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PRESENTATION

Sung Ji Nam - *BTIG - Life Science and Diagnostic Tools Analyst*

Welcome. I'm Sung Ji Nam, Tools and Diagnostics Analyst at BTIG, and it is my pleasure to introduce Fluidigm. Presenting for Fluidigm today is the CEO, Chris Linthwaite. And with that, I'm going to turn it over to Chris for some introductory remarks. Chris?

Chris Linthwaite - *Fluidigm Corporation - President & CEO*

Sure. Hi, Sung Ji. Thank you very much again for the invitation. Obviously, we'd all love to be in Snowbird together versus just seeing it in a virtual background. But I just really am pleased to have this opportunity to share on our performance both on the quarter Q4 just closed as well as our prospects are, what we're calling Vision 2025.

We had -- our belief, we've taken the last six months in particular both to go from zero to 2.2 million COVID tests delivered and to overnight transform a significant portion of our Company into a diagnostics platform and business.

Going forward over the next five years, we think this transcends a COVID-specific story. And we're going to be a unique asset that spans the spectrum from discovery to diagnostics. We're going to deliver double-digit revenue growth with sustained profitability.

There's really three simple ways we're going to do this. One is, the cornerstone is innovation, both on our roadmap of launching new systems, some of which we've discussed already this -- for the summertime, expanding our marketing claims for our COVID flagship product and then offering more and more derivative content and then working with partners to build out new workflows for new additional applied markets.

The second is take -- building off the beachhead of labs that we've established. We have now more than 30 of our platforms that are working and delivering diagnostics grade results. That's just the beginning and that's in the microfluidics business.

We also have 1,200 lab -- or 1,200 flow cores that we're targeting today, of which, we're building off of a base of approximately 325 systems that are scattered in those initial -- out of that population of flow cores. We're going to expand across the flow space, but use that beachhead to also move more broadly into pathology -- anatomical pathology and closer and closer to health care decision-making in CROs, biopharmaceutical companies, and clinical settings.

And then finally, we're not doing this alone. We're doing this with partnership. And I would like to make a persuasive case around how we see the diagnostics industry evolving and how there'll be new combinations of partners that drive the experience of how we get test volume or tests, how you -- how you provide samples, how you order tests, and how those tests get processed in the future. And we think we're well-positioned to participate in this very large market and rapidly evolving market well beyond COVID. Thank you.

QUESTIONS AND ANSWERS

Sung Ji Nam - *BTIG - Life Science and Diagnostic Tools Analyst*

Fantastic, thank you for that. So, I -- before we kind of dive into the two product segments, Chris, can we kind of talk about the last year 2020? You guys reported -- like you mentioned year end results last week. Just trying to better understand kind of the dynamics there for your mass cytometry business versus your core microfluidics.

Obviously, you, guys, kind of started out the year with a pretty strong momentum across both segments and then the pandemic happened, right? So, there was kind of some pivoting of strategies in terms of launching into new areas, for example, COVID testing.

So, could you kind of walk us through that? And I think there -- towards the end of the year, I think the expectations that the street had may have been different from where you were -- where you, guys, ended up, so if you could kind of touch on that as well.

I think there's a lot of evolving -- there are a lot of moving parts in this pandemic, but we'd love to kind of hear your thoughts as far as I think the expectations for significant capacity build out in the first quarter, for example, and kind of obviously, zero to 2 million is impressive, but in terms of the capacity that you, guys, are building out and the capabilities that you have, where may -- the disconnect may have been? Sorry, that was a longwinded.

Chris Linthwaite - *Fluidigm Corporation - President & CEO*

Yes, that's a lot of questions on one, so you may have to redirect me a couple if I forget them as we go through. But at the end of the day, the overview is, yes, 2020 was incredibly both an incredible year for us, incredibly disruptive just as we reflect the entire economy.

But fundamentally, for Fluidigm, it had profound impact. And I'd like to make the case that over the net volume of -- the body of work over the course of the year that we've positioned ourselves, we're in an ever -- an incredible position as a springboard going forward and we delivered a lot of proof points against that in that transformative year.

And part of that's because the industry around us is beginning -- is changing and we think there's a lot of doors opening and we're seeing some inflection points on -- that inform our five-year strategy.

We finished the full year at 18% year-over-year growth, 18% with 5% on product and services. And if you told me that back in March or April when we were looking at the total disruption and fundamental shutdown of all of our -- most of our customers, I would not have believed you. And I really -- we did that both -- not only did we deliver results, we overcame the adversity and we're thriving in this new market environment.

And we're improving cash flow throughout that period. We recruited new partnerships, more than $15 million of non-dilutive funding that came into the business to help fund and support where we're headed, not where we've been. And I think our prospects are stronger than they've ever been before.

I think the second part of your question that I've laid out, I think, the case for how we're going to do that, that's a really simple recipe, again, with innovation, partnerships, and building off these beachheads that we established in the period.

I think the challenge of the fourth quarter was about expectations. Ultimately, it's about managing expectations, and that was one of the most challenging things for us to do in the COVID operating environment.

It's not excuses, I think it was very difficult for you as well as us to model how this business would perform. We had six weeks of operating experience in COVID testing and we had a very broad range of potential outcomes.

And part of that, there's things we can do. We learned a lot in that period, it doesn't mean that there isn't going to be some intrinsic volatility, but there were things that informed the next strategy, the next cycle of the strategy.

And those were things such as having a fantastic test, and I used the example for this with a few people, so you asked for saliva testing today, this is what you generally get. You get one of these large tubes. And if you can kind of see around it, there's a fill line that's quite large. This is our test.

And so, the test volume differences, we can't really see on this camera, are tiny. And you fill to the bottom, you can do that right, here we go, there we go. Bottom fill line here is the level of saliva we need, and we do this simple with no viral transport medium. This is a standard collection tube with a viral transport medium on the top of it.

It's not just enough to invent the test. You need to do other things. I mean part of that is the developing channel and how at the point of collection, at the point of someone that's either prescribing that test to be taken or someone who's providing the option set for a consumer or -- of the test or the patients, if you will. Getting that is one of the key things that we have to do in order to derive more consistent performance in the business.

Our strategy early on had been to count on getting it into our lab partners. Our lab partners will then go about their business motions. And you can kind of see differential performance from us, the areas in the university settings in which they had a captive population, they could decide who gets what tube and what -- how they're going to process it, we did very well in. In the areas that we're in commercial labs, we had more volatility and variability based on their business model.

Another -- the second thing we can do, and these are real tangible things, so the first way we're going to address the first part of the problem is through channel partners, and many of them will be people like digital health providers, people who are aggregators of samples, that's just one example. Digital providers are aggregating and routing samples to partner labs. That's one area that we can tangibly impact it that -- and we think that's the beginning of a sea change actually in the industry.

Another thing that we are doing right now is expanding our claims. So, we started out with a product that had only a single claim by the FDA for symptomatic collection and supervised symptomatic collection. There are specific things we are doing, opening up the at-home collection market, so that's a key -- that's a -- it requires a modified supplemental regulatory filing.

Another is to open up asymptomatic screening. And so, that's another way that we can broaden our claims and actually make our products more attractive at that -- in the channel when you're making selection decisions on which tests to provide.

I think the variant question is going to be quite profound also. I am not going to talk a lot about that unless you want to later -- throughout the conversation. But I think the complication -- it's no longer going to be binary, yes/no. We're going to need to also know information, more things like genotyping information around strains. So, those are all ways that you can extend this beachhead product and move it into adjacencies and actually meet the emerging needs of the marketplace.

So, you take all of that together, beachheads, partnerships, and innovation, these are all things that we're actually working at COVID speed on right now in the quarter and they're an extension of the lessons we learned in the fourth quarter.

Sung Ji Nam - *BTIG - Life Science and Diagnostic Tools Analyst*

Got it. And one of the questions I get -- I have gotten a lot since you reported is I think with the NIH RADx funding, you guys were -- have a potential to ramp up in terms of testing capacity. And I realized there are a lot of moving parts like as we better understand the pandemic and what's needed, et cetera, but how should we think about that level capacity?

Is that just a moot point at this point given that you were talking about, it's not just about straight out COVID testing, high throughput, it's also a multiplex genotyping aspect, different variants and things like that. So, the strategy, not just from Fluidigm standpoint but maybe from the public health, the government, clinical laboratory standpoint, has there been a shift in terms of how we tackle, right?

Because yesterday, there was an announcement around increased funding around COVID testing and things like that. So, just kind of curious, where does the original expectation of RADx funding enabling you the significant capacity build out in the first -- in the current quarter? Has that -- like, could you talk about how that may have changed?

Chris Linthwaite - *Fluidigm Corporation - President & CEO*

I'll start first by saying, we were in the first class of RADx awardees. I've heard from third-party, so I'm going to say it's like third-party told me that we were one of the top performers in the RADx portfolio.

And so, I think so far from the government's perspective, they're very pleased with the investment, but that's my belief. We've been a continuous performer. So, we've delivered both on innovation and we're developing on -- delivering on the capacity expansion.

And that's still fundamental, it's not -- obviously, it's to serve the COVID market initially, but it's a durable asset for us that allows us to avoid making a $30 million -- $35 million -- $34 million investment that we would have had to go in and build -- deploy that capital in advance of knowing whether our products were going to be successful or not.

So I think it's the government and we're really just grateful for that investment because it gives us a foundation to be -- to lean in, to be more aggressive in our product development cycles and our marketing claims.

So, we're very pleased with that building out of capacity. It far exceeds. So, we have the ability to deliver tens of millions of tests into the market over the course of the year. So, it's going to be -- it's a transformative, a 3x step up in our manufacturing and supply of tests. And we are continuing to perform against that expansion of capacity. We've already delivered some of that additional capacity and we'll continue to develop -- to deploy it over the course of the first half of this year. So, that's the first bit.

The second is around testing, who's going to pay and how are they different? So, one of the big things right now is the funding bill that's before the Congress. There's about, I think, $1.75 billion that's earmarked for surveillance-based testing for variants. There's another approximately $46 billion that's going to be deployed for anything the government needs with regards to testing broadly for the virus and virus containment. So, that does represent additional funding flows that could be -- companies like ours will -- should benefit from.

And then the third is policy overlay. So, we're going through obviously a transformation or transition of government and how the new government attacks this problem. We're very early into that transition.

So, I think the conventional and I think it's [interventional], I believe there's conviction that you cannot have -- the vaccine alone is not a strategy. You need to have vaccines and testing and next-generation vaccine development and therapeutic evaluation and development of intervention treatments. All three of these in addition to protecting the frontline workers has to be advanced in synchronization as close as much as possible.

And as the variants have been emerging and as there's more and more variant emerging, this actually will lead -- the whole ecosystem has to coordinate to work together to innovate and iterate on our national testing approach -- or not just our national testing but our national pandemic response, the whole thing.

So, we're looking at this. Potentially, there are multiple innings in this and there are more funding flows coming and there'll be a piece of this that comes from the federal government that may drive, but there's also going to be a lot of innovation at the state levels. And I think a lot of the innovation is going to occur at leading states and academic centers and university settings that are trying to treat -- that deal with their populations in real-time and cities and specific cities that are more progressive. And you can see that's the way that -- that's not changing from the setup from the last administration.

Sung Ji Nam - *BTIG - Life Science and Diagnostic Tools Analyst*

Fantastic. So, we can come back to microfluidics, but I definitely want to touch on mass cytometry. I think it's a business that's kind of overlooked in a lot of ways -- in a lot of ways by many investors. So, could we talk about your -- that segment? I think, obviously, there was pressure on the instrument sales drop last year as expected but definitely exceeded my expectations in terms of -- in terms of the recurring revenue growth last year.

Could you kind of give us -- and then you discussed this Vision 2020 and your expectations for the business to grow 20% plus over the next five years, I think targeting a $3 billion TAM. So, could you kind of talk about, for those maybe not as familiar, kind of what's differentiating about this? What's the sweet spot? And you touched on this earlier but kind of where -- what's driving that 20% growth over the next five years, I guess?

Chris Linthwaite - *Fluidigm Corporation - President & CEO*

Yes, there's -- as always a lot of questions all wrapped into one. So, let's talk about cytometry. Yes, we're actually quite pleased with the way the mass cytometry business performed over the course of 2020. Albeit, it was a step down from our 2019 performance and it's squarely in the area of the instrument placement cycles.

So, what we saw is that we -- as the labs recovered, there was very strong utilization of our systems. And we have a large install base just on the analyzers alone, 325 of those analyzers, and we now have more than 100 of those enabled for imaging.

And we presented, I think, in just the most recent -- it's on our Investor Web site, the expansion of both our -- of our install base as well as the distribution of that install base amongst -- is it imaging-enabled or is it flow cytometry?

I believe that there's a story here. It follows the exact same opening. So, there's an innovation story, so there's -- we're not -- we can't -- we will continue to innovate on our -- I mean our platforms and our showcase platforms. We will need to establish new partnerships, including to drive sustained mass cytometry growth, and we need to build off of our beachheads.

And we've started with beachheads in the flow cores. We're not fully penetrated whatsoever on the flow core market, but that's a beachhead that moves into from -- and suspension, so we'll talk about what is our technology really good at.

At its core, and we can talk a lot of science, but we make -- we simplify really complex things for our customers, and that simplification in the academic setting so far has led to more than 1,000 -- of a growth -- a 100% growth in publications just in the last year alone.

That ability to simplify really complex things has been important in a COVID example. We have reproducibility between systems, the system we built emerging standards on ways to measure complex signatures, things like immune signatures, immune response signatures, which has been critical for understanding the evolution and the pathology and the impact on patients infected with COVID, as an example.

We also announced a derivative one at Stanford that's using our technology, the same stack to do -- to look at MIS-C, which is an emerging problem in young adults or children, primarily in children right now, that's highly correlated with COVID infection.

These are just exemplars of what we've been talking about in the immunology space, immuno-oncology space, and we believe that that's a sustained and huge need that's going to be part of the underpinning of growth, the 20% level over the -- of the forecast period.

So, we're not fully saturated in terms of instruments, not even close. We're going to use these beachhead opportunities and flow cores and we're going to extend steadily into contract research organizations, into biopharma and we're going to move into more health care-oriented cores and health care settings.

And we were fortunate, one of the proof points we recently released was the partnership with PLT in China with specifically around taking the suspension-based platform and moving that mindfully through clinical and regulatory approval for a series of diagnostic applications in China. And I think that's one of the first leading indicators of where that technology is suited.

So, it makes complex things more simplified. It's easy to reproduce over and over again. And we also have a quality system that's built around its support where the world is going, not just that we can straddle academic and discovery, but we're also suited to move and transition into the health care decision-making.

In -- or in imaging, it's relatively similar. We're starting with flow cores that added imaging capability because they had an interest in opening up and doing things that normally happen in the pathology suites, in the pathologist networks. So, we're using this beachhead to now begin to move closer and closer into pathology and anatomical pathology and the imaging cores, and so, we'll see -- we're working for the beachhead and flow cores and there's more flow cores that can add imaging capability.

But we also see a future in which we're going to move closer and closer to clinical decision-making in pathology because they are looking for actionable information. And so, taking this complex piece of data and then distilling it down to something actionable, simplifying it for them, we think is exactly what the health care is going to require as part of complex decision-making and treatment decisions for things like oncology in the future.

So, that's really the story of mass cytometry. I think we -- obviously, we're sensitive to instrument placements from period to period given the relatively high ASPs and the numbers of systems -- the ratio of instrument placements to consumables.

But you can see steady growth in our consumables business and in our services which are recurring revenue streams. You see significant utilization climbing and that rearward facing through publications. And so, I really -- we feel this all underpins our confidence around -- in addition to having a large addressable market at $2.7 billion, it gives us conviction that this franchise can and will deliver double-digit growth.

Sung Ji Nam - *BTIG - Life Science and Diagnostic Tools Analyst*

Got you. And a couple more questions on mass cytometry. I'll make the question shorter [and move on]. As you look at the -- you were talking about the beachhead going from that to hospital and clinical testing, pharma, CROs. Do you have the commercial capabilities in order to enter into those markets? If not, what are the plans, I guess? I'll start with that, sorry.

Chris Linthwaite - *Fluidigm Corporation - President & CEO*

Yes, it's a very -- it's the right question. So, first, it's true, we are evolving our commercial organization. It's not radical but there is an evolution of commercial selling motions that will -- that are changing as we move into contract research, into biopharma, into health care-oriented. That's true and we have been mindfully recruiting for different phenotypes, but we'll have a foot in both camps.

And we're very open to continued partnerships. And if we see that it makes more sense to work, or actually that's an and statement, and work with other channel partners or new -- or other companies who have stronger positioning in those channels, we're completely open to those conversations.

The second part is actually, what's the infrastructure you put in place? And so, the point of sale is only the beginning of a journey. These segments of the market require a different type of customer service support. They need things like lot to lot traceability, they need quality system response and regulatory people that they can speak with, you need to have this infrastructure in place and they need contracting and you're generally working over longer term supply contracts, you're working over a longer horizon than in the traditional academic setting.

And so, that's why we feel really comfortable that we've continued to put all of these building blocks in place. Enhanced service, so you know, you need 24-hour or same-day service support. I mean these are all the things of -- that segment of the market needs -- it has differential needs in the academic segment.

So, we're very mindful of that and that's why we've been managing a transition of our investment profile internally to support these emerging customer segments for us. And again, we remain very open to working with partners where it makes a lot of sense.

Sung Ji Nam - *BTIG - Life Science and Diagnostic Tools Analyst*

And kind of a similar question on the technology side, obviously, it's a big area of focus as well. Do you have the right tools in place in the current Helios and Hyperion in terms of taking it to this -- to the next five years or are there plans to kind of further democratize mass cytometry, if you will?

Chris Linthwaite - *Fluidigm Corporation - President & CEO*

I'll come back to the three building blocks. The first building block I gave you was innovation. So, this is to assume that the instrument platform that we're currently commercializing is the instrument platform five years from now would be a mistake.

So, we are definitely -- there's much more headroom and evolution, there's things for -- the needs of the future that we're describing are -- go with things like simplification of the workflow, total cost of ownership.

There's other elements that are important for that customer segment that the academic segment is not as are -- the leading key opinion leaders are not as -- not important -- as important to them, and we're very mindful of that. And we've been focusing our innovation dollars to look at refreshes on the platform. Well, there's a lifecycle for every platform and we need to manage lifecycle transition to the next-generation platforms.

And we'll need to discuss in the future around is it a pure-play imaging platforms or do we -- is the dual use capability going to be a super powerful or is it better to have a suspension-dedicated and an imaging-dedicated platform?

So -- and then couple that with content, and we need to continue to expand the availability of content and standards and also work with partners to build the rest of the ecosystem, so software, speed of analysis, there's other digitization, which is why we invested in a chief digital officer to look at what are the ways that we can infuse technology into our core detection platforms, the analyzers, but make the whole user experience more valuable for where health care settings and more mindful of health care decision-making for the future. So, that's the simple recipe.

Sung Ji Nam - *BTIG - Life Science and Diagnostic Tools Analyst*

Got you. And we have only a couple of minutes -- we're less than a minute, but I want to ask a question on microfluidics. Going back to your comment about the digital health providers, kind of game shifting in terms of -- or paradigm shifting in terms of testing going forward, could you tell us a little more about that as far as, are they taking share from the traditional reference laboratories or what -- what's kind of -- what's the vision there from that channel perspective?

Chris Linthwaite - *Fluidigm Corporation - President & CEO*

We could dedicate an hour to discuss the digital health platforms and the impact it's going to have. I think it is profound. It's too hard to discern where market share movements are when the market expands as massively as it expanded in one -- in a nine-month time period.

But companies that are not publicly traded companies have become multi-$100 million revenue companies overnight. And so, I think they have accelerated the trend we've been talking about, which has been personalized medicine and creating more personalized access, customized access and ubiquity have access to things like how we experience tests.

Today, the current paradigm, you go to a physician, the ordering physician picks which lab and maybe they're going to send you to a Quest or Labcorp and they built a whole ecosystem around them.

There have been people nipping at the edges of this, at the fringes of this for the last few years on diagnosis or ordering drugs and some very specific edge markets. But COVID has taken -- has accelerated and put those organizations on steroids, and now, they've developed the informatics platforms, they're acquiring customer accounts, they're changing the customer experience.

And through things like the simplicity of ordering through a simple tube like this that you can have out of a vending machine, if you can pick it up in a Costco, you can have these available in your medicine cabinet at home. And you go online, you -- maybe you click on and meet with a physician for 30 seconds, a minute, 5 minutes, you fill out some questionnaires, you can have your test menu ordered and then routed to wherever those partners have decided who they want to send the test to.

I think that's a profound difference between you just -- there's been a very monopolistic or relatively duopolistic or super ACLA labs concentration. And I think that the big companies that have pharmaceutical -- retail companies that have pharmacies are going to get into this business in a big way and that means that's an opportunity for new players such as Fluidigm to introduce our technology and get into that ecosystem and then meet the test menu needs of the future, so not only COVID but there's a whole menu of things that can be added to that experience. You go to a physician with already having your lab items worked out as an example, that's one way the world could evolve.

Sung Ji Nam - *BTIG - Life Science and Diagnostic Tools Analyst*

Fantastic. With that, we're out of time. So, thank you, Chris, so much for your time today.

Chris Linthwaite - *Fluidigm Corporation - President & CEO*

You bet. Thank you very much again. I appreciate it.
