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PRESENTATION

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

Hello and welcome to the 33rd Annual Piper Sandler Healthcare Conference. My name is James Yoo. I'm the healthcare desk strategist at Piper and a managing director at the firm.

This year we are recording fireside chats as part of the virtual event and of course, we all hope to be back in person soon.

Today, we are pleased that members of Fluidigm management have joined us today -- join us to discuss their industry-leading microfluidics and mass cytometry business.

Joining us today are CEO Chris Linthwaite and Vikram Jog, CFO. Welcome.

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Thank you, James. I just want to thank the team at Piper for organizing this conference and I know we all wanted to be in person, but this is not a bad fallback position.

I look forward to an opportunity to talk about the business and be optimistic and look forward to 2022 and our ability to meet in person again.

QUESTIONS AND ANSWERS

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

Absolutely, absolutely.

So maybe before we dive into Q&A, maybe you can just take a moment to update the investment community some who may not have caught your recent quarterly call, but just sort of like on the base business.

How it's recovering despite some of the challenging headwinds that you talked about, maybe some supply chain disruption, and maybe also on the COVID side, what we can expect to see in the coming New Year?

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Well, I'll take your question a couple of ways.

So one, from our perspective there does remain COVID headwinds. They manifested in different ways at they've manifested in the 2020 era, you still have the knock-on effect.

Perhaps it appears to us and our customers the challenges that they're facing a war for talent, they're own slippage on projects, their budget uncertainty, offset somewhat, and it varies by the company.

In our case, we offer some COVID testing business, which is a portion of our revenue stream, on an annualized basis, but it's not a materially large portion of our revenue stream, which is obviously a positive tailwind in that context.

Net, net I think that we're all working through these challenges and we don't have a crystal ball, that says that it's everything's made back to 2019, Eminently. but I think we're all finding a way for the new normal.

And so the characterization of the year for us has been one in which we had certainly had more optimism about just like, I think, almost like everyone else around the recovery of the underlying challenges of COVID. We haven't fully seen that.

Despite that, we've seen good base business improvements. In our case, we had some ambitious plans for launching multiple new products that we'd started that work and that was one of the lead ends during the 2020 COVID period was to continue our innovation, trajectory, full speed.

And that resulted in a timing event where we ultimately had multiple new products coming out in the middle of this year and in the most recent quarter.

And so I think the supply chain narrative for us mostly exacerbated, hopefully, we will talk about that in the Q&A, has been how it's manifested our headwinds has been probably a little more unique for us, or attenuated or acute for us because of the new product aspect, otherwise it was very, very manageable.

So overall, remain very optimistic in the areas of immune-oncology, immunotherapy, that we are quite engaged in, areas in new diagnostics approach and the evolution of the diagnostics industry.

I think underlying were considered to be very optimistic and positive and constructive about the business as we work through these near-term headwinds.

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

Right. Absolutely.

And then I guess another thing that I noticed on the call was, you talked about backlog of unfilled orders that was twice as much as historical levels. As we think about that, what's a sort of good organic growth rate that we can think of the underlying demand.

And as your new products launch again on the supply chain issues, how are we looking to avoid some of the supply chain issues?

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Yes. I think for now, we have not given a long-term five-year outlook for the combined business.

We gave a lot of color on our investor day back in the May/June time period of which we have not changed our perspective over a five-year time period for areas such as the mass cytometry franchise, which that investor day we focused on.

And in that case, we were looking at strong double-digit growth for the underlying business partially informed by our opinions on the macro, and the increasing demand for areas such as complex image analysis, and our participation through our imaging mass cytometry, as well as underlying strength in our suspension-based mass cytometry business, which is manifesting increasingly more to translational settings, both of those areas.

And so, we ultimately stay quite bullish on the underlying markets, regardless of the near-term COVID challenges. So that's where we stand right now on our perspectives on the macro markets and how we're seeing it, at least for the largest portion of our business at this time where we have the best visibility too by far and away.

So the second part of your question was on supply chains. And this is one where we need to be tempered. Our approach to -- our commentary for the Q3 call -- our Q3 earnings call just recently and how we're thinking about Q4 is substantively for us building.

We had one major product launch the CyTOF XT which we announced in May, shipped the very first units at the very end of June, and then delivered incremental units throughout the Q3 time period.

But as we -- it's a large bomb, it's got more than 1,200 parts that go into bill of materials for that. Our supply chain challenges are pretty focused, they target a couple of components. It's not a widespread problem at this time.

And so as we looked at increasing demand, and so we've talked about the demand in two forms.

One, we have orders in hand, that's across our entire portfolio of more than a doubling of our backlog, which are above our historic levels, has one very positive indicator for the underlying health of the business.

And the second dynamic that informed our Q4 guide and the way we thought about it was to -- our inability to provide the upside demand that we believe sits there or at least is represented our strong pipeline improvements.

Our pipeline itself increased in double digits, as we look over a 90-day rolling period. So we saw both a strong backlog, those were POs already in hand, as well, as we've seen and now I'm being very specific around the CyTOF XT.

We saw the CyTOF XT pipeline also dramatically or significantly increased both with the Q4 period, as well as into 2022 on a rolling basis.

So it's early days, obviously, we're not in a position to give strong commentary on '22, but that's setting up the way we'd like to see or we'd imagine a new product that's as impactful as the CyTOF XT to shape in forms of demand curve.

The challenge for us in the near term is that we don't have clear visibility to all of the components that we need to provide those incremental units and so we had to be restrained in our guidance in the period.

And in fact, that was a change in our perspective from 90 days earlier, as we began to get in the heavy build and scaling of manufacturing. It is a very solvable problem. There are several things we can work through in both capacity expansion, as well as supply chain.

For the vast majority of our products that were more run rate products. So we've been and we've put inventory dollars in place and you can see it when you look at our financials -- underlying financials, where we've increased inventory levels, to address those supply chain hiccups and other products.

On the other side of the ledger, Biomark, or we call it Signature Q100 product, which is the OEM product that we provide for one of our large strategic partners, Olink Proteomics, they also provided color, they just recently did an investor day, I believe, just a couple days ago and they've begun talking about the launch.

So we're a key part of that launch preparation activities and so we have significant material orders and hands are delivering units to them. But at this stage, we're still limited in our ability to fully deliver against their requirements.

We're working through that and there's a couple of targeted components in that supply chain. And with the vendors, we have experience with so we don't anticipate any long-term challenges in overcoming the product challenges in either one of these areas.

And then it gets a little tricky in our story is the Biomark X, which we recently announced launched last week at the Society of Immunotherapy for Cancer Conference in Washington D.C., uses many -- it has many of the similar components.

And in this particular case, there's a Venn diagram between the shortages of components in the bio -- that would feed the Biomark X builds, as well as the Signature 100.

So that's why it's a kind of unfortunate combination of events for us that we believe are quite temporal, but they are significant.

And so until we get better visibility, we will not make any adjustments and so we're not providing any update on that situation at this time, but it's certainly something we're working on every day.

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

Great, thanks. We'll continue to monitor that as well.

And you did mention site CyTOF XT and actually you kind of almost answered my next question. But just from the demand side from your client side, I guess when we think about this low, lower costs, high throughput, and I think you've talked about it on your R&D day with greater functionality, lower cost instruments.

How is that going in terms of customer demand side? Are they responding to that strategy?

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Yes, it's been very encouraging to get the feedback and in this case, starting to get feedback in some cases, even in person from both prospects, as well as customers who received those orders.

The promise -- in this particular case, the XT was designed with our vision of transitioning this mass cytometry suspension-based technology increasingly from basic research into more and more translational and healthcare applied settings.

And we recognize that to do that, we needed to increase the overall throughput at the utilization of the potential throughput of the platform.

And also enable a lot about the delighters, reduce the infrastructure costs, reduce some of the ancillary sound, brings some of the chiller onboard reduce overhead, which is the acute power overhead the way that it was structured in the processing time. So it wasn't about signal acquisition, it was about signal processing and getting our results out.

But there were material improvements that we could make with focus to delight that market, in addition to enabling things such as overnight, operations up to almost 24 hour continuous or 23- hour operation, through the addition of an automated carousel.

So those have been delighters, particularly for people, of course, who already have experience using the technology.

Due to the reduced infrastructure requirements of this XT, you're able to put two of the XTs in the same bay using the same infrastructure using one of our legacy systems, which was the Helios platform, which we do continue to commercialize and sell, so that reception has been quite strong.

And we've also been quite encouraged to see new to the technology customers being added to our customer base at this time. And to give you some color, it's relatively small end at this time from sample size perspective, but it represents exactly the segment's we'd hoped will be designed this technology, this improvement, to focus our commercial energies on.

And that was CRO and translational settings in particular pharma and biotech. And we've seen good evidence of that today. Our overlooking funnel reflects that focus and we've also seen multi- system placements ad so we've been encouraged by that. We've also seen geographic expansion.

So again, early days, but we may get into it later on. But there's other benefits from a business operators perspective, reduced maintenance, as well as increased throughput on the platform, which can lead to more recurring revenue streams and greater monetization of the value of each placement. So hopefully, that gives a little additional color of where we stand today with this suspension platform.

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

It definitely does. And I guess we're in the early days of the Vision 2025 plan, but is this more of sort of what we can expect to see in terms your low-cost instruments, more partnerships that type of stuff?

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

That's exactly the stated strategy and we can talk about the three planks or pillars in which we're approaching value creation.

Innovation is at the core, so a pipeline of new products and beyond just instrument platforms. I don't want to trivialize those are complex programs to get out the door. But ultimately, the full value of a technology such as the CyTOF technology is unlocked through an ecosystem that's built out that includes content, reagents, storage operation and panels and software to interpret.

And our ecosystem to not grow it alone. So we are certainly very open to partnerships and in particularly as the questions become more targeted in disease areas. So the pharma companies may be working on a multiple myeloma program.

And as they envision deploying that, in the future, well their scientific expertise, their access to clinical samples is critical to this partnership to unlock the full potential of the value of the technology.

In addition, our partnerships in CRO's is another example. So how do we create easier access for a of biotech companies that have all stages of development that are not ready or perhaps don't want to spend the time to bring that technology in-house. We'd like to access to speed up their own trials work.

And then there's other very timely things such as one of our recent I think XT customers, has already started extending projects that are very appropriate to our real-time challenges in COVID and COVID response monitoring and already started take advantage of the extended runtimes on the XT platform.

So we've seen a lot of good signals in the end. We hope to announce more things as time progresses.

And you've seen if you look back over the last year, a number of announcements from us in partnerships, both in partnerships with collaboration groups, consortia, that are trying -- part of the value of our technology is the ability to go and run larger studies and reproducibility of data site to site to site and to integrate those data sets.

So the more there are larger consortia or complex problems that require many different groups to coordinate, the more that the measurements become standard. So a simple way you want to look at a biological mechanism, you want to make a patient stratification decision that might be informed by markers that we measure the fact that we can do that consistently and do many parameters or simultaneously create consistency of data as part of our long-term value generation proposition.

But to do that, we'll need partnerships. We'll continue to work on beachheads, which these are beachheads in translational centers that are setting those early standards, doing those early clinical trials, programs in concert with biopharma partners, and then our part of that, so their part of that equation is our innovation.

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

Yes. And maybe a little bit more on that on the partnership side, you mentioned stratifying patients, and more biomarkers, I mean, how embedded is your mass spectrometry product in that process?

And, as we think about the future, obviously, the goal is to better predict disease outcome and also with immunotherapies to try to pick the right patients for which immunotherapy.

So, can you maybe talk a little bit about how your products are -- fit into this ecosystem again?

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Absolutely. And I may, if you want me to expand a little bit even beyond CyTOF in our lingo would be very specific to suspension, but the imaging, mass cytometry is equally important to this.

So you're really looking at our technology is hired to do drug discovery work, that's where we started and we have a significant footprint supporting discovery activities and biomarker identification.

Increasingly, it is moving to translational so reductionist, so looking at those critical markers sets, which are getting bigger and bigger. Certainly, based on the most recent work at SITC you can see that pattern everywhere.

And I think someone else recently was talking to me about the -- what we've seen is even taking flow cytometry, that this panel sizes of flow cytometry over the last decade have been dramatically increasing.

So if you look back 10 years ago, the average number was two or three climbed into double digits now as a standard way of measurement, so that curve is accelerating.

So it really does feed to I think the strengths of our technology, looking at parameters economically at greater than 12, or 18 parameters up to in our case of 60, or 50, the high 50s of the stage or the mid-50s.

It certainly feeds into the macro of demand to have more information, more nuanced information and then matching that to these complex data sets that are not only driven by proteomics, they include genomic signatures also at imaging while information increasingly.

So if you look at our say publications, that's a good - we gave at our R&D investor update, relative penetration levels, from our estimation, and with the whole methodology and how we think about the market sizing, the number of placement opportunities and what our relative penetration is.

And our penetration is quite strong, as you might imagine, from our academic roots and starting in those translational centers. Our penetration we're underpenetrated in CROs and biopharma and that's the transition we do with that envision over the coming years.

And part of that does fit into, as you imagine with our innovation pipeline, so making our products even better suited to serve the needs of those customer segments, as the science is progressing.

So that's definitely a deliberate strategy for us as we move forward over the next five-year horizon.

So I think we're quite encouraged by the penetration level. We've shared starting with those translational centers, we're now well over 50% of the translational centers identified as cancer Institute's or comprehensive cancer centers, that could be -- the end of there's more than 70 in the United States.

The equivalent number of centers in Europe who don't use a similar kind of classification schema. And that in countries such as Japan and China seem very equivalent, a similar penetration strategy.

So I think we're further ahead on suspension, we're on our fourth generation suspension platform. Imaging is in earlier innings in general, but we're also quite encouraged by the penetration.

So we see, we believe that the many technologies that coexist to serve this very much higher for a different sort of the problem.

And I think are increasing our technology is going to be critical, both of our technologies as part of that toolkit, that those translational centers and hopefully ultimately, clinicians will need multiple tools to be hired to create the data they need to make those decisions on commentarial treatment strategies, patient stratification, disease identification subclassification beyond what, some companies are using it for, for targeted efforts .

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

That's great. And you did mention publications and I was going to ask you, for the investors out there tracking that metric, is it a leading indicator for -- as we think reagent pull through even instrument installation?

How accurate, I guess -- I mean, how do you think of the level of publications and as they grow, obviously, what that means?

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Yes. Publications are an important metric for us. There's a lot of ways to parse it and I - it's, it is important for all dimensions of our business. So yes, as you said, it's important to look to it informs for us, not just the centers that are acquiring a technology, but how they're utilizing that technology.

It's not always evident to us, you can't tell just by running the instrument exactly what sorts of biological questions there looking at. We get that information from things like the publication patterns.

In addition, it can form our panel strategies for the ways we think about focusing part of our R&D and innovation dollars is to identify potential early standards, and then to productize those to make it easier for the fast followers of our efforts, that reference those publications.

We also look in publications schema, there's an intensity of reference scores. So looking at the frequency in which they're cited, the quality of those given publications, it's not one that we share publicly, but there's -- that's another dimension to this, which just can be quite important.

So not all publications are created equal. Some publications can have a huge multiplier effect on shaping how neurobiology or immunology or immune-oncology or some aspect, maybe its fertility or its fertility could be one another one, that people want to go deep into that particular area of research.

So it does, as we see those patterns form can also feed into our marketing materials and how we even target customers or potential users and so our customer for us could be an acquirer of a platform, purchasing a system and that would be fantastic.

But we have an eye towards who are the other users, who are the customers of our customer and we've seen data from some collaborators Sunflabers for instance, they're almost like value-added resellers for us.

So you think about a flow core lab that has many of our technology, that has many of our systems in place, we work together to educate inside those institutions what the potential ways of that technology could be used.

And we work hand and glove for them to recruit and guide PIs as they're deciding on the scientific question their hypothesis. What's the best way to address this hypothesis?

And the more we have reference publications to go back to it helps them conceptualize how that'll be a lead to a higher quality publication. There's another element to this, which is, reviewers begin to expect, if they don't see the status set inside our potential paper that's been submitted, then oftentimes, we see people have to loop back and do that work.

And so by helping them upfront to design the right set of experiments that will lead to a high- quality publication is in the vested interest of all parties involved here.

And it ultimately, hopefully, it leads to add more delighted PI that leads them to larger studies to get better grant work and maybe eventually buying a system that they want to have a dedicated system for.

So we have plenty of use cases that show the power of publication of such agency that can suggest to us where we should focus our innovation dollars, how we might model or think about consumables and future demand and anticipate when capacity expansion could occur for certain centers or where there may be opportunities for dedicated systems, we put in place for certain groups.

That's probably more than you wanted to know about publications.

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

No, that's fascinating. I really appreciate the additional color. It's perfect.

And maybe on consumables, what portion of your long-term growth is consumables? And I guess when we think of the newest instruments, I know we talk about CyTOF XT earlier, but how has the pull through been on the consumable side on the newest instruments?

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Yes. So on the newest instrument, maybe that's the easiest one first it is. It's pretty early days, so I think the sample size is too small to draw a strong inference.

In our R&D Investor Day, we did put forward for modeling purposes for those in the audience that are entrusted trying to drive models of relative increased rates of the mixed shift of the XTs versus the Helios platforms.

And we may I think I'm sure we still do have some CyTOF 2's and to earlier, two generations ago sitting inside our mix. So we do have estimated pull through for each of those systems. I think for modeling purposes, we did not take the limits of what the theoretical capacity is that we're unlocking in the next system, but we did show a step up in that.

So it becomes a related rates exercise of the relative conversion of one platform, the XTs, the Helios', De Novo XT user placements that maybe had no history with the prior technology, and then potential consumables dynamics for each one of those.

So I think the -- I don't have the exact numbers, I encourage people to go back and look at what we publish there, but it's approximately a doubling for math purposes of the value of each XT, potentially it has twice the recurring revenue streams value for us.

And as we build our base out, that increase -- we also have recurring revenue streams in our services business. Our services model is accretive to the overall P&L, so it's another important way to look at consumable, or what we would call recurring revenue streams, which we know are intrinsically more valuable as we look to increase shareholder value.

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

Great. And I know we could, we could talk about this for a lot longer, but unfortunately, in our parameters today, we're going to have to ask the last question here.

But I guess just kind of opening up to you for the investors watching as we think about the upcoming year, I know you talked about this a little bit on the last call, but sort of your milestones or catalysts you think that folks should focus in on.

And maybe even when you think of what investors are focused on, if there's something that you'd like to point them to that you think is potentially underappreciated in the Fluidigm story.

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Yes. The key things that I would encourage investors or prospective investors to do is to continue to the best of their ability to look through the COVID challenges in the near term.

I fundamentally believe that the areas of science -- of focus and healthcare that we, Fluidigm is oriented on are great macros for the coming years.

And I think that proteomics and there's many things within the proteomics macro, so we obviously straddle DNA, RNA, and proteomics. But proteomics, high plexity, imaging, bit spatial biology, and proteomic-based spatial biology, as a subsegment that we read on completely, is a very -- it's got very strong demand characteristics.

In addition, we have good exposure to our early Olink partnership to get another important way to look at proteomic data. And in fact, when you read in publications, apropos publications discussion before, you see that very significant number of leading research centers are using multiple approaches.

They're using the suspension-based analysis, they're using imaging, they're using Olink Proteomics, they're using RNA Seq, all of the things which Fluidigm has value propositions against.

And we're not always the lead name associated with that, sometimes we're behind the scenes enabling that capability. That's an important part of our business model. I think that sets us up for some really strong growth, the years to come.

We need to continue to drive recurring revenue streams, analytical instrument placements and for us, the relative ASP sizes of those transactions creates a lot of distortion from quarter to quarter. So it's important, I think, to step back and look at the body of work over 4,5,6,7,8 quarter time period.

And that's hard to do in this era, but I think that's the best way to look at the underlying value for a company, such as Fluidigm.

So we're going to continue to work on focusing our innovation dollars on areas that we think will have the most impact for the future, with a clear eye towards recurrent revenue streams.

We are going to open the work to expand the beachheads that we've been in place with these translational centers, and we really didn't talk about it, that whole microfluidic side is also important, beachhead strategy.

And then third, strike partnerships. Partnerships that build content on top of our product and platforms. Partnerships that may lead to a distributor product and look more and something I know we need to keep an eye on which is creating more operating leverage, and ultimately improving profitability for the product companies.

So growth with a path towards profitability, those are things we know we've got to get sharper on, give a stronger readthrough, but the underlying products. The markets we are serving are good markets and we need to kind of look through and work through the near-term things such as budgeting challenges.

So thank you very much. We really appreciate the opportunity to talk about Fluidigm today.

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

Great. Yes, we really appreciate your time. Thank you for coming on. I guess we'll leave it there. We'll look forward to another year of growth and execution.

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Amen.

James Yoo - *Piper Sandler - Managing Director and Healthcare Desk Strategist*

Thank you.

Chris Linthwaite - *Fluidigm Corporation - President and CEO*

Bye.
