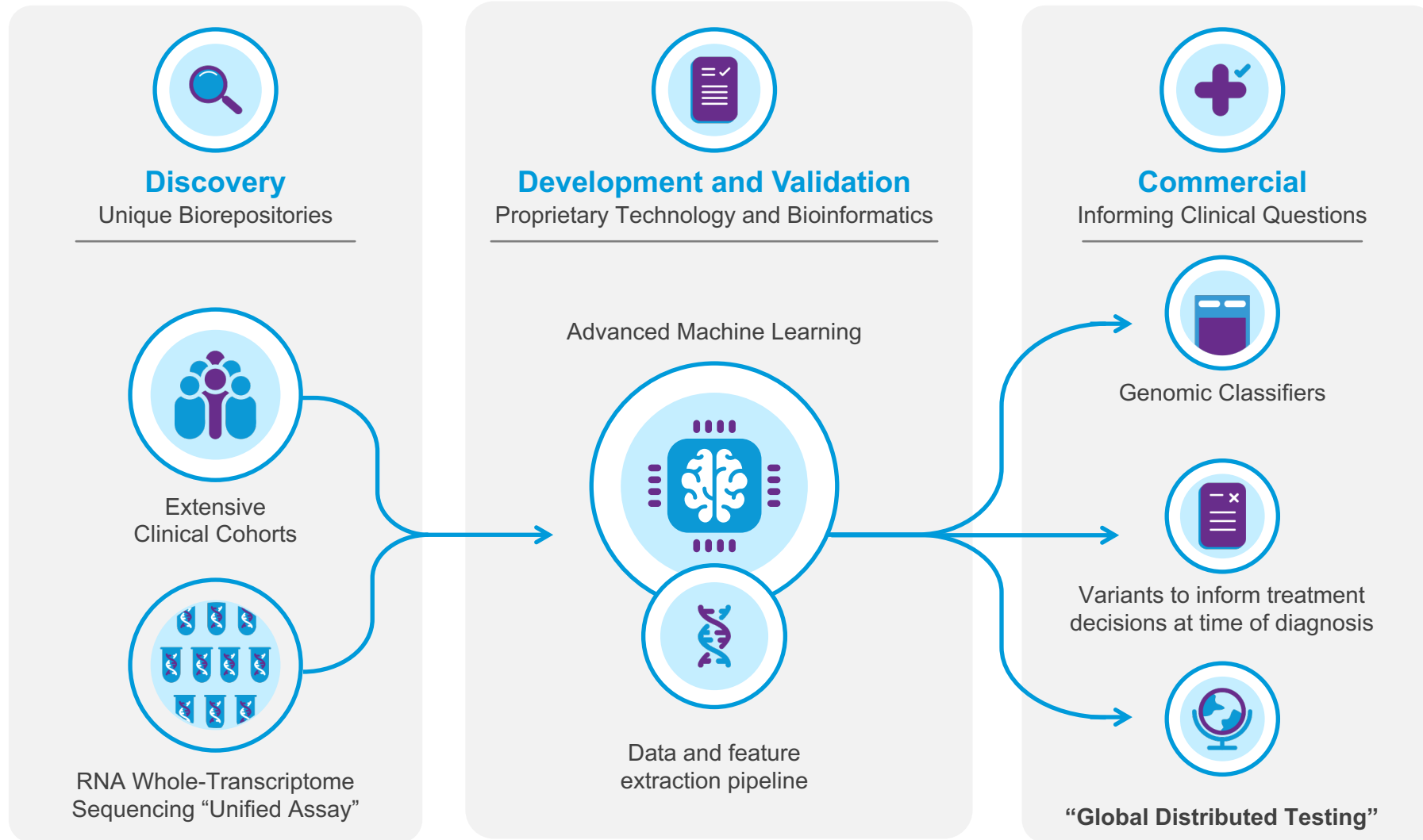
Clinical utility and economic value that change the standard of care



## Successful Reimbursement

Extensive coverage policies and contracted relationships pave way for additional tests

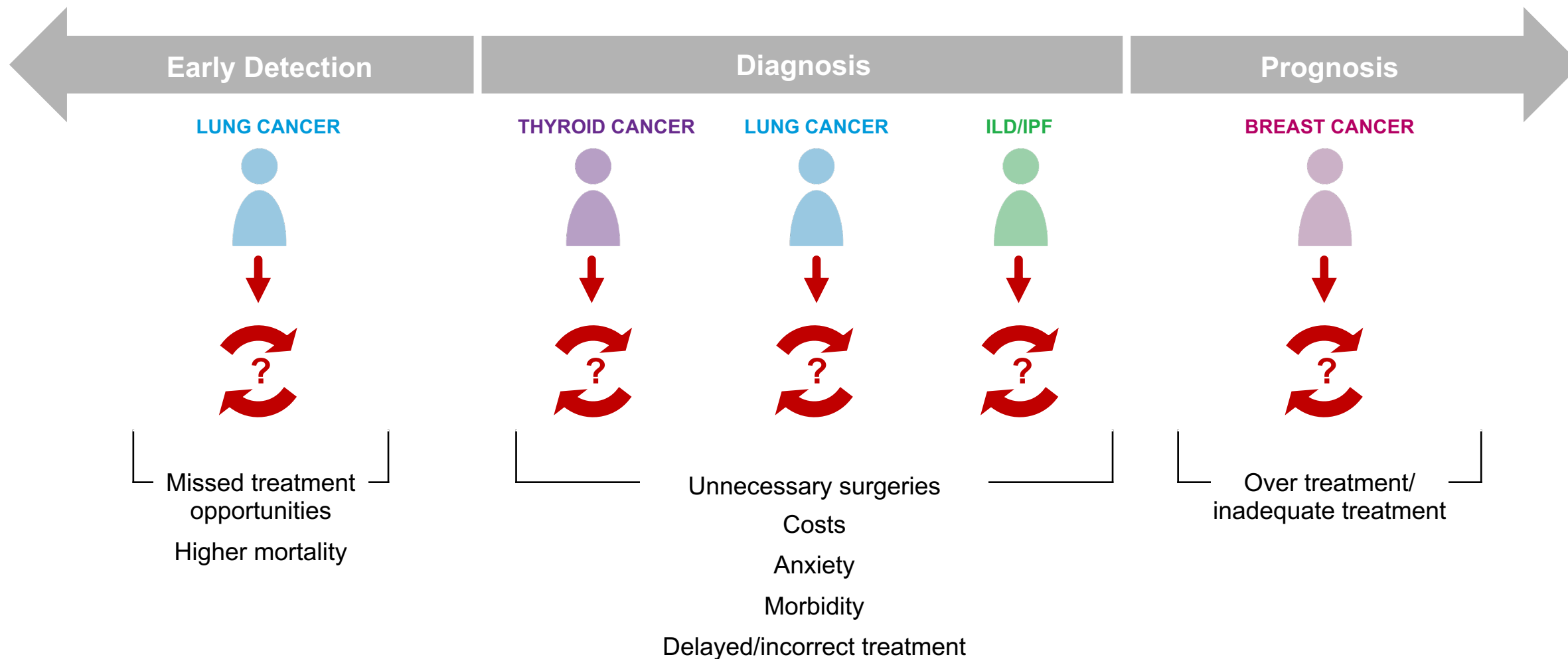
# Our science and technology engine powers growth





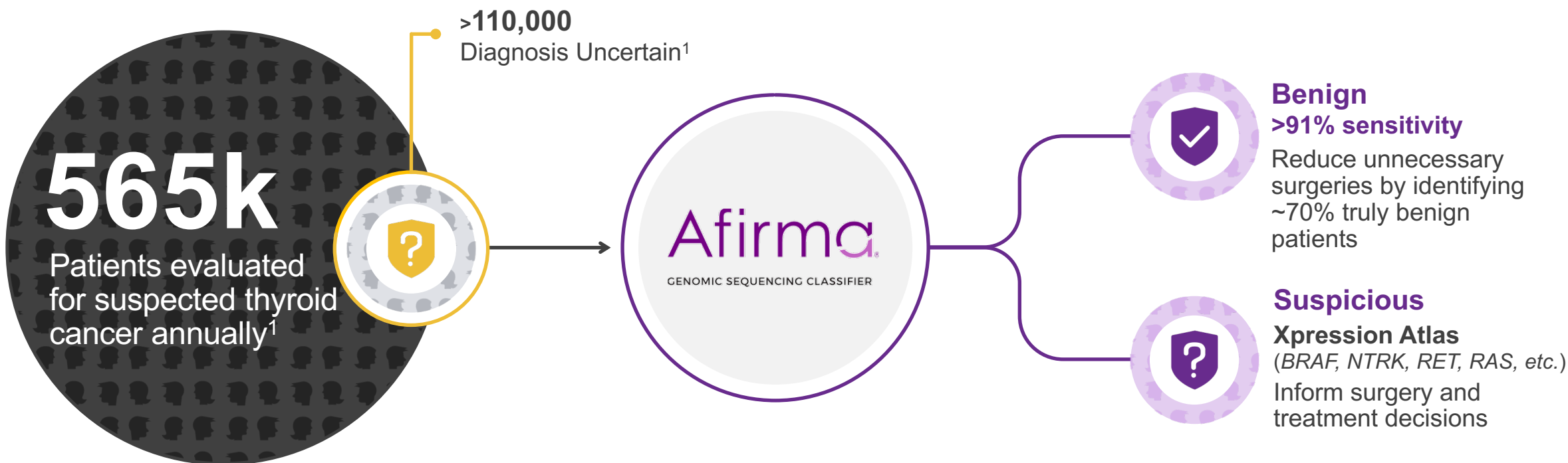
## The Clinical Problem:

Patients lack actionable results throughout the care continuum



## THYROID CANCER

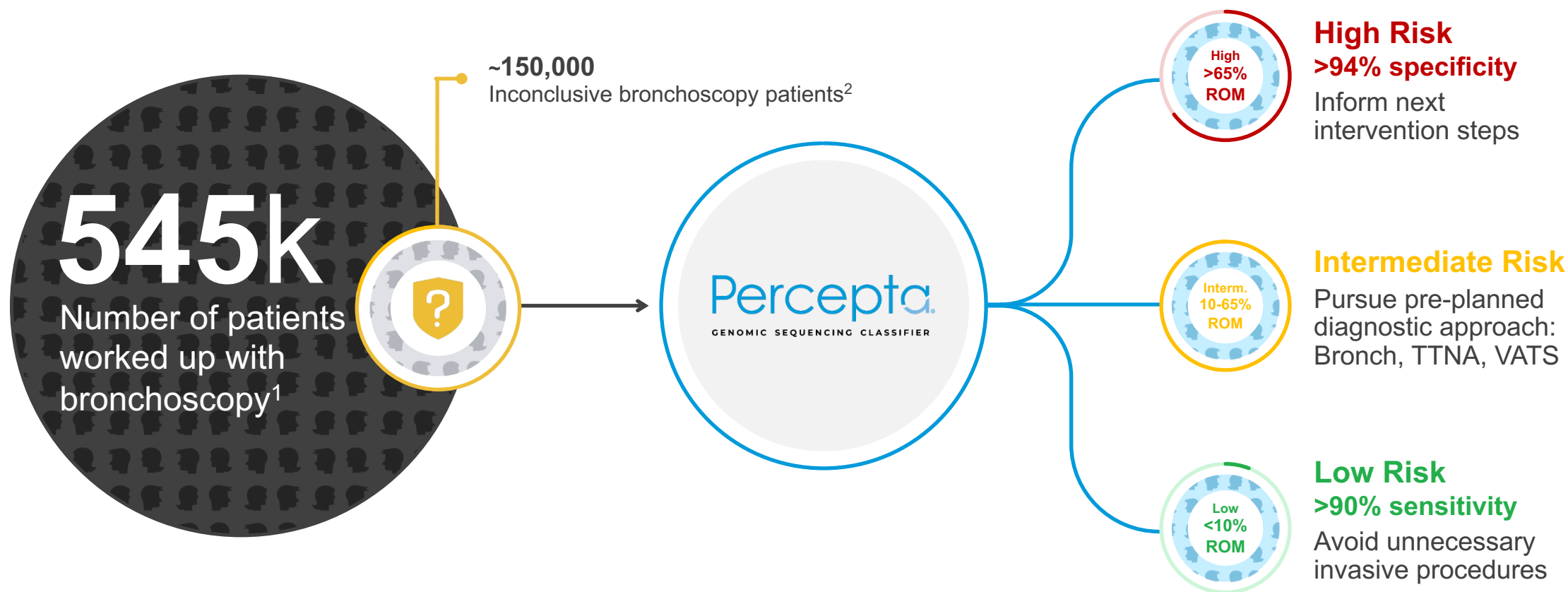
### Improving patient outcomes in thyroid cancer



<sup>1</sup> Company estimates

## LUNG CANCER

# Improving the efficiency of lung cancer diagnosis



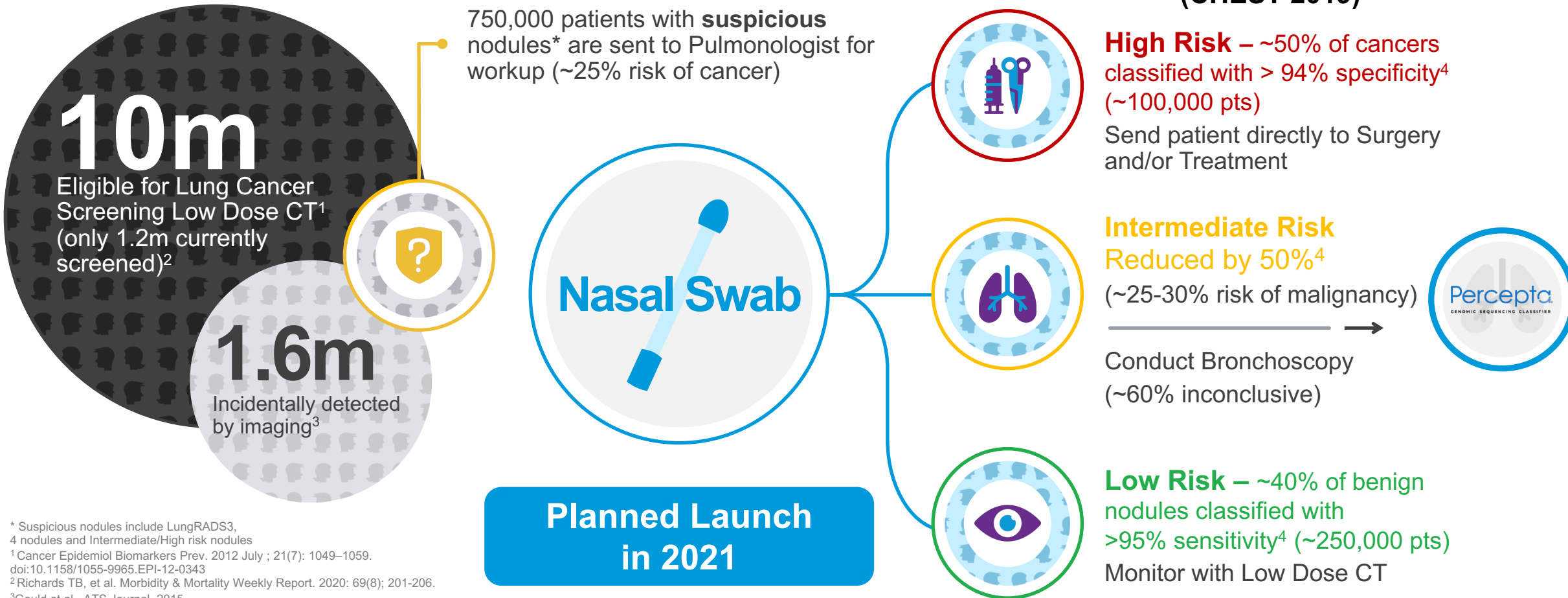
<sup>1</sup> Medicare Utilization and Physician Payment Public Use File (2016); Company research (2019)

<sup>2</sup> Silvestri et al, NEJM 2015



# NASAL SWAB CLASSIFIER

New risk assessment & diagnostic approach to improve standard of care



\* Suspicious nodules include LungRADS3, 4 nodules and Intermediate/High risk nodules

<sup>1</sup> Cancer Epidemiol Biomarkers Prev. 2012 July ; 21(7): 1049–1059.  
doi:10.1158/1055-9965.EPI-12-0343

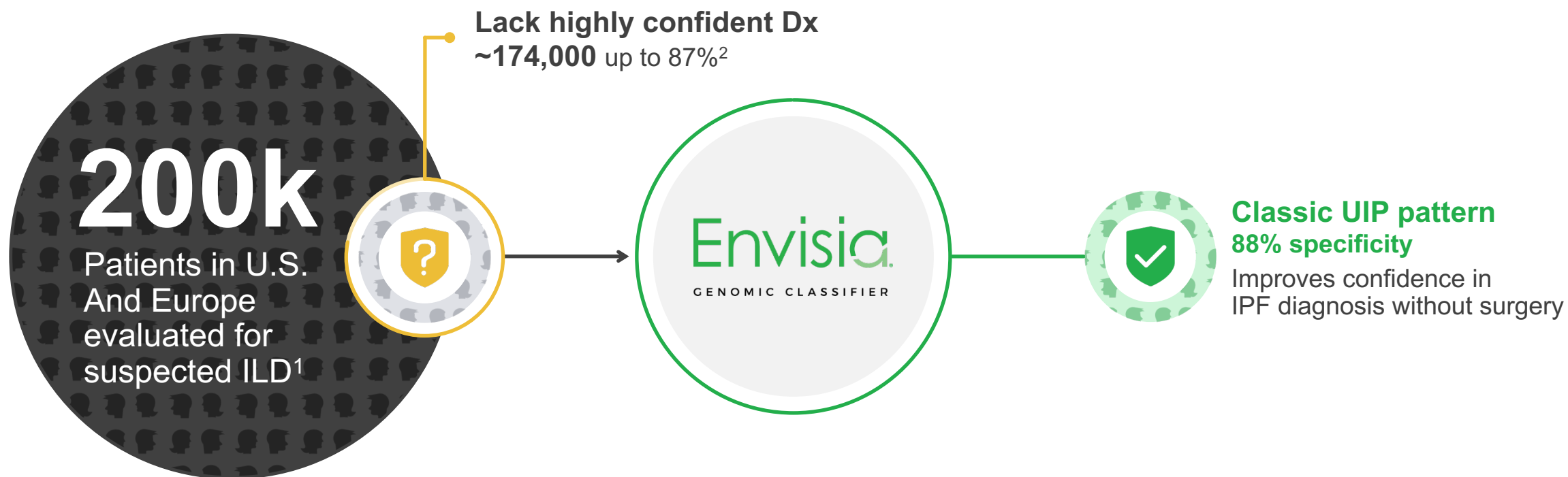
<sup>2</sup> Richards TB, et al. Morbidity & Mortality Weekly Report. 2020; 69(8); 201-206.

<sup>3</sup> Gould et al., ATS Journal, 2015

<sup>4</sup> Lamb C, et al. American College of Chest Physicians (CHEST) Annual Meeting, Oct. 2019.

## IDIOPATHIC PULMONARY FIBROSIS (IPF)

Accelerating diagnosis to get patients life-extending treatment faster

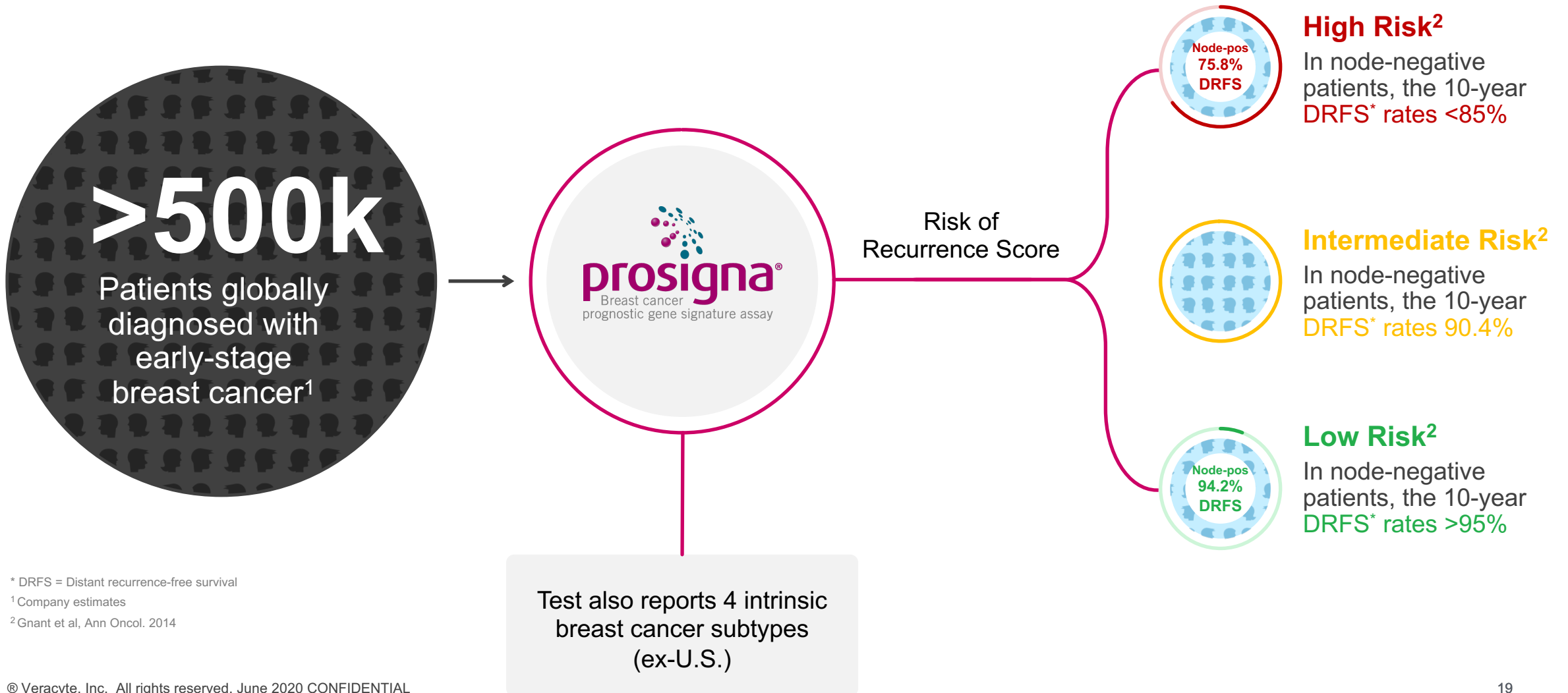


<sup>1</sup> Company estimates

<sup>2</sup> Raghu et al, The Lancet Resp Med., 2019

# BREAST CANCER

## Inform next steps for patients with early-stage breast cancer



# March to standard of care

LAUNCHED IN 2011

**Afirma**  
GENOMIC SEQUENCING CLASSIFIER

## Published Evidence

### Clinical Validation

Frontiers, 2019  
Cancer Cyto, 2019  
JAMA Surg, 2018  
JCEM 2010  
NEJM 2012

### Clinical Utility

Thyroid, 2019  
Thyroid, 2019  
Endocrine Practice, 2018  
JCEM, 2013  
Thyroid 2012

### Cost-Effectiveness and Quality of Life

JCEM 2011  
Thyroid 2012

### Analytical Verification

Frontiers, 2019  
JCEM 2012

## Guidelines

**National Comprehensive Cancer Network (NCCN)**  
Published 2013, Updated 2014

**American Thyroid Association (ATA)**  
Preliminary Guidelines 2014

### UpToDate

Evidence-Based Clinical Decision Support Resource of Physicians Published 2013, Updated 2014

**American Association of Clinical Endocrinology (AACE)**  
Guideline Update in Process

~275 million covered lives /  
~225 contracted lives



LAUNCHED IN 2015

**Percepta**  
GENOMIC SEQUENCING CLASSIFIER

## Published Evidence

### Clinical Validation

The New England Journal of Medicine, 2015  
BMC Medical Genomics, 2015

### Clinical Utility

ATS, 2019  
Chest, 2016  
CHEST, 2018  
BMC Pulmonary Medicine, 2016

### Analytic Validity

BMC Cancer, 2016

### Cost Effectiveness

Journal of Thoracic Oncology, 2017

## Payer Coverage



LAUNCHED IN 2016

**Envisia**  
GENOMIC CLASSIFIER

## Published Evidence

### Clinical Validation

Lancet Respiratory Medicine, 2019  
Annals of American Thoracic Society, 2017  
CHEST, 2018  
BMC Pulmonary Medicine, 2018

### Clinical Utility

ATS 2019  
Lancet Respiratory Medicine, 2019

### Analytic Validity

BMC Pulmonary Medicine, 2017

## Payer Coverage



FDA-CLEARED 2013; CE-MARKED 2012

**prosigna**  
Breast cancer  
prognostic gene signature assay

## Published Evidence

### Clinical Validation:

J Clin Oncol, 2013  
J Natl Cancer Inst, 2013  
Ann Oncol., 2014  
Clin Cancer Res., 2014  
Ann Oncol., 2015  
J Clin Oncol., 2015  
J Clin Oncol., 2018

### Clinical Utility:

Curr Med Res Opin., 2015  
Curr Med Res Opin., 2016  
PloS One, 2017  
Breast Cancer Res., 2018

### Analytical Verification:

BMC Cancer, 2014

### Cost-Effectiveness:

NICE Guidance, 2018

### Guidelines:

**National Comprehensive Cancer Network (NCCN; 2015)**

**American Society of Clinical Oncologists (ASCO; 2017)**

**St. Gallen (2017 update)**

**European Society for Medical Oncology (ESMO; 2015)**

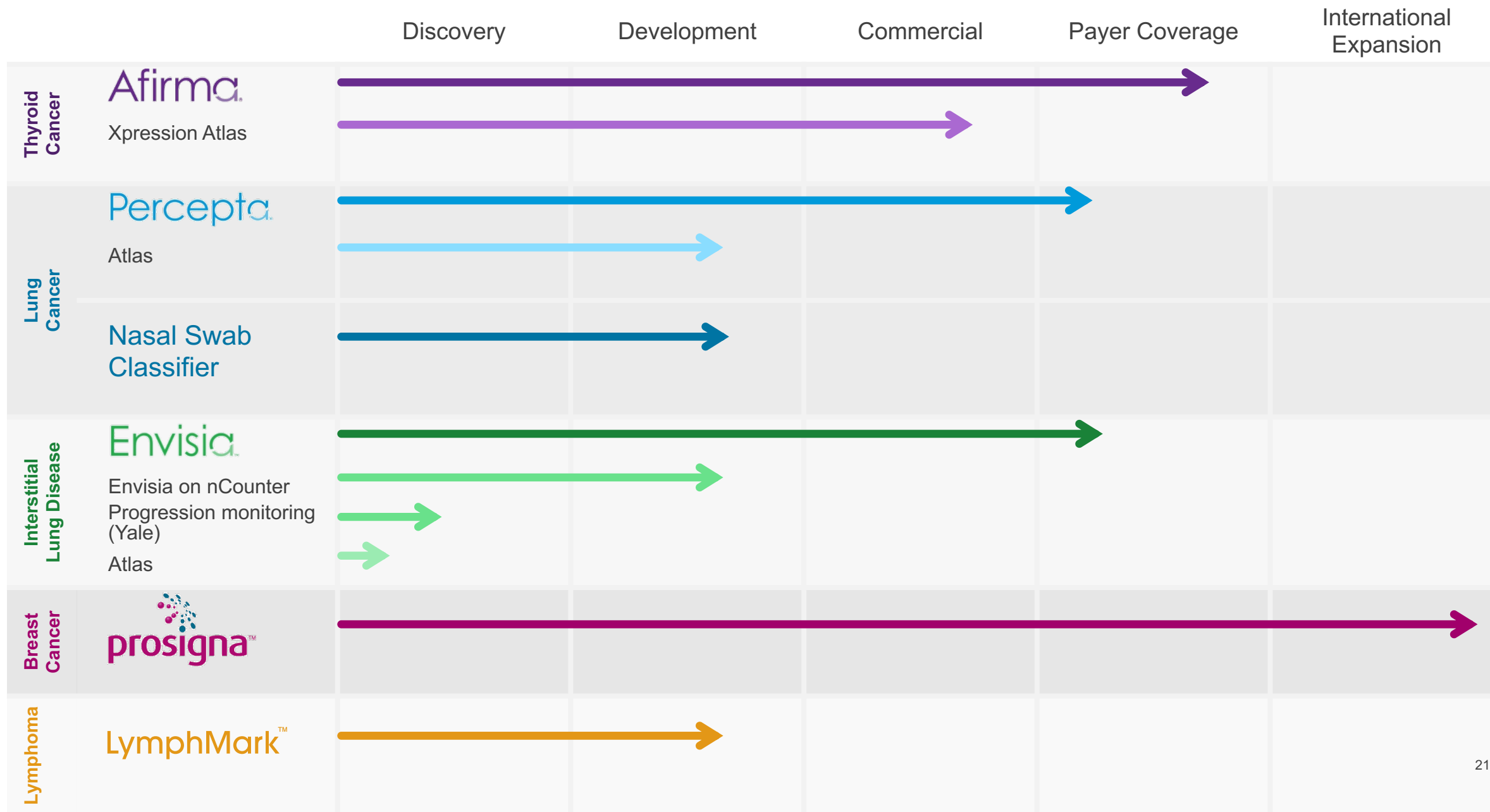
**National Institute for Health and Care Excellence (NICE; 2018)**

## Payer Coverage










## STRONG PIPELINE FOR GLOBAL EXPANSION



# Greater than \$40B global market opportunity\*

Thyroid Cancer	IPF	Lung Cancer		Breast Cancer	Transplant
  Xpression Atlas  Cytopathology		   Nasal Swab Classifier	Pre-CT Scan Risk (Pipeline)		Solid organ transplant rejection tests through exclusive CareDx partnership
\$800M US/EU	\$700M US/EU	\$5.5B Global**	\$36B Global**	\$900M Global**	TBD

\* Company estimates

\*\* Opportunity in strategic markets

# COVID-19 Pandemic Business-Recovery Framework

	Scenario 1 – “V”	Scenario 2 – “U”	Scenario 3 -
Business at “normal” level	Q3/Q4 2020	Q1/Q2 2021	>Q2 2021
Priorities	Maintenance plan	Cash preservation Flexibility	Business and P&L realignment
Response	Temporary hiring freeze Reduce non-essential travel and spend Maintain R&D investments	Temporary furlough Hiring freeze Reduce spend Exec/board/vendor contributions Maintain R&D investments	Headcount RIF Reduced spend Pipeline delay
Strategic business focus	Virtual customer engagement Biopharma collaborations <ul style="list-style-type: none"> <li>Near-term revenue</li> <li>Long-term growth</li> <li>Business diversity</li> </ul>	Biopharma collaborations <ul style="list-style-type: none"> <li>Near-term revenue</li> <li>Long-term growth</li> <li>Business diversity</li> <li>Strategic leverage in pipeline development</li> </ul>	Longer-term growth aligned to new customer interfaces Investments prioritized for growth
Best-case business resumption	Accelerate re-adoption for revenue growth	Reinstate furloughed employees Core product re-acceleration	“New normal” in running business

# Attractive financial profile



## Strong Total Revenue Growth 31%

Full-year 2019 over 2018 actuals



## Attractive “Gross Margin”

61% testing services

Increases with collaboration revenue\*



## Selling and Marketing Leverage

Scale single-structure in U.S.

Focused dedicated resource in EU

Leverage institutional stakeholder relationships



## R&D, Medical and Clinical Operations

Extensive whole RNA-transcriptome & biorepository

Advancing pulmonology pipeline

Menu expansion on nCounter supports international expansion



## Solid Cash Position

Over \$153.1 Million at March 31, 2020

\*For the quarter ended March 31, 2020





# Catalysts to drive continued momentum through 2021

	Product & Testing Revenue	Collaboration Revenue	Evidence Development	Pipeline Advancement / Menu Expansion
2020	<ul style="list-style-type: none"> <li>TBD due to COVID-19 impact</li> </ul>	<ul style="list-style-type: none"> <li>Loxo/Lilly Thyroid Cancer</li> <li>Acerta Pharma / Astra Zeneca Lymphoma</li> </ul>	<ul style="list-style-type: none"> <li>Envisia publications/abstracts/presentations</li> <li>Percepta publications/abstracts/presentations</li> <li>Prosigna publications/abstracts/presentations</li> </ul>	<ul style="list-style-type: none"> <li>Afirma XA enhancements</li> <li>Nasal swab data</li> <li>NOBLE trial initiation</li> <li>LymphMark advances</li> </ul>
2021	<ul style="list-style-type: none"> <li>Guideline inclusion (pulmonology)</li> <li>Reimbursement Expansion (pulmonology)</li> </ul>	<ul style="list-style-type: none"> <li>Johnson &amp; Johnson nasal swab lung cancer</li> <li>Loxo/Lilly Thyroid Cancer</li> <li>Acerta Pharma / Astra Zeneca Lymphoma</li> </ul>	<ul style="list-style-type: none"> <li>Nasal swab pivotal clinical validation</li> <li>Envisia nCounter data</li> </ul>	<ul style="list-style-type: none"> <li>Nasal Swab US Launch</li> <li>Envisia nCounter Launch</li> <li>Percepta Atlas Launch</li> </ul>



# Experienced team with track record of success



**Bonnie Anderson**

Chairman and  
Chief Executive Officer



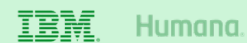
**Keith Kennedy**  
Chief Financial Officer and  
Chief Operating Officer



**Giulia Kennedy, Ph.D.**  
Chief Scientific Officer and  
Chief Medical Officer



**John Hanna**  
Chief Commercial Officer



**Freddie Bowie, Ph.D.**  
Vice President, Corporate  
and Business Development

