

VERACYTE, INC.
Form 424B3
November 01, 2016

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Filed pursuant to Rule 424(b)(3)
Registration No. 333-205204

The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

Subject to completion, dated November 1, 2016

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated July 10, 2015)

Shares

Veracyte, Inc.

Common Stock

We are offering _____ shares of our common stock.

Our common stock is listed on The NASDAQ Global Market under the symbol "VCYT." On October 31, 2016, the last reported sale price of our shares of common stock on The NASDAQ Global Market was \$7.26 per share.

We are an emerging growth company under the federal securities laws and are subject to reduced public company reporting requirements.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page S-5 of this prospectus supplement.

Per Share Total

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Public offering price	\$	\$
Underwriting discounts and commissions(1)	\$	\$
Proceeds, before expenses, to us	\$	\$

(1) See "Underwriting" for additional disclosure regarding underwriting discounts, commissions and estimated offering expenses.

We have granted the underwriters the right to purchase up to _____ additional shares of our common stock. The underwriters may exercise this right at any time within 30 days after the date of this prospectus supplement.

The underwriters expect to deliver the shares of common stock against payment in New York, New York on or about _____, 2016.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Sole Book-Running Manager

Leerink Partners

Lead Manager

BTIG

The date of this prospectus supplement is _____, 2016.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document contains two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information, some of which may not apply to this offering. If the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone else to provide you with information that is in addition to or different from that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, along with the information contained in any permitted free writing prospectuses we have authorized for use in connection with this offering.

We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement or the date of the accompanying prospectus, and the information in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date of those respective documents, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should read both this prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus and the additional information described under "Where You Can Find More Information" in this prospectus supplement and in the accompanying prospectus, before investing in our common stock.

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to "Veracyte," the "company," "we," "us" and "our" refer to Veracyte, Inc.

Veracyte, Afirma, Percepta, Envisia, the Veracyte logo and the Afirma logo are our trademarks. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus may also contain trademarks and trade names that are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply relationships with, or endorsements or sponsorship of us by, these other companies.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing. Before you decide to invest in our common stock, you should read carefully and in their entirety this entire prospectus supplement and the accompanying prospectus, including the section in this prospectus supplement entitled "Risk Factors," and the documents we have incorporated by reference in this prospectus supplement and the accompanying prospectus, along with our financial statements and accompanying notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

Overview

We are a molecular diagnostics company that focuses on genomic solutions that resolve diagnostic ambiguity, thus enabling physicians to make more informed treatment decisions at an early stage in patient care. By improving diagnostic accuracy, we aim to help patients avoid unnecessary invasive procedures while reducing healthcare costs. Our first commercial solution, the Afirma Thyroid FNA Analysis, or Afirma, centers on the proprietary Afirma Gene Expression Classifier, or GEC, which is becoming a new standard of care in thyroid cancer diagnosis. The Afirma GEC helps physicians reduce the number of unnecessary surgeries by approximately 50% by employing a proprietary 142-gene signature to identify benign thyroid nodules among those deemed indeterminate by cytopathology alone. An additional 25 genes are used to differentiate uncommon neoplasm subtypes. We established the Afirma GEC's clinical validity in a study published in *The New England Journal of Medicine* in 2012 and have demonstrated the test's clinical utility, cost effectiveness and analytical validity in over 20 studies published in peer-reviewed journals. The Afirma GEC is recommended in leading practice guidelines and is covered as a medically necessary test by payers for 185 million lives in the United States, including through Medicare and many commercial insurance plans. As of September 30, 2016, we had 155 million lives under contract. Since the commercial launch of Afirma in January 2011 through September 30, 2016, we have received 290,000 fine needle aspiration, or FNA, samples for evaluation using Afirma and performed over 65,000 GECs to resolve indeterminate cytopathology results. We estimate the addressable thyroid nodule diagnostic market opportunity today is approximately \$500 million per year in the United States, and we believe that there is an estimated \$300 million additional market opportunity for the Afirma GEC internationally.

In April 2015, we accelerated our entry into pulmonology with the launch of the Percepta Bronchial Genomic Classifier, which we obtained through our acquisition of Allegro Diagnostics Corp. in September 2014. The Percepta classifier is designed to improve lung cancer screening and diagnosis by helping to reduce unnecessary, invasive, risky and costly procedures in patients with suspicious lung nodules and lesions, typically found on CT scans. The 23-gene classifier identifies patients with lung nodules who are at low or very low risk of cancer following an inconclusive bronchoscopy result, making it possible to monitor these patients with CT scans in lieu of invasive diagnostic procedures. Clinical validation data from two prospective, multicenter studies, AEGIS I and II, were published in July 2015 in *The New England Journal of Medicine*. In February 2016, the first clinical utility study for the Percepta classifier was published in *CHEST*, the official journal of the American College of Chest Physicians, suggesting that use of the Percepta test could reduce unnecessary surgeries and other invasive procedures by as much as 50% in the evaluated patient population. Also in February 2016, analytical verification data for the Percepta classifier were published online in *BMC Cancer*, establishing the quality and reproducibility of our testing processes. As of September 2016, three Medicare Administrative Contractors have issued draft local coverage policies that, if finalized, would cover Percepta for Medicare-eligible patients in those regions. As of September 2016, more than 40 thought-leading academic and other institutions around the country are offering Percepta to their patients during this initial stage of commercialization. We estimate the U.S. market opportunity for Percepta to

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be \$425 million to \$525 million today and expect the market to increase in size as lung cancer screening expands. The European market opportunity for Percepta is estimated to be \$220 million.

In October 2016, we announced the launch of our third commercial test, the Envisia Genomic Classifier, which is also in pulmonology. This test is designed to enable improved diagnosis of idiopathic pulmonary fibrosis, or IPF, among patients presenting with a suspected interstitial lung disease, or ILD, without the need for surgery. The 190-gene classifier uses machine learning coupled with powerful, deep RNA sequencing to detect the presence or absence of usual interstitial pneumonia, or UIP, a classic diagnostic pattern that is essential for the diagnosis of IPF. In an independent test set, the Envisia classifier demonstrated high specificity (88%) and sensitivity (67%) for UIP on patient samples obtained through less-invasive bronchoscopy. The test's results showed high concordance with review of surgical samples by surgical pathology. Our initial focus for the Envisia classifier is on building the clinical evidence needed to secure coverage and reimbursement from Medicare and private payers. We estimate the addressable market for our Envisia test to be over \$500 million in the United States and Europe.

Recent Developments

Our estimated financial results as of and for the three months ended September 30, 2016, presented below are preliminary and are subject to the completion of our quarter-end closing procedures and financial review. The preliminary financial data have been prepared by and are the responsibility of our management. Our independent registered public accounting firm has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial data. Accordingly, our independent registered public accounting firm does not express an opinion or any other form of assurance with respect thereto. These estimates are not a comprehensive statement of our financial results for this period and should not be viewed as a substitute for full interim financial statements prepared in accordance with generally accepted accounting principles. Our actual results may differ from these estimates as a result of the completion of our quarter-end closing procedures, review adjustments and other developments that may arise between now and the time our financial results for the period are finalized.

Preliminary third quarter 2016 results are summarized below:

Revenue for the third quarter of 2016 is expected to be \$18.6 million, an increase of 51%, compared to \$12.3 million for the third quarter of 2015. This includes an estimated \$3.5 million increase due to the accrual of tests that would have previously been recognized upon cash receipt.

Afirma GEC test volume was 5,740 tests, an increase of 14%, compared to the same period in 2015.

Operating expenses for the third quarter of 2016 are estimated to be \$23.5 to \$23.8 million, compared to \$21.2 million in the third quarter of 2015 and \$25.2 million in the second quarter of 2016.

Net loss is expected to be \$5.6 to \$5.9 million, or \$0.20 to \$0.21 per common share, versus a net loss of \$8.9 million, or \$0.32 per common share, for the same period in 2015.

Cash and cash equivalents as of September 30, 2016 is expected to be \$31.7 million, as compared with \$39.0 million at June 30, 2016.

Cash burn for the quarter is expected to be \$7.3 million and includes \$4.0 million in final payments to Sanofi Genzyme under our U.S. co-promotion agreement, which was terminated in September 2016.

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These estimates are preliminary and may change. In addition, these preliminary results for the three months ended September 30, 2016 are not necessarily indicative of the results to be achieved for the remainder of the fiscal year ending December 31, 2016 or in any future period. There can be no assurance that these estimates will be realized, and estimates are subject to risks and uncertainties, many of which are not within our control. See the sections entitled "Risk Factors" and "Forward-Looking Statements."

Company Information

We were incorporated in the state of Delaware on August 15, 2006 as Calderome, Inc. Calderome operated as an incubator until early 2008. On March 4, 2008, we changed our name to Veracyte, Inc. Our principal executive offices are located at 6000 Shoreline Court, Suite 300, South San Francisco, CA 94080 and our telephone number is (650) 243-6300. Our website address is www.veracyte.com. We do not incorporate the information on, or accessible through, our website into this prospectus supplement or the accompanying prospectus, and you should not consider any information on, or accessible through, our website as part of this prospectus supplement or the accompanying prospectus.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year following the fifth anniversary of the completion of our initial public offering of common stock (December 31, 2018), (2) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.0 billion, (3) the last day of the fiscal year in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (4) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

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RISK FACTORS

Investing in shares of our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 incorporated by reference in this prospectus supplement and the accompanying prospectus, any amendment or update thereto reflected in our subsequent filings with the Securities and Exchange Commission, and all of the other information in this prospectus supplement and the accompanying prospectus, including our financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. If any of these risks is realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline and you could lose part or all of your investment. Additional risks and uncertainties that are not yet identified or that we think are immaterial may also materially harm our business, operating results and financial condition and could result in a complete loss of your investment.

Additional Risks Related to Our Business

Our ability to use our net operating loss carryforwards may be limited and may result in increased future tax liability to us.

We have incurred net losses since our inception and may never achieve profitability. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire. We may be unable to use these losses to offset income before those unused losses expire. Generally, a change of more than 50% in the ownership of a corporation's stock, by value, over a three-year period constitutes an ownership change for U.S. federal income tax purposes. An ownership change may limit a company's ability to use its net operating loss carryforwards attributable to the period prior to such change. In the event we have undergone an ownership change under Section 382 of the Internal Revenue Code, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards to offset U.S. federal taxable income may become subject to limitations, which could potentially result in increased future tax liability to us.

Our financial results depend solely on sales of Afirma, and we will need to generate sufficient revenue from this and other diagnostic solutions to grow our business.

All of our revenues have been derived from the sale of Afirma, which we commercially launched in January 2011. For the foreseeable future, we expect to derive substantially all of our revenue from sales of Afirma. We launched our first product in pulmonology for lung cancer, Percepta, in April 2015, and our commercialization efforts may not be successful. We also launched Envisia for improved diagnosis of Idiopathic Pulmonary Fibrosis in October 2016, and our commercialization efforts for Envisia may not be successful. In addition, we are in various stages of research and development for other diagnostic solutions that we may offer, but there can be no assurance that we will be able to identify other diseases that can be effectively addressed with our molecular cytology platform or, if we are able to identify such diseases, whether or when we will be able to successfully commercialize solutions for these diseases. If we are unable to increase sales and expand reimbursement for Afirma, or successfully commercialize and obtain coverage and reimbursement for Percepta and Envisia and develop and commercialize other solutions, our revenue and our ability to achieve and sustain profitability would be impaired, and the market price of our common stock could decline.

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Additional Risks Related to This Offering

Our management will have broad discretion in the use of the net proceeds from this offering and may allocate the net proceeds from this offering in ways that you and other stockholders may not approve.

Our management will have broad discretion in the use of the net proceeds, including for any of the purposes described in the section entitled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure of our management to use these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short- and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. These investments may not yield a favorable return to our stockholders.

If you purchase shares of our common stock sold in this offering, you will experience immediate and substantial dilution in the net tangible book value of your shares. In addition, we may issue additional equity or equity-linked securities in the future, which may result in additional dilution to you.

The price per share of our common stock being offered may be higher than the net tangible book value per share of our outstanding common stock prior to this offering. Based on the public offering price of \$ per share and our net tangible book value as of June 30, 2016 of approximately \$0.65 per share, if you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of \$ per share, representing the difference between the public offering price and the as adjusted net tangible book value per share of our common stock as of June 30, 2016 after giving effect to this offering. See the section entitled "Dilution" below for a more detailed discussion of the dilution you will incur if you purchase common stock in this offering. In addition, we have a significant number of outstanding options to purchase common stock. If the holders of these options exercise their options, you may incur further dilution. Also, to the extent we need to raise additional capital in the future and we issue additional shares of common stock or securities convertible into or exchangeable for our common stock, our then existing stockholders may experience dilution and the new securities may have rights senior to those of our common stock offered in this offering.

Future sales of shares by existing stockholders could cause our stock price to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. The accompanying prospectus also covers the sale by existing stockholders of up to 5,000,000 shares of our common stock and, as of the date of this prospectus supplement, most of our other outstanding shares of common stock are available for sale in the public market at any time by our existing stockholders, subject to Rule 144 limitations applicable to affiliates. We are unable to predict the effect that sales may have on the prevailing market price of our common stock.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents we have filed with the Securities and Exchange Commission, or SEC, that are incorporated by reference in this prospectus supplement and the accompanying prospectus contain forward-looking statements that involve risks and uncertainties. These statements relate to future periods, future events or our future operating or financial plans or performance. These statements can often be identified by the use of forward-looking terminology such as "expects," "believes," "anticipates," "estimates," "plans," "may," "could," "will," "intends" or the negative of these terms, and other similar expressions and include statements as to the estimated market opportunities for our products, our estimated financial results as of and for the three months ended September 30, 2016, and our intentions with respect to the use of the net proceeds from this offering. We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short- and long-term business operations and objectives, and financial needs. These statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results to differ materially from those projected or otherwise implied by the forward-looking statements, including the following: the results of completion of our quarter-end closing procedures and financial review; 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 ability to develop and commercialize new products and the timing of commercialization; our ability to successfully achieve adoption of and reimbursement for our Percepta and Envisia Bronchial Genomic Classifiers; our ability to achieve sales penetration in complex commercial accounts; 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; and our ability to raise capital when needed. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. We discuss in greater detail, and incorporate by reference into this prospectus supplement and the accompanying prospectus, many of these risks, uncertainties and assumptions under the heading "Risk Factors." Additional cautionary statements or discussions of risks, uncertainties and assumptions that could affect our results or the achievement of the expectations described in forward-looking statements are also contained in the documents we incorporate by reference into this prospectus supplement and the accompanying prospectus.

Any forward-looking statement made by us in this prospectus supplement, the accompanying prospectus, or any of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus speaks only as of the date on which it was made. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. You should, however, review additional disclosures we make in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC.

You should read this prospectus supplement, the accompanying prospectus, and the documents that we reference in this prospectus supplement and the accompanying prospectus completely and with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

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This prospectus supplement, the accompanying prospectus, and the documents that we reference in this prospectus and the accompanying prospectus also contain statistical data and estimates that we obtained from industry publications and reports. These publications typically indicate that they have obtained their information from sources they believe to be reliable, but do not guarantee the accuracy and completeness of their information. You are cautioned not to give undue weight to those data and estimates. Projections, assumptions and estimates of future performance are necessarily subject to risks and uncertainties that could cause actual results to differ materially.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately \$ million, after deducting the underwriting discounts and commissions and estimated offering expenses we expect to pay. If the underwriters exercise their option to purchase additional shares in full, we estimate that our net proceeds will be approximately \$ million, after deducting the underwriting discounts and commissions and estimated offering expenses we expect to pay.

We currently intend to use the net proceeds of this offering for working capital and other general corporate purposes. We may also use a portion of the net proceeds from this offering to acquire or invest in complementary businesses, technologies or other assets, although we have no present commitments or agreements to do so. As a result, our management will have broad discretion in the way that we use the net proceeds and investors will be relying on our judgment regarding the application of the net proceeds of this offering. Pending the application of net proceeds, we expect to invest the net proceeds in short- and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

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DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the price per share of our common stock you pay in this offering and the net tangible book value per share of our common stock immediately after this offering.

Our net tangible book value as of June 30, 2016 was approximately \$18.0 million, or \$0.65 per share of our common stock. Net tangible book value per share is calculated by subtracting our total liabilities from our total tangible assets, which is total assets less intangible assets, and dividing this amount by the number of shares of our common stock outstanding. After giving effect to the sale by us of _____ shares our common stock at the public offering price of \$ _____ per share and after deducting the underwriting discounts and commissions and estimated offering expenses we expect to pay, our as adjusted net tangible book value as of June 30, 2016 would have been \$ _____ million, or \$ _____ per share of our common stock. This represents an immediate increase in the net tangible book value of \$ _____ per share to our existing stockholders and an immediate and substantial dilution in net tangible book value of \$ _____ per share to new investors. The following table illustrates this per share dilution:

Public offering price per share	\$
Net tangible book value per share as of June 30, 2016	\$ 0.65
Increase in as adjusted net tangible book value per share attributable to new investors	

As adjusted net tangible book value per share after this offering

Dilution per share to new investors participating in this offering	\$
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If the underwriters exercise in full their option to purchase up to _____ additional shares from us, the as adjusted net tangible book value per share after this offering would be \$ _____ per share and the dilution to new investors participating in this offering would be \$ _____ per share.

The calculations above are based on 27,864,285 shares of our common stock outstanding as of June 30, 2016. The number of shares of common stock outstanding as of June 30, 2016 excludes:

5,362,144 shares of our common stock issuable upon the exercise or vesting of options outstanding as of June 30, 2016 at a weighted-average exercise price of \$7.59 per share;

876,886 shares of common stock reserved for future issuance under our 2013 Stock Incentive Plan; and

684,272 shares of common stock reserved for future issuance under our Employee Stock Purchase Plan.

To the extent that any outstanding options are exercised or new options or shares are issued under our stock incentive plan or employee stock purchase plan after June 30, 2016, there will be further dilution to investors participating in this offering.

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Our common stock is listed on The NASDAQ Global Market under the symbol "VCYT." The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock as reported by The NASDAQ Global Market.

	High	Low
2014		
First Quarter	\$ 19.00	\$ 13.76
Second Quarter	18.01	12.24
Third Quarter	17.92	9.22
Fourth Quarter	9.85	6.01
2015		
First Quarter	\$ 9.74	\$ 6.50
Second Quarter	12.20	7.24
Third Quarter	12.47	4.59
Fourth Quarter	8.15	4.69
2016		
First Quarter	\$ 7.31	\$ 4.21
Second Quarter	5.98	4.81
Third Quarter	7.96	4.83
Fourth Quarter (through October 31, 2016)	8.45	7.04

On October 31, 2016, the last reported sale price of our common stock on The NASDAQ Global Market was \$7.26 per share. As of October 28, 2016, there were approximately 23 holders of record of our common stock. This number does not reflect the beneficial ownership of shares held in nominee name.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Our credit agreement restricts our ability to pay cash dividends on our common stock, and we may also enter into credit agreements or other borrowing arrangements in the future that will further restrict our ability to declare or pay cash dividends on our common stock. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

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UNDERWRITING

Leerink Partners LLC is acting as representative of each of the underwriters named below and as sole bookrunning manager for this offering. Subject to the terms and conditions set forth in the underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Leerink Partners LLC	
BTIG, LLC	

Total
Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of the shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representative has advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of \$ _____ per share. After the initial offering of the shares, the public offering price, concession or any other term of this offering may be changed by the representative.

The following table shows the public offering price, underwriting discounts and commissions and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares of our common stock.

	Per Share	Total Without Option	Total With Option
Public offering price	\$	\$	\$
Underwriting discounts and commissions	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

We estimate expenses payable by us in connection with this offering, other than the underwriting discounts and commissions referred to above, will be approximately \$400,000. We also have agreed to reimburse the underwriters for up to \$15,000 for their FINRA counsel fee. In accordance with FINRA Rule 5110, this reimbursed fee is deemed underwriting compensation for this offering.

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Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to additional shares at the public offering price, less the underwriting discounts and commissions. If the underwriters exercise this option, each underwriter will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, and our executive officers and directors, have agreed not to sell or transfer any common stock or securities convertible into or exchangeable or exercisable for common stock, for 90 days after the date of this prospectus without first obtaining the written consent of Leerink Partners LLC on behalf of the underwriters. Specifically, we and these other persons have agreed, with certain limited exceptions including sales pursuant to existing 10b5-1 trading plans, not to directly or indirectly:

offer, pledge, sell or contract to sell any common stock;

sell any option or contract to purchase any common stock;

purchase any option or contract to sell any common stock;

grant any option, right or warrant for the sale of any common stock;

otherwise dispose of or transfer any common stock;

make any demand for or exercise any right with respect to the registration of any shares of common stock; or

enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any common stock, whether any such swap or transaction is to be settled by delivery of shares of common stock or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

NASDAQ Global Market Listing

Our common stock is listed on The NASDAQ Global Market under the symbol "VCYT."

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representative may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with this offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option described above. The underwriters may close out any covered short position by either exercising their option or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the

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underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the closing of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on The NASDAQ Stock Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

The un