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Veracyte Announces Pivotal Clinical Validation Data for Afirma Genomic Sequencing Classifier Presented at World Congress on Thyroid Cancer

Enhanced Classifier Identifies 30% More Benign Patients Than Original, Flagship Test

SOUTH SAN FRANCISCO, Calif.--(BUSINESS WIRE)-- Veracyte, Inc. (NASDAQ: VCYT) announced today that an oral presentation of data from the pivotal clinical validation study of the Afirma Genomic Sequencing Classifier (GSC) was presented at the 3rd World Congress on Thyroid Cancer (WCTC) held July 27-30 in Boston, Mass. The data demonstrate that the test, a next-generation version of the company's widely used Afirma Gene Expression Classifier (GEC), can identify 30 percent more benign thyroid nodules among those with "indeterminate" cytopathology - enabling these patients to avoid unnecessary diagnostic surgeries.

"The Afirma GEC has already enabled nearly 30,000 patients to avoid unnecessary thyroid surgeries," said Kepal N. Patel, MD, FACS, Chief, Division of Endocrine Surgery, NYU Langone Medical Center, who presented the data. "This study demonstrates that RNA sequencing and advanced machine-learning methods can enhance this valuable tool to create a next-generation classifier that accurately identifies more benign nodules. This will prevent significantly more patients from enduring unnecessary thyroid surgery and potential life-long implications."

The Afirma GSC uniquely combines RNA sequencing and machine learning to leverage more enriched, previously undetectable genomic information. Researchers validated the Afirma GSC on a prospective, multicenter, blinded cohort of 191 indeterminate thyroid nodule fine needle aspiration samples - the same sample set previously used to validate the first-generation Afirma GEC. Data shared by Dr. Patel at WCTC demonstrate that the Afirma GSC maintained the original test's high sensitivity (91 percent vs. 90 percent) and significantly increased its specificity, from 52 percent to 68 percent. The enhanced classifier's high specificity can identify 30 percent more patients with benign nodules compared to the Afirma GEC - allowing approximately 70 percent of patients with benign nodules to avoid unnecessary surgery when the cytopathology report is indeterminate.

The Afirma GSC identifies benign Hurthle cells, which are usually very difficult to discern from cancer, with increased specificity of 59 percent compared with just 12 percent with the Afirma GEC. In addition, Veracyte will also provide classifiers for medullary thyroid cancer, the BRAF V600E variant and add classifiers to identify RET/PTC1 and RET/PTC3 fusions, which are almost always associated with cancer. These results provide additional value to further guide physicians on the extent of surgery to perform.

"We are pleased to introduce the next-generation Afirma classifier, further solidifying our leadership in thyroid cancer diagnosis," said Bonnie Anderson, Veracyte's chief executive officer and chairman. "This new classifier provides answers physicians can trust to help even more patients avoid unnecessary surgery, delivering even greater outcomes for patients and significantly more cost savings to payers."

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 beliefs with respect to the benefits of our Afirma GSC to providers, patients and payors, including that it will identify more patients who can avoid unnecessary thyroid surgery, our belief that the scientific rigor and validation and clinical utility data behind the company's classifiers demonstrate its commitment to lead in diagnostic genomics, and the applicability of clinicl results to actual outcomes. 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.

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