May 8, 2017

Data Presented at AACE 2017 Annual Meeting Demonstrate Long-Term Clinical Utility Of Veracyte's Afirma® Gene Expression Classifier in Thyroid Cancer Diagnosis

Additional Data Presented on Development Of Company's Next-Generation Afirma Genomic Sequencing Classifier

SOUTH SAN FRANCISCO, Calif., May 8, 2017 /PRNewswire/ -- Veracyte, Inc. (NASDAQ: VCYT), a genomic diagnostics company focused on reducing unnecessary surgeries and healthcare costs by resolving diagnostic uncertainty, today announced new data from two studies demonstrating that use of the Afirma Gene Expression Classifier (GEC) significantly reduced surgeries in thyroid cancer diagnosis during up to six years of follow-up. The findings were presented in a poster and oral presentation at the AACE 26th Annual Scientific and Clinical Congress, the annual meeting of the American Association of Clinical Endocrinologists, held May 3-7 in Austin, Texas. Researchers also presented data on the development of the company's next-generation Afirma test, the Afirma Genomic Sequencing Classifier (GSC), at the meeting.

In one study, researchers evaluated results of all Afirma GEC tests performed between January 2011 and September 30, 2016 and found that the genomic test identified 45 percent of thyroid nodules as benign after they were deemed indeterminate (not clearly benign or malignant) by cytopathology. The authors also conducted a literature review and, based on reported subsequent surgical rates following a benign Afirma GEC result, estimated that over 90 percent of the benign Afirma GEC patients avoided surgery.

"These findings tell us that physicians are respecting the determination of the Afirma GEC and that, if the GEC result is benign, patients are avoiding surgery during long-term follow-up," said R. Mack Harrell, M.D., Integrative Endocrine Surgery, Memorial Health System in Boca Raton, Fla., who presented the data in a poster. "The test is helping to reduce surgeries and costs over the long-term, as it was designed to do."

In another study, researchers conducted a six-year analysis of outcomes at a single clinical practice for patients whose thyroid nodules were classified as benign by the Afirma GEC. They found that approximately 30 percent of their patients who would have historically gone to surgery because of indeterminate thyroid nodule fine needle aspiration (FNA) biopsy results were able to avoid the procedure. During up to six years of follow-up, all of these patients' nodules have shown no change by serial examination or sonography. The findings were presented by Brian Michael, M.D., Wellspan Health Gettysburg Hospital and Wellspan York Hospital, during an oral session at the AACE conference.

Additionally, data on the development of Veracyte's next-generation Afirma Genomic Sequencing Classifier (GSC) were presented during a poster session. The new Afirma GSC combines RNA sequencing and machine learning to leverage more enriched, previously undetectable genomic information and enhance the test's ability to distinguish benign from cancerous thyroid nodules - without unnecessary surgery.

Separately, data from a pivotal clinical validation study were shared earlier during the AACE meeting. These data, conducted on a prospective, multicenter, blinded cohort, showed that the Afirma GSC maintained the current test's high sensitivity (91 percent vs. 90 percent) and significantly increased its specificity (68 percent vs. 52 percent). The Afirma GSC's negative predictive value was 96 percent, compared to 94 percent for the current test.

"The long-term clinical outcome data presented at the AACE meeting reinforce that our current Afirma test has become a new standard of care in thyroid cancer diagnosis," said Bonnie Anderson, Veracyte's chief executive officer and chairman. "We believe that, by maintaining our current test's sensitivity while significantly expanding its specificity, the Afirma Genomic Sequencing Classifier will help even more patients avoid unnecessary surgery just to get a diagnosis and will further remove costs from the healthcare system."

About Afirma
The Afirma Genomic Sequencing Classifier is the next-generation version of the Afirma Gene Expression Classifier, and is used to identify patients with benign thyroid nodules among those with indeterminate cytopathology results in order to preserve the thyroid. Each year in the United States, more than 525,000 fine needle aspiration biopsies are performed to assess patients with potentially cancerous thyroid nodules. Up to 30 percent of the results are indeterminate (not clearly benign or malignant) and physicians have traditionally recommended thyroid surgery for a more definitive diagnosis.

Following surgery, however, 70 to 80 percent of patients' nodules are diagnosed as benign, meaning the surgery was unnecessary. Such surgery is invasive, costly and often leads to the need for lifelong daily thyroid hormone replacement drugs.

About Veracyte
Veracyte (NASDAQ: VCYT) is a leading genomic diagnostics company that is fundamentally improving patient care by resolving diagnostic uncertainty with evidence that is trustworthy and actionable. The company's products uniquely combine genomic technology, clinical science and machine learning to provide answers that give physicians and patients a clear path forward without risky, costly surgery that is often unnecessary. Since its founding in 2008, Veracyte has commercialized three genomic tests, which are transforming the diagnosis of thyroid cancer, lung cancer and idiopathic pulmonary fibrosis and collectively target a $2 billion market opportunity. Veracyte is based in South San Francisco, California. For more information, please visit www.veracyte.com and follow the company on Twitter (@veracyte).

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, our ability to successfully scale the company and our belief that we are well positioned for profitable growth. 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 applicability of clinical results to actual outcomes; laws and regulations applicable to our business, including potential regulation by the Food and Drug Administration or other regulatory bodies; the size of the market opportunity for our products; our ability to successfully achieve 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 clinical study results; 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2017. These forward-looking statements speak only as of the date hereof and Veracyte specifically disclaims any obligation to update these forward-looking statements.