

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 22, 2022**

**EXAGEN INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-39049**  
(Commission  
File Number)

**20-0434866**  
(IRS Employer  
Identification No.)

**1261 Liberty Way**  
**Vista, CA 92081**  
(Address of principal executive offices) (Zip Code)

**(760) 560-1501**  
(Registrant's telephone number, including area code)

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                              | Trading<br>Symbol(s) | Name of each exchange<br>on which registered |
|--|----------------------|--|
| <b>Common Stock, par value \$0.001 per share</b> | <b>XGN</b>           | <b>The Nasdaq Global Market</b>              |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition.**

On March 22, 2022, the Company reported its financial results for the quarter and year ended December 31, 2021. A copy of the press release issued by the Company is furnished as Exhibit 99.1 to this report.

The information furnished with Item 2.02 of this report, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filings under the Exchange Act or under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | <a href="#">Press Release dated March 22, 2022</a>                          |
| 104                | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EXAGEN INC.

Date: March 22, 2022

By: /s/ Kamal Adawi  
Kamal Adawi  
Chief Financial Officer



## Exagen Inc. Reports Fourth Quarter and Full Year 2021 Results

### ***Six Quarterly Records: AVISE® CTD Volume, Testing Revenue, Testing Gross Margin, Testing Gross Margin Percent, Adopters, and Ordering Healthcare Providers***

March 22, 2022

SAN DIEGO – Exagen Inc. (Nasdaq: XGN), a leading provider of autoimmune testing solutions, today reported financial results for the fourth quarter and full year ended December 31, 2021.

#### **Recent Highlights:**

- Record total revenue of \$48.3 million for the year ended December 31, 2021, and total revenue of \$12.7 million for the fourth quarter of 2021. Record AVISE® CTD, including AVISE® Lupus, revenue of \$39.2 million for the year ended December 31, 2021, a 34.1% increase over 2020, and revenue of \$10.4 million for the fourth quarter of 2021, a 21.2% increase over the fourth quarter of 2020.
- Record 128,246 flagship AVISE® CTD tests, including AVISE® Lupus, for the full year 2021, and a record 34,147 tests for the fourth quarter of 2021. Since the launch of AVISE® CTD in 2012 and through 2021, we have delivered over 615,000 of these tests.
- Record number of ordering healthcare providers totaling 2,126 in the fourth quarter of 2021, including a record of 739 adopters, and sequential quarterly retention rate of approximately 99% among adopting healthcare providers from the prior quarter.
- Record full year 2021 gross margin of \$27.7 million, with a gross margin percent of 57.4%, and gross margin of \$7.8 million for the fourth quarter of 2021, with a gross margin percent of 61.1%. Record full year 2021 testing gross margin of \$26.5 million, with a record testing gross margin percent of 56.3% (testing gross margin represents the gross margin for our tests and excludes the effect of the Janssen Agreement), and record testing gross margin of \$7.6 million for the fourth quarter of 2021, with a record testing gross margin of 60.5%.
- Acquired exclusive worldwide license for technology utilized in the development for AVISE® RADR (Rheumatoid Arthritis Drug Response) platform for to enable precision medicine in rheumatology.

"2021 was another record-breaking year for Exagen as we continue to show our sustainable success in delivering autoimmune testing solutions. I'm very proud of our team for continuing to drive toward commercial excellence, building a robust pipeline, and adding additional payors; all with the mission of being a patient focused, discovery driven organization," said Ron Rocca, President and Chief Executive

Officer of Exagen. "We are excited for 2022, and are proud to announce adding coverage and an in-network agreement with WellCare and Centene Health Plans, which includes over 22 million lives. We now have payor agreements for over 91 million in-network lives. We look forward to continued success and development of our pipeline products, including our AVISE® RADR platform."

#### **Fourth Quarter 2021 Financial Results**

Revenue for the three months ended December 31, 2021 and 2020 was \$12.7 million. Testing revenue was \$12.5 million for the fourth quarter of 2021, a 14.2% year-over-year increase, driven by record testing volumes in AVISE® CTD, including AVISE® Lupus. Our revenue resulting from the Janssen Agreement contributed \$0.2 million in the fourth quarter of 2021, compared to \$1.7 million in the fourth quarter of 2020. Gross margin was 61.1% in the fourth quarter of 2021 compared to 65.8% in the fourth quarter of 2020, driven by the decrease in revenue resulting from the Janssen Agreement. Testing gross margin was 60.5% in the fourth quarter of 2021 compared to 60.4% in the fourth quarter of 2020.

Operating expenses were \$18.9 million in the fourth quarter of 2021, compared with \$15.4 million in the fourth quarter of 2020, due to increases in employee related expenses from headcount growth, including stock-based compensation, cost of revenue due to the increase in testing volumes and research and development expenses.

For the fourth quarter of 2021, net loss was \$7.1 million, compared to a net loss of \$3.5 million for the fourth quarter of 2020.

Cash and cash equivalents were approximately \$99.4 million as of December 31, 2021.

#### **Full Year 2021 Financial Results**

Revenue for the full year of 2021 was \$48.3 million, compared with \$42.0 million for the full year of 2020. Testing revenue increased to \$47.1 million, a 27.8% year-over-year increase, driven by record testing volumes in AVISE® CTD, including AVISE® Lupus. Our revenue resulting from the Janssen Agreement contributed \$1.2 million for the full year 2021. Gross margin was 57.4% for the full year of 2021 and testing gross margin was 56.3% for the full year of 2021.

Operating expenses were \$72.4 million for the full year of 2021, compared with \$57.2 million for the full year of 2020, due to commercial and research and development investments.

For the full year of 2021, net loss was \$26.9 million compared to a net loss of \$16.7 million for the full year of 2020.

#### **2022 Guidance**

For the full year 2022, Exagen expects revenue to be in the range of \$51 million to \$53 million.

#### **Conference Call**

A conference call to review fourth quarter and year-ended 2021 financial results and to provide a business update is scheduled for today March 22, 2022 at 4:30 PM Eastern Time (1:30 PM Pacific Time). Interested parties may access the conference call by dialing (877) 407-3982 (U.S.) or (201) 493-6780 (international). Additionally, a link to a live webcast of the call will be available in the Investor Relations section of Exagen's website at [investors.exagen.com](https://investors.exagen.com).

Participants are asked to join a few minutes prior to the call to register for the event. A replay of the conference call will be available until Tuesday, March 29, 2022 at 11:59 PM Eastern Time (8:59 PM Pacific Time). Interested parties may access the replay by dialing (844) 512-2921 (U.S.) or (412) 317-6671 (international) using passcode 13727619. A link to the replay of the webcast will also be available in the investor relations section of Exagen's website.

## **About Exagen**

Exagen is dedicated to transforming the care continuum for patients suffering from debilitating and chronic autoimmune diseases by enabling timely differential diagnosis and optimizing therapeutic intervention. Exagen has developed and is commercializing a portfolio of innovative testing products under its AVISE® brand, several of which are based on our proprietary Cell-Bound Complement Activation Products, or CB-CAPs, technology. Exagen's goal is to enable providers to improve care for patients through the differential diagnosis, prognosis and monitoring of complex autoimmune and autoimmune-related diseases, including rheumatoid arthritis and lupus. For further information please visit [www.Exagen.com](http://www.Exagen.com).

## **Forward Looking Statements**

Exagen cautions you that statements contained in this press release regarding matters that are not historical facts are forward-looking statements. These statements are based on Exagen's current beliefs and expectations. Such forward-looking statements include, but are not limited to, statements regarding: Exagen's goals and strategies; the potential utility and effectiveness of Exagen's services and testing solutions that are currently available or in its development pipeline; the ability of the company to secure wider reimbursement for its tests; the expected impact and results of further investments in our business and collaborations; Exagen's future potential growth and ability to continue or sustain success; and the 2022 guidance. The inclusion of forward-looking statements should not be regarded as a representation by Exagen that any of its plans will be achieved. Actual results may differ from those set forth in this press release due to the risks and uncertainties inherent in Exagen's business, including, without limitation: the COVID-19 pandemic may continue to adversely affect our business, financial condition and results of operations, including as a result of shutdowns of our facilities and operations as well as those of our suppliers and courier services, impeding patient movement and interruptions to healthcare services causing a decrease in test volumes, disruptions to the supply chain of material needed for our tests, our sales and commercialization activities and our ability to receive specimens and perform or deliver the results from our tests, delays in reimbursement and coverage decisions from Medicare and third-party payors and in interactions with regulatory authorities, and delays in ongoing and planned clinical trials involving our tests; the company's commercial success depends upon attaining and maintaining significant market acceptance of its testing products and promoted therapeutics among rheumatologists, patients, third-party payors and others in the medical community; the company's ability to successfully execute on its business strategies, including its strategy of integrating the promotion of its existing and future proprietary testing products with the promotion of therapeutics; third-party payors not providing coverage and adequate reimbursement for the company's testing products or promoted therapeutics; the company's ability to obtain and maintain intellectual property protection for its testing products; regulatory developments affecting the company's business; and other risks described in Exagen's prior press releases and Exagen's filings with the Securities and Exchange Commission ("SEC"), including under the heading "Risk Factors" in Exagen's Annual Report on Form 10-K for the year ended December 31, 2021 and any subsequent filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and Exagen undertakes no obligation to update such statements to reflect events that

occur or circumstances that exist after the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

CONTACTS:

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**Company**

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Exagen Inc.

Unaudited Condensed Statements of Operations  
(in thousands, except share and per share data)

|   | Three Months Ended December 31, |                   | Year Ended December 31, |                    |
|---|---------------------------------|-------------------|-------------------------|--------------------|
|   | 2021                            | 2020              | 2021                    | 2020               |
|   | (Unaudited)                     |                   |                         |                    |
| Revenue   | \$ 12,689                       | \$ 12,668         | \$ 48,299               | \$ 41,975          |
| Operating expenses:   |                                 |                   |                         |                    |
| Costs of revenue  | 4,939                           | 4,335             | 20,588                  | 16,559             |
| Selling, general and administrative expenses  | 11,802                          | 9,929             | 44,541                  | 37,033             |
| Research and development expenses   | 2,202                           | 1,165             | 7,237                   | 3,568              |
| Total operating expenses  | 18,943                          | 15,429            | 72,366                  | 57,160             |
| Loss from operations  | (6,254)                         | (2,761)           | (24,067)                | (15,185)           |
| Interest expense  | (639)                           | (652)             | (2,625)                 | (2,565)            |
| Other income, net   | 15                              | (1)               | 16                      | 984                |
| Loss before income taxes  | (6,878)                         | (3,414)           | (26,676)                | (16,766)           |
| Income tax (expense) benefit  | (175)                           | (39)              | (175)                   | 79                 |
| Net loss  | <u>\$ (7,053)</u>               | <u>\$ (3,453)</u> | <u>\$ (26,851)</u>      | <u>\$ (16,687)</u> |
| Net loss per share, basic and diluted   | <u>\$ (0.42)</u>                | <u>\$ (0.27)</u>  | <u>\$ (1.68)</u>        | <u>\$ (1.32)</u>   |
| Weighted-average number of shares used to compute net loss per share, basic and diluted | <u>16,969,614</u>               | <u>12,652,202</u> | <u>15,972,256</u>       | <u>12,632,780</u>  |



**Exagen Inc.**  
**Condensed Balance Sheets**  
(in thousands, except share and per share data)

|   | <b>December 31,</b> |             |
|---|---------------------|-------------|
|   | <b>2021</b>         | <b>2020</b> |
| <b>Assets</b>   |                     |             |
| Current assets:   |                     |             |
| Cash and cash equivalents   | \$ 99,442           | \$ 57,448   |
| Accounts receivable, net  | 9,654               | 8,910       |
| Prepaid expenses and other current assets   | 3,638               | 4,159       |
| Total current assets  | 112,734             | 70,517      |
| Property and equipment, net   | 4,772               | 2,102       |
| Goodwill  | 5,506               | 5,506       |
| Other assets  | 433                 | 250         |
| Total assets  | \$ 123,445          | \$ 78,375   |
| <b>Liabilities and Stockholders' Equity</b>   |                     |             |
| Current liabilities:  |                     |             |
| Accounts payable  | \$ 2,492            | \$ 3,014    |
| Accrued and other current liabilities   | 6,826               | 5,757       |
| Total current liabilities   | 9,318               | 8,771       |
| Borrowings-non-current portion, net of discounts and debt issuance costs  | 27,478              | 26,659      |
| Deferred tax liabilities  | 306                 | 158         |
| Other non-current liabilities   | 1,407               | 948         |
| Total liabilities   | 38,509              | 36,536      |
| Commitments and contingencies   |                     |             |
| Stockholders' equity:   |                     |             |
| Preferred stock, \$0.001 par value; 10,000,000 shares authorized, no shares issued or outstanding at December 31, 2021 and December 31, 2020  | —                   | —           |
| Common stock, \$0.001 par value; 200,000,000 shares authorized at December 31, 2021 and December 31, 2020; 16,164,994 and 12,652,308 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively | 16                  | 13          |
| Additional paid-in capital  | 293,060             | 223,115     |
| Accumulated deficit   | (208,140)           | (181,289)   |
| Total stockholders' equity  | 84,936              | 41,839      |
| Total liabilities and stockholders' equity  | \$ 123,445          | \$ 78,375   |