



---

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

On May 7, 2018, Fulgent Genetics, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended March 31, 2018. A copy of the Company’s press release containing this information is being furnished as Exhibit 99.1 to this Current Report on Form 8-K.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02, including Exhibit 99.1, 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, and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, 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 of Fulgent Genetics, Inc., dated May 7, 2018</a>

---

---

**SIGNATURE**

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.

Date: May 7, 2018

**FULGENT GENETICS, INC.**

By:     /s/ Paul Kim    

Name: Paul Kim

Title: Chief Financial Officer

## Fulgent Genetics Reports First Quarter 2018 Financial Results

### First Quarter 2018 Results:

- Revenue of \$4.7 million, up 9% sequentially
- Billable tests delivered grew 10% sequentially to 4,621
- GAAP loss of \$1.9 million, or \$0.11 per share
- Non-GAAP loss of \$1.2 million, or \$0.06 per share
- Adjusted EBITDA loss of \$1.1 million

TEMPLE CITY, CA, May 7, 2018 —Fulgent Genetics (NASDAQ: FLGT) (“Fulgent Genetics” or the “company”) today announced financial results for its first quarter ended March 31, 2018.

First quarter revenue was \$4.7 million, an increase of 9% sequentially from \$4.3 million in the fourth quarter of 2017, and a decrease of 12% year over year from \$5.3 million in the first quarter of 2017. GAAP loss for the first quarter of 2018 was \$1.9 million, or \$0.11 per share, and non-GAAP loss was \$1.2 million, or \$0.06 per share. Adjusted EBITDA loss was \$1.1 million in the first quarter of 2018.

Non-GAAP loss and adjusted EBITDA are described below under “Note Regarding Non-GAAP Financial Measures” and are reconciled to the most directly comparable GAAP financial measure, GAAP income (loss), in the accompanying tables.

Ming Hsieh, Chairman and Chief Executive Officer, said, “We are pleased with the results we achieved in the first quarter, highlighted by our billable test volume, which reached the highest quarterly level we have seen in the history of our company. We are aiming to achieve increased stability in our business as we gain traction with some of our newer initiatives, including our Beacon carrier screening test. We are also seeing increased interest and revenue from our sequencing as a service research tests. While it is still early in the year, we are happy with our progress this year to date and confident in our technology, operations and sales capabilities. We look forward to capitalizing on the opportunity we see for our business in the quarters ahead.”

Paul Kim, Chief Financial Officer, said, “We had a strong quarter and are encouraged by the momentum and sustainability we are beginning to see in our business. We recorded growth in billable test volume in the quarter, while our average price per billable test delivered remained relatively stable. In addition, our gross margin was stable as we are making progress on collecting on tests processed through insurance. We believe we are well-positioned to continue driving growth as we capitalize on the investments we have made in the business.”

Mr. Kim added, “We will provide an update on our guidance regarding certain financial measures during our investment community conference call to shortly follow the issuance of this press release.”

### **Conference Call Information**

Fulgent Genetics will host a conference call for the investment community today at 4:30 PM ET (1:30 PM PT) to discuss its first quarter results. Press and industry analysts are invited to attend in listen-only mode.

---

The call can be accessed through a live audio webcast in the Investor Relations section of the company's website, [www.fulgentgenetics.com](http://www.fulgentgenetics.com), and through a live conference call by calling (855) 321-9535 using the conference ID 7588519. An audio replay will be available in the investors section of the company's website or by calling (855) 859-2056 using passcode 7588519 through May 17, 2018.

### **Note Regarding Non-GAAP Financial Measures**

Certain of the information set forth in this press release, including non-GAAP income (loss) and adjusted EBITDA, are non-GAAP financial measures. Fulgent Genetics believes this information is useful to investors because it provides a basis for measuring the performance of Fulgent's business excluding certain income or expense items that management believes are not directly attributable to the company's core operating results. Fulgent Genetics defines non-GAAP income (loss) as income (loss) calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"), plus or minus provisions (benefits) for income taxes, plus equity-based compensation expenses, plus or minus equity income (loss) in investee, plus or minus the effect of a corporate tax rate, and plus or minus other charges or gains, as identified, that management believes are not representative of the company's core operations. Fulgent Genetics defines adjusted EBITDA as GAAP income (loss) plus or minus interest expense (income), plus or minus provisions (benefits) for income taxes, plus depreciation and amortization, plus equity-based compensation expenses, plus or minus equity income (loss) in investee, and plus or minus other charges or gains, as identified, that management believes are not representative of the company's core operations.

Fulgent Genetics may continue to incur expenses similar to the items added to or subtracted from GAAP income (loss) to calculate non-GAAP income (loss) and adjusted EBITDA; accordingly, the exclusion of these items in the presentation of these non-GAAP financial measures should not be construed as an inference that these items are unusual, infrequent or non-recurring. Management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measure of income (loss) in evaluating the company's operating performance. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in conformity with GAAP, and non-GAAP financial measures as reported by Fulgent Genetics may not be comparable to similarly titled metrics reported by other companies.

### **About Fulgent Genetics**

Fulgent Genetics is a technology company with a focus on offering comprehensive genetic testing to provide physicians with clinically actionable diagnostic information they can use to improve the quality of patient care. The company has developed a proprietary technology platform that allows it to offer a broad and flexible test menu and continually expand and improve its proprietary genetic reference library, while maintaining accessible pricing, high accuracy and competitive turnaround times. The company believes its test menu currently offers more genes for testing than its competitors in today's market, which enables it to provide expansive options for test customization and clinically actionable results.

---

## Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements in this press release include statements about, among other things: anticipated growth of and increased stability in the company's business and performance, including its volume of sequencing as a service and other billable tests delivered, both in general and to customers who pay for tests through insurance, the collectability of billable tests delivered to such customers, and the average price per billable test delivered, as well as the company's ability to sustain or improve these effects and their actual impact on the company's performance; the success of the company's investments in its business, including its technology platform, operational capabilities and sales organization, as well as the timing and extent of the impact of these investments, if any, on the company's performance; the timing, commercial success and impact on the company's results of new product launches and other initiatives, including its Beacon carrier screening test and its upcoming somatic-based cancer test; and the company's ability to capitalize on opportunities to grow its business.

Forward-looking statements are statements other than historical facts and relate to future events or circumstances or the company's future performance, and they are based on management's current assumptions, expectations and beliefs concerning future developments and their potential effect on the company's business. These forward-looking statements are subject to a number of risks and uncertainties, which may cause the forward-looking events and circumstances described in this press release to not occur, and actual results to differ materially and adversely from those described in or implied by the forward-looking statements. These risks and uncertainties include, among others: the market potential for, and the rate and degree of market adoption of, the company's tests and genetic testing generally; the company's ability to capture a sizable share of the developing market for genetic testing and compete successfully in this market, including its ability to continue to develop new tests that are attractive to its various customer markets and otherwise keep pace with rapidly changing technology; the company's ability to maintain the low internal costs of its business model, particularly as the company makes investments across its business; the company's ability to maintain an acceptable margin on sales of its tests, particularly in light of increasing competitive pressures and other factors that may continue to reduce the company's sale prices for and margins on its tests; risks related to volatility in the company's results, which can fluctuate significantly from period to period; risks associated with the composition of the company's customer base, which can fluctuate from period to period and can be comprised of a small number of customers that account for a significant portion of the company's revenue; the company's ability to grow and diversify its customer base and increase demand from existing and new customers; the company's investments in its infrastructure, including its sales organization and operational capabilities, and the extent to which these investments impact the company's business and performance and enable it to manage any growth it may experience in future periods; the company's level of success in obtaining coverage and adequate reimbursement and collectability levels from third-party payors for its tests; the company's level of success in establishing and obtaining the intended benefits from partnerships, joint ventures or other relationships; the company's compliance with the various evolving and complex laws and regulations applicable to its business and its industry; risks associated with the company's international operations; the company's ability to protect its proprietary technology platform; and general industry, economic, political and

---

market conditions. As a result of these risks and uncertainties, forward-looking statements should not be relied on or viewed as predictions of future events.

The forward-looking statements made in this press release speak only as of the date of this press release, and the company assumes no obligation to update publicly any such forward-looking statements to reflect actual results or to changes in expectations, except as otherwise required by law.

The company's reports filed with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2017 and the other reports it files from time to time, including subsequently filed quarterly and current reports, are made available on the company's website upon their filing with the Securities and Exchange Commission. These reports contain more information about the company, its business and the risks affecting its business, as well as its results of operations for the periods covered by the financial results included in this press release.

Investor Relations Contacts:

The Blueshirt Group

Nicole Borsje, 415-217-2633, [nborsje@blueshirtgroup.com](mailto:nborsje@blueshirtgroup.com)

---

**FULGENT GENETICS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEET DATA**  
**March 31, 2018 and December 31, 2017**  
**(in thousands)**

	<b>March 31, 2018</b>	<b>December 31,</b>
	<b>(unaudited)</b>	<b>2017</b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 5,274	\$ 6,490
Investments in marketable securities	33,496	34,877
Accounts receivable, net	4,969	4,005
Property and equipment, net	6,853	7,272
Other assets	4,922	4,540
Total assets	<u>\$ 55,514</u>	<u>\$ 57,184</u>
<b>LIABILITIES &amp; EQUITY:</b>		
Accounts payable, accrued liabilities and other liabilities	\$ 2,415	\$ 3,006
Total stockholders' equity	53,099	54,178
Total liabilities & equity	<u>\$ 55,514</u>	<u>\$ 57,184</u>

---

**FULGENT GENETICS, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS DATA**  
**Three Months Ended March 31, 2018 and 2017**  
**(in thousands, except per share data)**  
**(unaudited)**

	Three months ended March 31,	
	2018	2017
Revenue	\$ 4,653	\$ 5,306
Cost of revenue (1)	2,772	1,859
Gross profit	1,881	3,447
Operating expenses:		
Research and development (1)	1,458	851
Selling and marketing (1)	1,130	891
General and administrative (1)	1,487	1,486
Total operating expenses	4,075	3,228
Operating income (loss)	(2,194)	219
Interest income and other income (expense)	95	119
Income (loss) before income taxes and equity loss in investee	(2,099)	338
Provision for (benefit from) income taxes	(434)	106
Income (loss) before equity loss in investee	(1,665)	232
Equity loss in investee	(245)	-
Net income (loss)	\$ (1,910)	\$ 232
Net income (loss) per common share:		
Basic	\$ (0.11)	\$ 0.01
Diluted	\$ (0.11)	\$ 0.01
Weighted average common shares:		
Basic	17,864	17,676
Diluted	17,864	18,178

(1) Equity-based compensation expense was allocated as follows:

Cost of revenue	\$ 124	\$ 146
Research and development	132	211
Selling and marketing	108	69
General and administrative	181	139
Total equity-based compensation expense	\$ 545	\$ 565

**FULGENT GENETICS, INC.****Non-GAAP Income (Loss) Reconciliation****Three Months Ended March 31, 2018 and 2017****(in thousands, except per share data)**

	Three months ended	
	March 31,	
	2018	2017
Net income (loss)	\$ (1,910)	\$ 232
Provision (benefit) for income taxes	(434)	106
Equity-based compensation expense	545	565
Non-GAAP Tax effect (1)	396	(343)
Equity loss in investee	245	-
Non-GAAP net income (loss)	<u>\$ (1,158)</u>	<u>\$ 560</u>
Net income (loss) per common share:		
Basic	\$ (0.11)	\$ 0.01
Diluted	\$ (0.11)	\$ 0.01
Non-GAAP net income (loss) per common share:		
Basic	\$ (0.06)	\$ 0.03
Diluted	\$ (0.06)	\$ 0.03
Weighted average common shares:		
Basic	17,864	17,676
Diluted	17,864	18,178

(1) Tax rates as follows:

Corporate tax rate of 22% and 38% for the three months ended March 31, 2018 and 2017, respectively.

**FULGENT GENETICS, INC.**  
**Non-GAAP Adjusted EBITDA Reconciliation**  
**Three Months Ended March 31, 2018 and 2017**  
**(in thousands)**

	Three months ended	
	March 31,	
	2018	2017
Net income (loss)	\$ (1,910)	\$ 232
Interest (income) expense	(95)	(119)
Provision (benefit) for income taxes	(434)	106
Equity-based compensation expense	545	565
Depreciation and amortization	516	412
Equity loss in investee	245	-
Adjusted EBITDA	<u>\$ (1,133)</u>	<u>\$ 1,196</u>