

**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): May 3, 2022

FULGENT GENETICS, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction of
incorporation)

001-37894
(Commission File Number)

81-2621304
(IRS Employer Identification No.)

4978 Santa Anita Avenue
Temple City, California
(Address of Principal Executive Offices)

91780
(Zip Code)

(626) 350-0537
(Registrant's telephone number, including area code)

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 Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	FLGT	The Nasdaq Stock Market (Nasdaq Global Market)

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 May 3, 2022, Fulgent Genetics, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended March 31, 2022. 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.

Item 7.01 Regulation FD Disclosure

From time to time, the Company presents and/or distributes slides and presentations to the investment community to provide updates and summaries of its business. On May 3, 2022, the Company updated its investor presentation, which is available on the “Investor Relations” section of the Company’s website at <https://fulgentgenetics.com/>. This presentation is also furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information in Items 2.02 and 7.01, including Exhibits 99.1 and 99.2, 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 registration statement or other 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 filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Fulgent Genetics, Inc., dated May 3, 2022
99.2	Corporate Presentation of Fulgent Genetics, Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 3, 2022

FULGENT GENETICS, INC.

By: /s/ Paul Kim
Name: Paul Kim
Title: Chief Financial Officer

Fulgent Genetics Reports First Quarter 2022 Financial Results

- Revenue totals \$320.3 million
- Core Revenue excluding COVID-19 NGS testing grows 59% year-over-year to \$25.1 million
- Raises full year revenue outlook to \$660 million from previously announced \$600 million
- Raises full year core revenue outlook to \$180 million from previously announced \$175 million

TEMPLE CITY, CA, May 3, 2022 —Fulgent Genetics, Inc. (NASDAQ: FLGT) (“Fulgent Genetics”, “Fulgent”, or the “Company”), a technology-based genetic testing company focused on transforming patient care in oncology, infectious and rare diseases, and reproductive health, today announced financial results for its first quarter ended March 31, 2022.

First Quarter 2022 Results:

- Revenue of \$320.3 million, versus \$359.4 million in Q1 2021
- Billable tests delivered approximately 3.2 million, versus 3.8 million in Q1 2021
- Core Revenue excluding COVID-19 NGS¹ testing grew 59% year-over-year to \$25.1 million
- GAAP income of \$154.0 million, or \$4.93 per share
- Non-GAAP income of \$158.7 million, or \$5.08 per share
- Adjusted EBITDA of \$213.5 million
- Cash from operations of \$188.4 million
- Cash, cash equivalents, and investments in marketable securities of \$1.1 billion as of March 31, 2022²

Notes:

- 1) COVID-19 NGS testing was included in “Core Revenue” in 2021 and is now excluded from “Core Revenue”, and included in “COVID-19 Revenue”, as of Q1 2022.
- 2) Excludes the impact of \$170 million in cash paid for the acquisition of Inform Diagnostics, which closed on April 26, 2022.

Non-GAAP income (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 of the Board and Chief Executive Officer, said, “We had a strong start to 2022 and again exceeded our expectations for both core revenue and COVID-19 revenue in the first quarter. Our recent acquisition of Inform Diagnostics, which closed in late April, marks an important strategic milestone for Fulgent as we believe it gives us the opportunity to drive meaningful incremental growth in core revenue in the quarters and years ahead. We expect to benefit from a number of operational and commercial synergies from this acquisition while bringing Inform Diagnostics’ extensive menu of

pathology tests to the Fulgent platform. This acquisition is our largest to date and reflects our commitment to leveraging our large cash position to drive long-term shareholder value through acquisitions and strategic partnerships on top of consistent organic growth. As our business focus continues to shift away from COVID-19 testing, we are pleased with the strides we are making to drive sustainable growth in our core business in the years ahead.”

Paul Kim, Chief Financial Officer, said, “We are pleased with our first quarter results which reflect strong growth in our core business excluding COVID-19 NGS testing, which grew 59% year-over-year, as well as heightened demand for COVID-19 testing in the first half of the quarter driving better than expected results. We believe the acquisition of Inform Diagnostics will be a meaningful catalyst for our business, driving revenue contribution from day one while creating a number of synergistic strategic opportunities for Fulgent long-term. Despite our ongoing investments, we remain extremely well capitalized with a growing cash position to capture potential future opportunities. We have turned our attention to the integration and ramp of our expanding core initiatives, including the launch of our new West Coast oncology lab, which we announced today, and look forward to driving sustainable growth in our core revenue in the quarters ahead. As a result of the aggressive investments associated with our acquisition integrations, sales force ramp and geographic operational expansion, combined with our conservative assumptions around the considerable decline in future demand for COVID-19 testing, we have trimmed our EPS estimates for the full year. We will be providing a formal update during our investment community conference call to shortly follow the issuance of this press release.”

Outlook:

For the second quarter of 2022, Fulgent Genetics expects:

- Total Revenue of approximately \$125 million
- Core Revenue of approximately \$40 million, representing growth of 78% year-over-year

For the full year 2022, Fulgent Genetics now expects:

- Total Revenue of approximately \$660 million, compared to previous guidance of \$600 million
- Core Revenue of approximately \$180 million, compared to previously updated guidance of \$175 million
- Non-GAAP income of approximately \$6.00 per share, compared to previous guidance of \$7.00 per share

Fulgent has not reconciled its expectations as to non-GAAP income per share to their most directly comparable GAAP measure because certain items are out of Fulgent’s control or cannot be reasonably predicted. Accordingly, a reconciliation for forward-looking non-GAAP income per share is not available without unreasonable effort.

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 2022 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, <http://ir.fulgentgenetics.com>, and through a live conference call by dialing (888) 394-8218 using the confirmation code 3761353. An audio replay will be available in the Investor Relations section of the Company's website.

Note Regarding Non-GAAP Financial Measures

Certain information set forth in this press release, including non-GAAP income (loss), non-GAAP income (loss) per share, 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 the Company's business excluding certain income or expense items that management believes are not directly attributable to the Company's 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, or GAAP, plus amortization of intangible assets, plus equity-based compensation expenses, plus or minus the non-GAAP tax effect, and plus or minus other charges or gains, as identified, that management believes are not representative of the Company's operations. The non-GAAP tax effect is calculated by applying the statutory corporate tax rate on the amortization of intangible assets and equity-based compensation expenses. 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, and plus or minus other charges or gains, as identified, that management believes are not representative of the Company's 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 implication 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-based genetic testing company focused on transforming patient care in oncology, infectious and rare diseases, and reproductive health. Fulgent Genetics' proprietary technology platform has created a broad, flexible test menu and the ability to continually expand and improve its proprietary genetic reference library while maintaining accessible pricing, high accuracy, and competitive turnaround times. Combining next generation sequencing, or NGS, with its technology platform, the Company performs full-gene sequencing with deletion/duplication analysis in an array of panels that can be tailored to meet specific customer needs. A cornerstone of the Company's business is its ability to provide expansive options and flexibility for all clients' unique testing needs through a comprehensive technology offering including cloud computing, pipeline services, record management, web portal services, clinical workflow, sequencing as a service and automated laboratory services.

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: guidance regarding expected annual financial results, including revenues, core revenues, GAAP income, and non-GAAP income; evaluations and judgments regarding market position, balance sheet, runway, momentum, reinvestments, shareholder value, acquisition strategies, and synergies related to and the performance of acquired businesses (including Inform Diagnostics), investments and partnerships, relationships and the Company's testing services and technology; future growth and the Company's testing services and technologies; the Company's identification and evaluation of opportunities and its ability to capitalize on opportunities, capture market share, or to expand its presence in certain markets; and the Company's ability to continue 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 ongoing impacts of the COVID-19 pandemic, including the preventive public health measures that may continue to impact demand for its tests and the pandemic's effects on the global supply chain; the market potential for, and the rate and degree of market adoption of, the Company's tests, including its tests for COVID-19 and genetic testing generally; the Company's ability to capture a sizable share of the developing market for genetic and COVID-19 testing and to compete successfully in these markets, including its ability to continue to develop new tests that are attractive to its various customer markets, its ability to maintain turnaround times 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, strategic investments, joint ventures, acquisitions, 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 U.S. Securities and Exchange Commission, or the SEC, including its annual report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 28, 2022 and the other reports it files from time to time, including subsequently filed annual, quarterly and current reports, are made available on the Company's website upon their filing with the SEC. 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 Contact:

The Blueshirt Group

Nicole Borsje, 415-217-2633, nicole@blueshirtgroup.com

FULGENT GENETICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEET DATA
March 31, 2022 and December 31, 2021
(in thousands)

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 353,069	\$ 164,894
Investments in marketable securities	725,227	770,652
Accounts receivable, net	160,261	138,912
Property, plant, and equipment, net	68,622	62,287
Other assets	158,411	141,975
Total assets	<u>\$ 1,465,590</u>	<u>\$ 1,278,720</u>
LIABILITIES & EQUITY:		
Accounts payable, accrued liabilities and other liabilities	\$ 152,630	\$ 112,840
Total stockholders' equity	1,312,960	1,165,880
Total liabilities & equity	<u>\$ 1,465,590</u>	<u>\$ 1,278,720</u>

FULGENT GENETICS, INC.
CONDENSED CONSOLIDATED STATEMENT OF INCOME DATA
Three Months Ended March 31, 2022 and 2021
(in thousands, except per share data)
(unaudited)

	Three Months Ended	
	March 31,	
	2022	2021
Revenue	\$ 320,268	\$ 359,429
Cost of revenue (1)	77,725	74,075
Gross profit	<u>242,543</u>	<u>285,354</u>
Operating expenses:		
Research and development (1)	5,989	5,422
Selling and marketing (1)	7,940	5,008
General and administrative (1)	25,775	8,002
Amortization of intangible assets	906	—
Total operating expenses	<u>40,610</u>	<u>18,432</u>
Operating income	201,933	266,922
Interest and other income, net	45	282
Income before income taxes	201,978	267,204
Provisions for income taxes	48,421	66,513
Net income from consolidated operations	153,557	200,691
Net loss attributable to noncontrolling interests	422	—
Net income attributable to Fulgent	<u>\$ 153,979</u>	<u>\$ 200,691</u>
Net income per common share attributable to Fulgent:		
Basic	\$ 5.09	\$ 6.96
Diluted	\$ 4.93	\$ 6.52
Weighted average common shares:		
Basic	30,234	28,831
Diluted	31,240	30,770
(1) Equity-based compensation expense was allocated as follows:		
Cost of revenue	\$ 1,465	\$ 674
Research and development	1,921	1,223
Selling and marketing	825	426
General and administrative	1,405	639
Total equity-based compensation expense	<u>\$ 5,616</u>	<u>\$ 2,962</u>

FULGENT GENETICS, INC.
Non-GAAP Income Reconciliation
Three Months Ended March 31, 2022 and 2021
(in thousands, except per share data)

	Three Months Ended	
	March 31,	
	2022	2021
Net income attributable to Fulgent	\$ 153,979	\$ 200,691
Amortization of intangible assets	906	—
Equity-based compensation expense	5,616	2,962
Non-GAAP tax effect (1)	(1,826)	(800)
Non-GAAP income attributable to Fulgent	<u>\$ 158,675</u>	<u>\$ 202,853</u>
Net income per common share attributable to Fulgent:		
Basic	\$ 5.09	\$ 6.96
Diluted	\$ 4.93	\$ 6.52
Non-GAAP income per common share attributable to Fulgent:		
Basic	\$ 5.25	\$ 7.04
Diluted	\$ 5.08	\$ 6.59
Weighted average common shares:		
Basic	30,234	28,831
Diluted	31,240	30,770

(1) Tax rates as follows:

Corporate tax rate of 28% for the three months ended March 31, 2022.

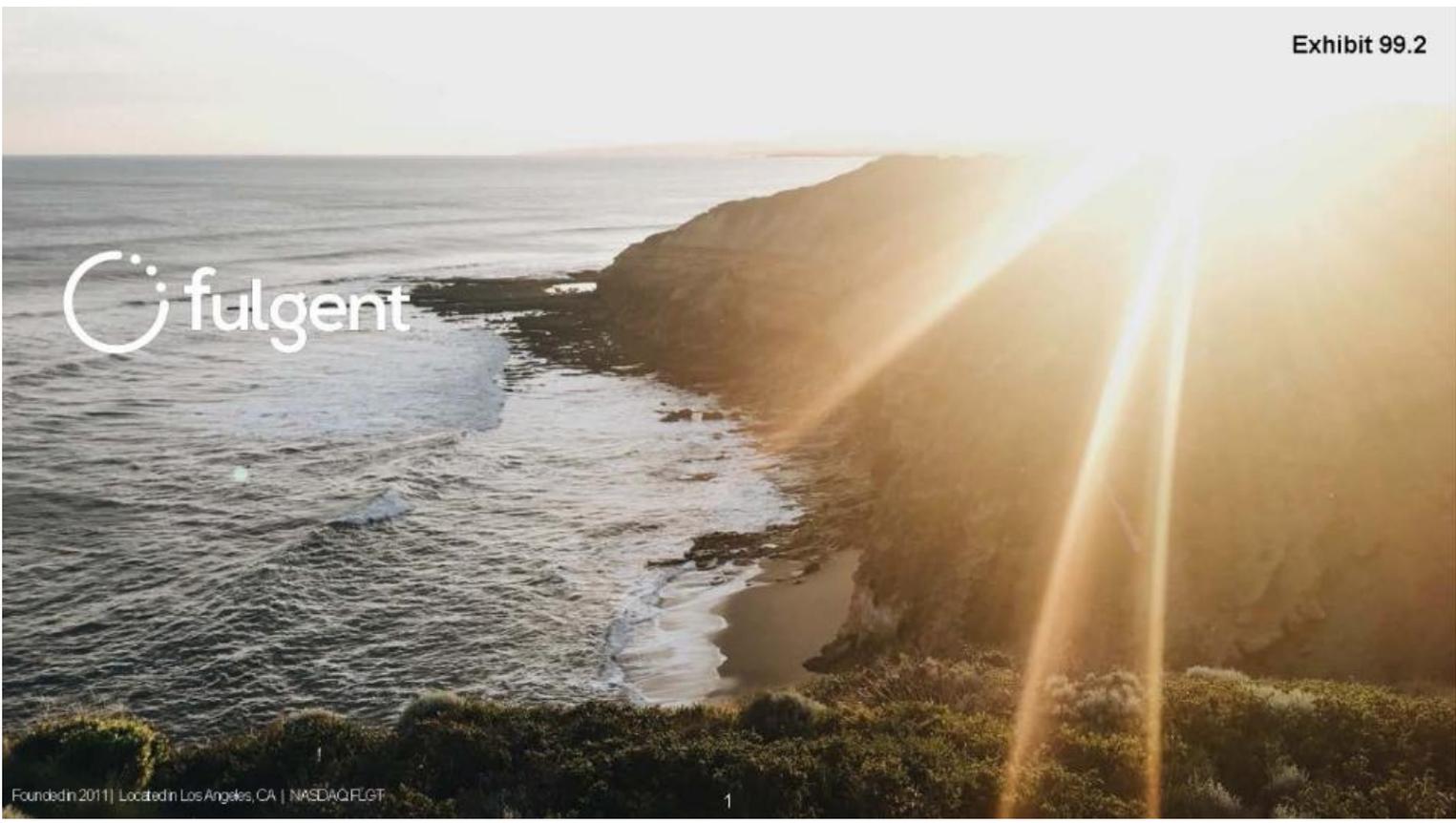
Corporate tax rate of 27% for the three months ended March 31, 2021.

FULGENT GENETICS, INC.
Non-GAAP Adjusted EBITDA Reconciliation
Three Months Ended March 31, 2022 and 2021
(in thousands)

	Three Months Ended	
	March 31,	
	2022	2021
Net income attributable to Fulgent	\$ 153,979	\$ 200,691
Interest expense (income)	739	(230)
Provisions for income taxes	48,421	66,513
Equity-based compensation expense	5,616	2,962
Depreciation and amortization	4,695	1,922
Adjusted EBITDA	<u>\$ 213,450</u>	<u>\$ 271,858</u>



Founded in 2011 | Located in Los Angeles, CA | NASDAQ:FLGT



Disclaimer

Forward-Looking Statements and Market Data

This presentation contains forward-looking statements, which are statements other than those of historical facts and which represent the estimates and expectations of Fulgent Genetics, Inc. (the "Company") about future events based on current views and assumptions. Examples of forward-looking statements made in this presentation include, among others, those related to its anticipated growth and positioning, addressable market estimates, the Company's mission and strategies, the success of its business model and strategy, anticipated future revenue and guidance, evaluations and judgments regarding the Company's business, products, technologies, competitive landscape, scalability, plans regarding development and launch of potential future products, and any businesses the Company may seek to acquire or has acquired, including statements regarding Inform Diagnostics, CSI Laboratories, Helio Health, and any potential synergies. The Company's views and assumptions on which these forward-looking statements are based may prove to be incorrect. As a result, matters discussed in any forward-looking statements are subject to risks, uncertainties and changes in circumstances that may cause actual results to differ materially from those discussed or implied by any forward-looking statements. Important factors that could cause actual results to differ materially from those implied by forward-looking statements are disclosed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's reports filed with the Securities and Exchange Commission ("SEC"), including its annual report on Form 10-K filed on February 28, 2022, and other reports it files from time to time. Because of these factors, you should not rely upon forward-looking statements as predictions of future events. The forward-looking statements in this presentation are made only as of the date hereof, and, except as required by law, the Company assumes no obligation to update any forward-looking statements in the future. The company's reports filed with the SEC, including its annual report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 28, 2022 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 SEC. 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.

This presentation also includes market data and forecasts with respect to the industry in which the Company operates. In some cases the Company relies upon and refers to market data and certain industry forecasts that have been obtained from third-party surveys, market research, consultant surveys, publicly available information and industry publications that the Company believes to be reliable. These data and estimates involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

Non-GAAP Financial Measures

This presentation contains certain supplemental financial measures that are not calculated pursuant to U.S. generally accepted accounting principles ("GAAP"). These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. A reconciliation of non-GAAP measures to GAAP measures is contained in this presentation.

Mission, Core Values, and Strategy



We are a premier global, technology-based genetic testing company focused on transforming patient care in oncology, infectious and rare diseases, and reproductive health

Mission

- Develop flexible and affordable genomic testing that improves the everyday lives of those around us

Core Values

- Innovation
- Customer service and commitment
- Quality
- Efficiency

Strategy

- Leverage our proprietary NGS platform for broad application
- Operational excellence
- Disciplined M&A

Leadership Team



Ming Hsieh
Chief Executive Officer

Experienced operational leader, entrepreneur and philanthropist

Previously CEO, President, and Chairman of Cogent Systems

Member of the National Academy of Engineering; Fellow of the National Academy of Inventors; Trustee of USC



Paul Kim
Chief Financial Officer

Experienced financial leader and Certified Public Accountant

Previously CFO of Cogent Systems; sold to 3M for \$943M in 2010

B.A. in Economics from University of California at Berkeley



Dr. Harry Gao
Lab Director and Chief Scientific Officer

Previously Lab Director at City of Hope

Clinical molecular genetics training fellowship and post-doctoral fellowship at Harvard Medical School

M.S. in Immunology, and M.D. and Ph.D. in Microbiology, Immunology, and Medical Genetics



James Xie
Chief Operating Officer

Responsible for managing all global operations, product vision and product engineering

Served as an SVP of Cogent

B.A. in Engineering, M.S. in Industrial Engineering and an M.S. in Computer Science



Brandon Perthuis
Chief Commercial Officer

Extensive experience leading genetic testing commercialization programs since 2003

Previously VP of Sales and Marketing of the Medical Genetics Laboratory at Baylor College of Medicine

Prior to Baylor, held senior roles at PerkinElmer and Spectral Genomics



Dr. Lawrence Weiss
Chief Medical Officer

Esteemed background in molecular science and pathology

Most recently Chief Medical Officer at NeoGenomics; prior senior role at Clarent.

Chairman Emeritus of Pathology at City of Hope National Medical Center



History of Fulgent Genetics



Fulgent is Positioned to Execute on Our Growth Strategy

Proprietary technology platform allows for rapid scaling of a **broad, flexible test menu**

Next-generation sequencing (NGS) platform complemented with growing portfolio of **emerging testing technologies** with a focus on oncology

Well positioned to execute on a growth strategy that includes **organic and inorganic initiatives**, including:

- Transformational acquisition of **Inform Diagnostics**
- Ramping and integration of capabilities of **CSI Labs**
- Scaling partnerships – **Helio Health and Spatial Genomics**
- Potential **future acquisitions** with a strategy of short and long term ROI, tangible synergies and efficient capital deployment

\$320M Q1 Revenue

3.2M Q1 Billable Tests

+59% Q1 YoY Core Revenue Increase

18,400+ Genes | 900+ Panels | Customizable Offerings

Operates anatomic pathology laboratories that provide diagnostic services in the fields of breast health, dermatology, GI, hematology, neuropathology, urology, and COVID-19

- Founded in 1996 and headquartered in Irving, Texas
- 500+ Preferred Provider Agreements across 5 TINs; 70-80% in-network
- CLIA-certified and CAP-accredited laboratories
- ~20 Sales Professionals
- ~550 total employees

Core Products and Services Portfolio

- **Breast Pathology:** Full spectrum of care, including services for interventional radiologists, breast surgeons, and breast oncologists
- **Dermatopathology:** Fellowship trained dermatopathologists
- **Gastrointestinal Pathology:** GI pathologists have a collective 500 years of post-training pathology experience and 1,500 peer reviewed studies between them
- **Hematopathology:** Is a subspecialty whereby each member of the Company sees >1,000 bone marrow specimens each year
- **Neuropathology:** Offers specialized neuropathology testing services
- **Urologic Pathology:** Is comprised of subspecialists that specialize in areas such as prostate, bladder/urinary tract, and testis pathology

Inform Diagnostics Strategic Highlights

- **Test Menu Expansion:** Acquisition extends Fulgent's capabilities into the pathology testing market
- **Commercial Synergies:** With the addition of Inform Diagnostics' extensive testing capabilities, nationwide salesforce, and significant managed care contracts, Fulgent is better positioned to become a one-stop shop for diagnostic services throughout the healthcare continuum and across the U.S
- **Managed Care Relationships:** Extends Fulgent's in-network relationships with managed care organizations to over 300 million covered lives
- **Geographic Reach:** Expands Fulgent's geographic footprint with the addition of CLIA, CAP, and NY State certified laboratories in New York, Arizona, Massachusetts, and Texas
- **Attractive Financial Profile:** Transaction has the potential to contribute meaningfully to Fulgent's annual core revenue and is expected to have a positive impact to pro forma EBITDA

Specialized cancer diagnostics laboratory focused on meeting the needs of pathologists and community hospitals

- Founded in 1997 and headquartered in Alpharetta, Georgia
- Offers more than 400 unique tests with a focus on oncology
- CLIA-certified and CAP-accredited laboratory
- Profitable with quality customers, reimbursement contracts, and established service offerings
- Sales team focused in the South-Southeast United States

Core Products and Services Portfolio

- Flow Cytometry
- Cytogenetic Analysis
- Fluorescence in-situ hybridization (FISH)
- Immunohistochemistry
- Molecular genetics
- Consultations in the areas of hemopathology and surgical pathology
- Next-Generation Sequencing (NGS) through an affiliated partner

CSI Laboratories Strategic Highlights

- **Enter High Value Markets:** Expansion into somatic genetic testing market, which is expected to grow to \$16.8 billion by 2030
- **Revenue Synergy Opportunities:** Leveraging Fulgent's best-in-class technology and Next Generation Sequencing ("NGS") expertise in new oncology markets
- **Geographic Footprint:** Geographic expansion of CSI's reach beyond the Southeastern part of the United States
- **Specialized Personnel:** CSI's team includes laboratory industry veterans, a salesforce with deep relationships, and oncology-focused scientific expertise

Target Market Opportunity

fulgent
+
Helio

CSI Spatial Genomics

- Genes & Panels
- Known Mutation
- Genomic Testing
- Hereditary Cancer
- Infectious Disease
- Tumor Profiling
- Newborn Genetics
- Sequencing Service
- Carrier Screens
- Spatial Biology



INFORM
DIAGNOSTICS

Anatomic Pathology Capabilities

- Services Include:
 - Breast pathology
 - Gastrointestinal pathology
 - Dermatopathology
 - Urologic pathology
 - Neuropathology
 - Hematopathology

Substantial Geographic Footprint

- Provides services to 1,300 clients representing 2,700 physicians across the United States
- Expansive in-network relationships with over 300 million covered lives

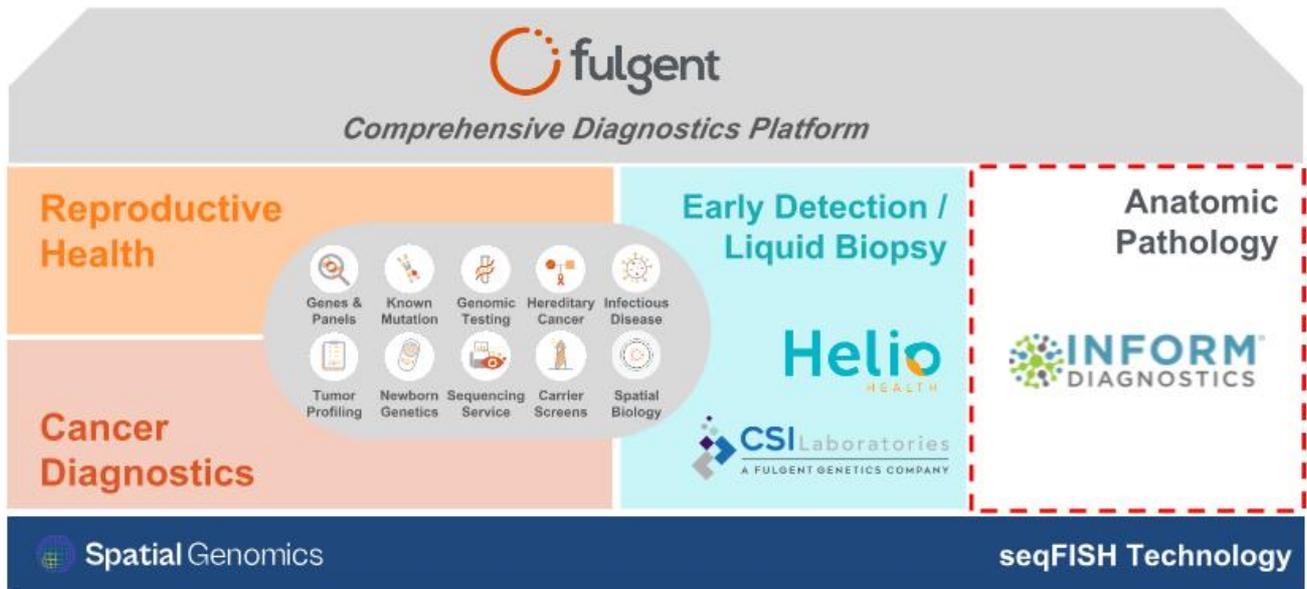
Cancer Diagnostics
\$80B market¹

Early Detection / Liquid Biopsy
\$18B market¹

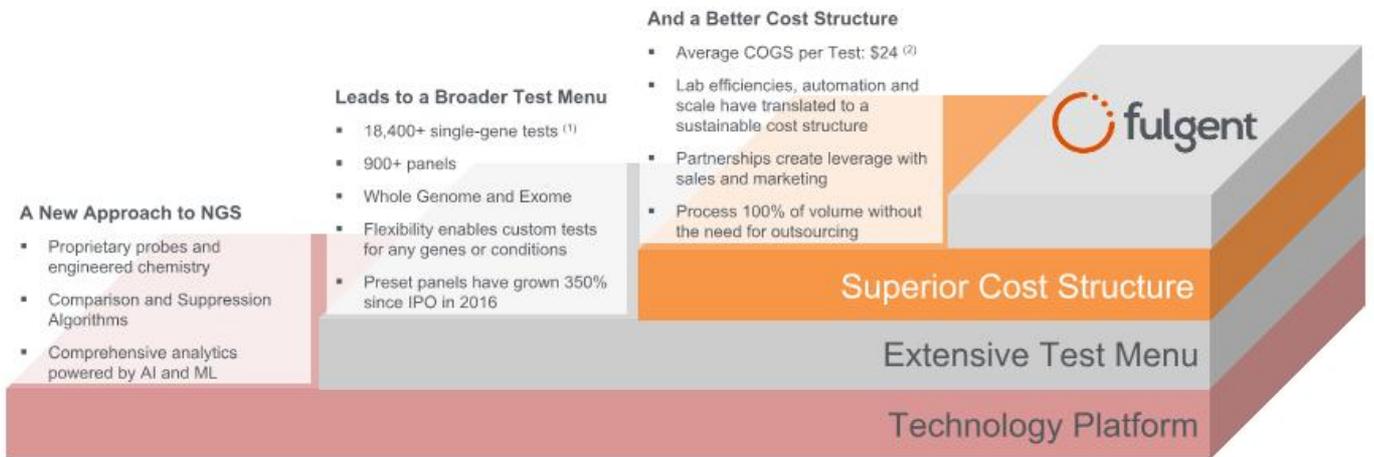
Reproductive Health
\$7B market²

1) Market sizes sourced from Wall Street equity research
2) Market size sourced from Frost & Sullivan

Building Fulgent's Platform and Capabilities



What Sets Fulgent Apart?



1) Represents genes covered by single-gene tests.
2) For Q1 2022. Includes all tests available for sale (e.g., Whole Exome, Whole Genome, Large Panels, Small Panels, Comprehensive and Focus Cancer Panels and Single-Gene Tests, COVID-19 Tests, and vaccines). Also excludes stock-based compensation. See GAAP reconciliation.

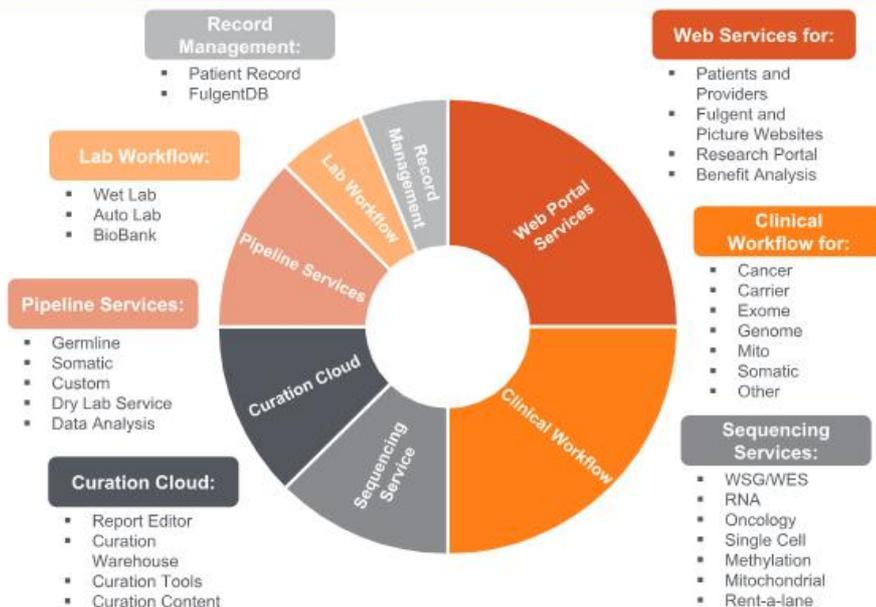
Proprietary Technology Platform

Differentiated Technology...

- Engineered genetic biochemistry, including reagents and probes
- Data suppression and comparison algorithms
- Adaptive learning software
- Automated reporting

...Provides a Multitude of Advantages

- Broadest test menu
- Ability to rapidly develop and launch new tests
- Customizable test offerings
- Lower costs per billable test
- High efficiency



Fulgent's Broad Capabilities



Next Generation Sequencing Opportunities

COVID NGS

- **Research driven platform** working with local and federal government on genomic studies
- **CDC contract** awarded Fulgent worth up to \$47M to study SARS-CoV-2 using Fulgent's NGS platform
- **Capacity** of 10,000 NGS tests per day
- **Used** to identify new strains and mutations

Core NGS

- Recent Traction with:**
- Hereditary Cancer
 - Cardiovascular Genetics
 - Reproductive Health
 - Neurodegenerative Genetics
- Newly launched** pharmacogenetic test
- Aggressively expanding** sales and commercial organization



Specialized Oncology Testing

Wide Array of Technologies

- **Services include:**
 - Flow cytometry
 - Cytogenetic analysis
 - Fluorescence in-situ hybridization (FISH)
 - Immunohistochemistry
 - Molecular genetics
 - Consultations in the areas of hematopathology and surgical pathology
 - NGS



Commercialized COVID-19 Testing

Primarily RT-PCR Based Testing

- **Contracts with:**
 - School systems
 - Nursing homes
 - Athletic organizations
 - Specialty health clinics
 - Travel organizations
 - Government agencies
- **Offered through:**
 - Drive through sites
 - Picture at-home kits
 - Managed on-site programs



Comprehensive Anatomic Pathology Services

- Breast pathology
- Gastrointestinal pathology
- Dermatopathology

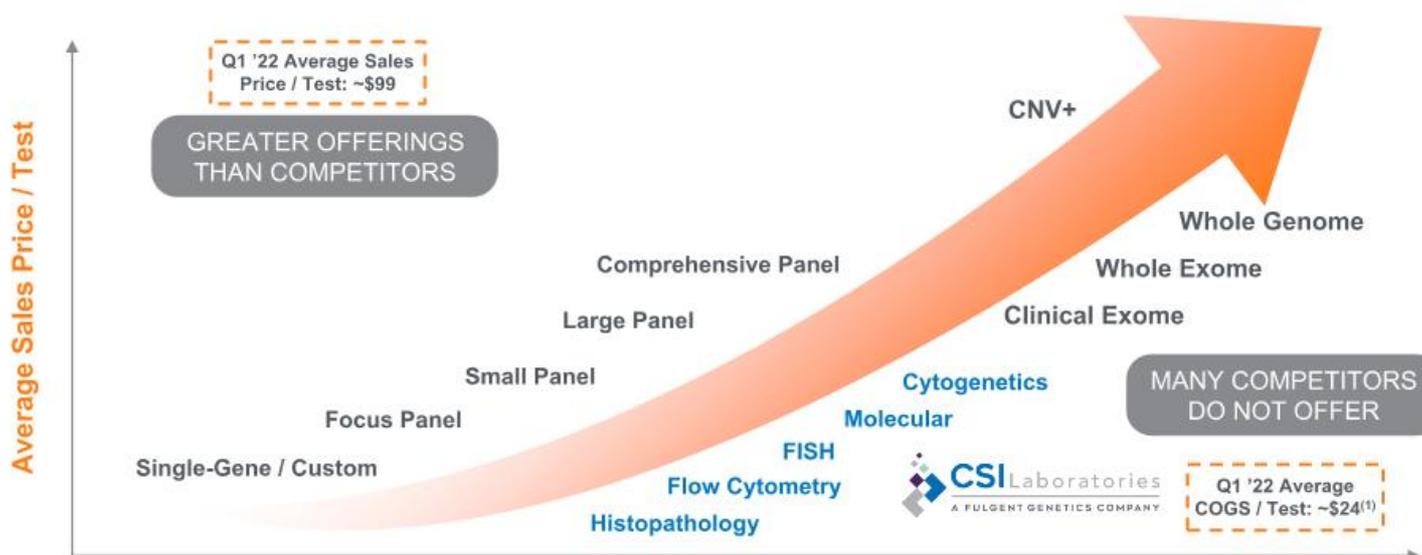
Broad Anatomic Pathology Capabilities

- Urologic pathology
- Neuropathology
- Hematopathology

Managed care contract network and physician relationships will be leveraged to provide diagnostic products and services **complementary to Fulgent's portfolio**

Expansive geographic presence with several **CLIA-licensed** laboratories across the United States

Fulgent's Menu is Scalable and Affordable to Customers



1) For Q1 2022. Includes all tests available for sale (e.g., Whole Exome, Whole Genome, Large Panels, Small Panels, Comprehensive and Focus Cancer Panels and Single-Gene Tests, COVID-19 Tests, and vaccines). Also excludes stock-based compensation. See GAAP reconciliation.

NGS Testing – Offerings

Single Gene



18,400+ Genes

Disease Panels



900+ Panels
Customizable Panels

Exome Tests



Clinical Exome (4,500+ Genes)
Whole Exome

Cancer Panels



Focus (30 Genes)
Comprehensive (127 Genes)
Somatic

Known Mutation



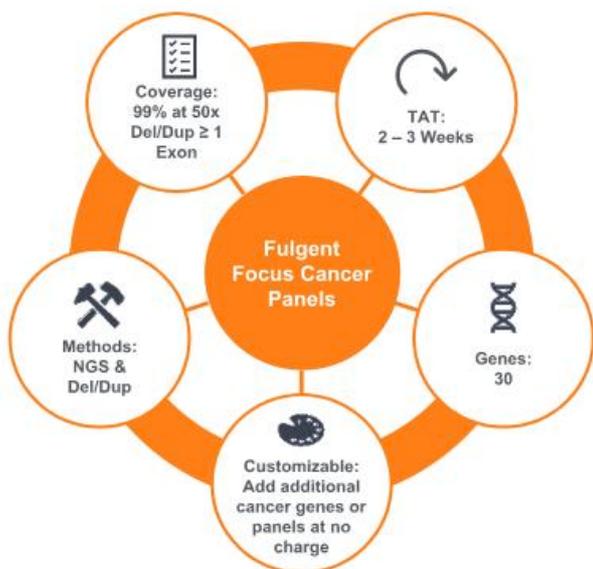
Site-Specific Testing

Repeat Expansion

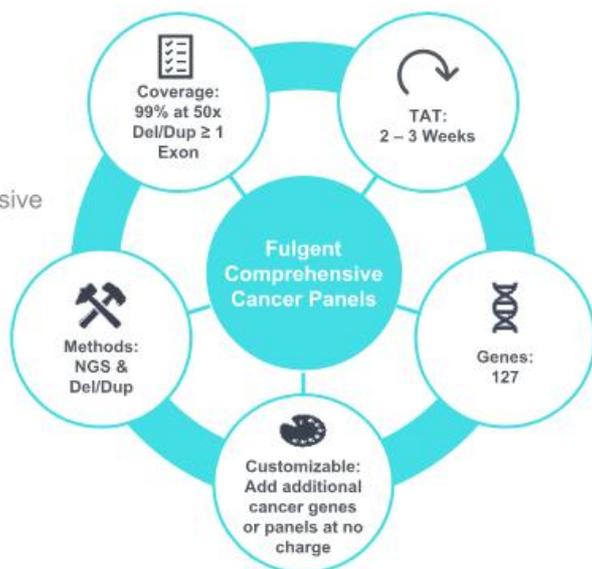


19 Panels

NGS Testing – Oncology Test Menu



Focused Comprehensive



Oncology Testing Platforms



FISH

- Expansive heme and solid tumor menu
- Promyelocytic Leukemia/Retinoic Acid Receptor Alpha test: 4-hour turnaround time
- Genius Multiple Myeloma Assessment Protocol (using CD138 isolation marker) for plasma cell enrichment
- 3-5 Day turnaround time



HISTOLOGY

- 225+ stains
- Platforms
 - Ventana Ultra/Dako Link 48
 - Aperio ScanScope
- Three levels of service
- Programmed death-ligand (PD-L1), Mismatch Repair and Microsatellite Instability
- 12-36 hour turnaround time



CYTOGENETICS

- Oncology and constitutional
- >20% abnormality detection rate
- Mitogen stimulation/dual culture
- DSP30 (detection of B-Cell disorders)
- Interleukin 4 for Multiple Myeloma
- Phytohemagglutinin and Interleukin 2 (detection of T-Cell disorders)
- Children's Oncology Group approved
- 5-7 Day turnaround time



FLOW CYTOMETRY

- 10-color platform
- Comprehensive panel design
- High-sensitivity for Paroxysmal Nocturnal Hemoglobinuria
- Expert analysis and interpretation
- 12-24 hour turnaround time

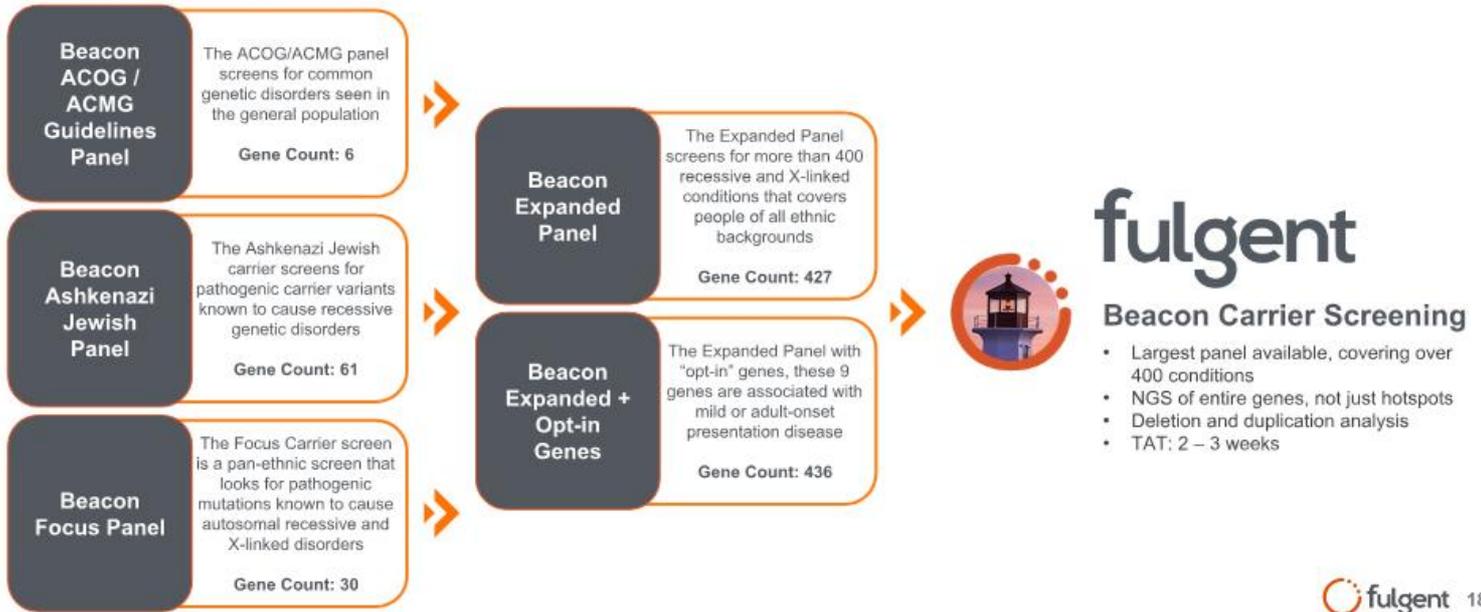


MOLECULAR

- Hematology and solid tumor menu
- 90% of assays performed in-house
- Microarray and NGS available
- 5-7 day turnaround time

NGS Testing – Panel Deep Dive

Comprehensive Beacon Carrier Screening Tests



NGS Testing – Women’s Health: PGT-A

PGT-A Can Expand a Patient’s Prospects of a Successful Pregnancy



Preimplantation Genetic Testing for Aneuploidy (PGT-A) can identify potentially abnormal embryos for transfer in IVF, thereby expanding a patient’s prospects of a successful pregnancy

Who is PGT-A testing for?	Women 35+	Those who have experienced miscarriages	Those who want to reduce the likelihood of having multiples	Couples experiencing male factor infertility	Those who have experienced IVF failure
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NGS Testing – Rapid Whole Genome for Newborns

Newborn Genetic Screening Goes Beyond Standard Newborn Screening

Designed for critically ill infants in the NICU or PICU to rapidly diagnose genetic disorders

Screens for over 200 health conditions

Identifies potential health risks before symptoms arise

Early detection known to have a positive impact

Simple cheek swab collection for your baby : No pricks, sticks, or tears necessary

Ideal for Infants Experiencing:

Multiple congenital anomalies

Inborn errors of metabolism

Immunodeficiency

Respiratory distress

Epilepsy

In a Retrospective Analysis of Diagnostic and Clinical Finding with 35 Acutely Ill Infants (2015):

20 out of the 35 infants (57%) received dx

13 out of the 20 dx infants (65%) had clinical usefulness for treatment

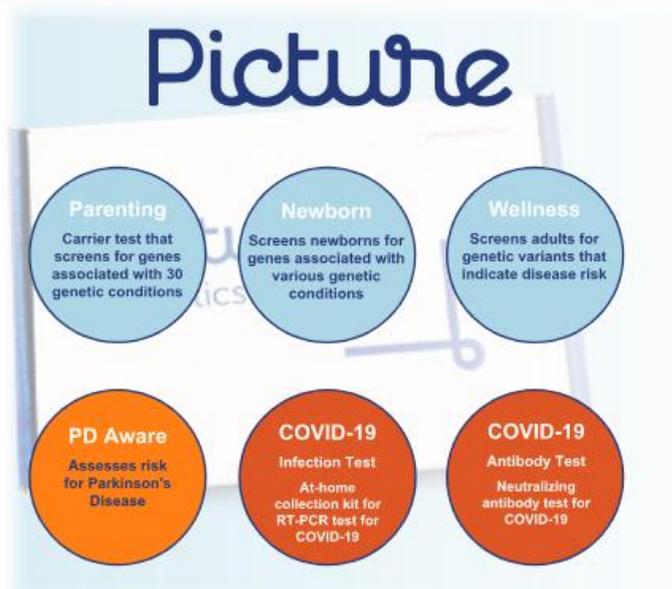
TAT of 7 - 10 Days

Consumer Initiated Tests – Picture Genetics

Targeting the Large Consumer Market with Picture Genetics

Launched in 2019 with significant growth amid COVID-19

- A consumer-focused offering that merges clinical utility with accuracy of an accredited lab
- Extends Fulgent's NGS capabilities to a broader market
- Validated by **successfully scaling to several million billable tests** performed within months for COVID-19, after receiving an EUA
- Performs a complete sequencing (vs genotyping) analysis for better, more accurate results
- Patient-friendly with easy to use "order from home" model – no doctor visits or insurance necessary, though many tests are eligible for reimbursement
- Full service offering that includes analysis and genetic counseling support



Summary Financial Performance

\$25M Core Revenue¹ as of Q1'22
59% growth year-over-year

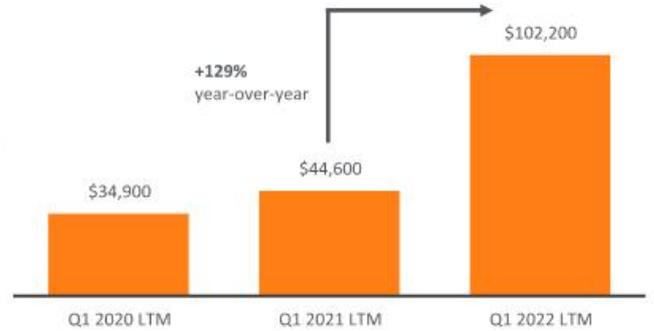
\$494M LTM Operating Cash Flow as of Q1'22

~229,000 LTM Core Tests as of Q1'22
~149% growth year-over-year

Core Revenue¹

LTM as of March 31, 2022

(\$ in thousands)

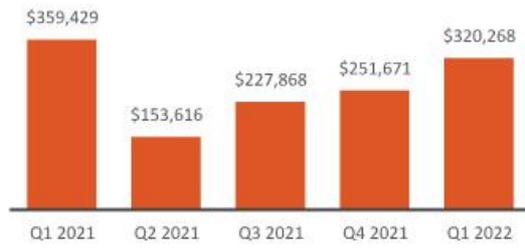


(1) Core Revenue excludes NGS COVID-19 test volume

Financial Performance: Revenue Profile

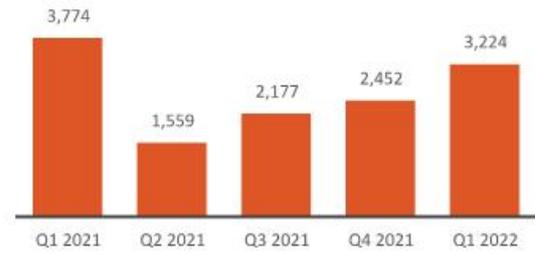
Total Revenue

(\$ in thousands)



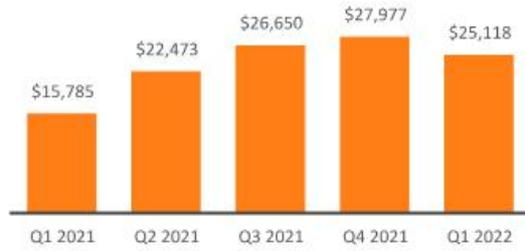
Billable Tests

(in thousands)



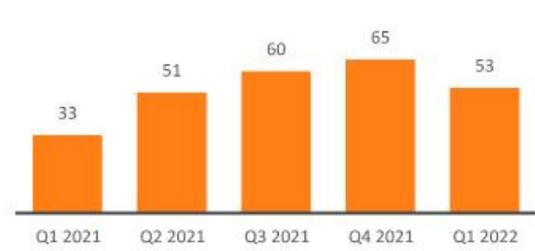
Total Core Revenue¹

(\$ in thousands)



Billable Core Tests¹

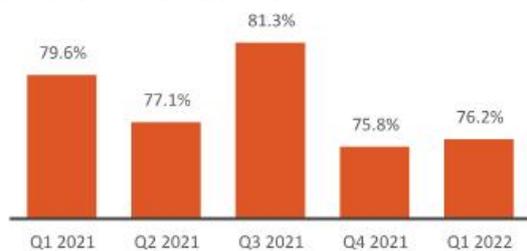
(in thousands)



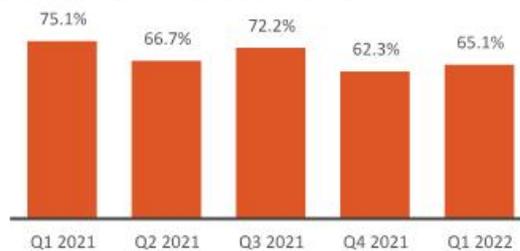
(1) Core Revenue excludes NGS COVID-19 test volume

Financial Performance: Margin Profile

Adjusted Gross Margin⁽¹⁾

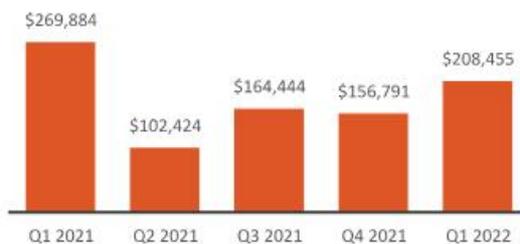


Adjusted Operating Margin⁽¹⁾



Adjusted Operating Profit⁽²⁾

(in thousands)



(1) Figure is not in accordance with GAAP because it does not include equity-based compensation and amortization

2022 Financial Guidance

		Q2 2022	Full Year 2022	Change from Prior Quarter
COVID	RT-PCR COVID-19	\$85 M	\$480 M	Unchanged
	NGS COVID-19 (CDC)			
Core	Fulgent Core NGS	\$40 M	\$180 M	+ \$60 M
	CSI and Inform Diagnostics Contributions	+ 78% y/y ¹	+ 94% y/y ¹	
Total		\$125 M -19% y/y	\$660 M -34% y/y	+ \$60 M

(1) Core Revenue excludes NGS COVID-19 test revenue for more accurate year over year comparison purposes.

Balance Sheet

(In 000's)	Periods Ended	
	December 31, 2021	March 31, 2022
Assets		
Cash & cash equivalents	\$ 164,894	\$ 353,069 ⁽¹⁾
Marketable investment securities	285,605	232,045 ⁽¹⁾
Trade accounts receivable, net	138,912	160,261
Other current assets	22,549	19,958
Total current assets	611,960	765,333
Marketable investment securities, long-term	485,047	493,182 ⁽¹⁾
Redeemable preferred stock investment	21,965	17,609
Fixed assets, net	62,287	68,622
Intangible assets, net	35,914	35,037
Goodwill	50,897	50,999
Other non-current assets	10,650	34,808
Total assets	\$ 1,278,720	\$ 1,465,590
Liabilities and Stockholders' Equity		
Accounts payable	\$ 20,494	\$ 23,699
Income tax payable	787	52,163
Contract liabilities	14,570	14,102
Customer deposit	19,806	17,729
Investment margin loan	15,137	14,999
Other liabilities	42,046	29,938
Total liabilities	112,840	152,630
Stockholders' equity	501,911	507,049
Accumulated income	656,838	799,083
Total Fulgent stockholders' equity	1,158,749	1,306,132
Noncontrolling interest	7,131	6,828
Total stockholders' equity	1,165,880	1,312,960
Total liabilities and stockholders' equity	\$ 1,278,720	\$ 1,465,590

(1) \$1.1B in cash and investments.

Non-GAAP Financial Adjustments

(in 000's)	2021				FY 2021	2022 Q1
	Q1	Q2	Q3	Q4		
Revenue	\$359,429	\$153,616	\$227,868	\$251,671	\$992,584	\$320,268
Cost of revenue	74,075	35,858	43,466	62,134	215,533	77,725
Gross profit	\$285,354	\$117,758	\$184,402	\$189,537	\$777,051	\$242,543
Gross margin	79.4%	76.7%	80.9%	75.3%	78.3%	75.7%
Equity-based compensation included in cost of revenue	674	692	962	1,235	3,563	1,465
Non-GAAP gross profit (excluding equity-based compensation)	\$286,028	\$118,450	\$185,364	\$190,772	\$780,614	\$244,008
Non-GAAP gross margin	79.6%	77.1%	81.3%	75.8%	78.6%	76.2%
Operating expenses						
R&D	\$5,422	\$5,312	\$6,021	\$7,464	\$24,219	\$5,989
S&M	5,008	5,219	6,012	8,200	24,439	7,940
G&A	8,002	8,329	12,299	22,102	50,732	25,775
Amortization of intangible assets	0	0	797	911	1,708	906
Total operating expenses	18,432	18,860	25,129	38,677	101,098	40,610
Operating profit	\$266,922	\$98,898	\$159,273	\$150,860	\$675,953	\$201,933
Operating margin	74.3%	64.4%	69.9%	59.9%	68.1%	63.1%
Equity-based compensation included in operating expenses	2,288	2,834	3,412	3,785	12,319	4,151
Non-GAAP operating profit (excluding equity-based compensation & amortization of intangible assets)	\$269,884	\$102,424	\$164,444	\$156,791	\$693,543	\$208,455
Non-GAAP operating margin	75.1%	66.7%	72.2%	62.3%	69.9%	65.1%



Founded in 2011 | Located in Los Angeles, CA | NASDAQ:FLGT