

**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): August 4, 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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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 August 4, 2022, Fulgent Genetics, Inc. (the "Company") issued a press release announcing its financial results for the fiscal quarter ended June 30, 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 August 4, 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.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Fulgent Genetics, Inc., dated August 4, 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: August 4, 2022

FULGENT GENETICS, INC.

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

Fulgent Genetics Reports Second Quarter 2022 Financial Results

- Revenue totals \$125.3 million
- Core Revenue grows 102% year-over-year to \$45.3 million
- Raises full year core revenue outlook to \$185 million from previously announced \$180 million

TEMPLE CITY, CA, August 4, 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 second quarter ended June 30, 2022.

Second Quarter 2022 Results:

- Revenue of \$125.3 million, versus \$153.6 million in Q2 2021
- Billable tests delivered over 1.3 million, versus 1.6 million in Q2 2021
- Core Revenue¹ grew 102% year-over-year to \$45.3 million
- GAAP income of \$11.5 million, or \$0.37 per share
- Non-GAAP income of \$24.3 million, or \$0.78 per share
- Adjusted EBITDA of \$37.7 million
- Cash from operations of \$11.1 million
- Cash, cash equivalents, and investments in marketable securities of \$931.0 million as of June 30, 2022

Note:

- 1) Core Revenue excludes revenue from COVID-19 testing products and services including COVID-19 NGS testing revenue.

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 saw strong growth in our core business in the second quarter while revenue from COVID-19 testing has returned to a more normalized level, as expected. We are still in the very early stages of integrating and streamlining the operations of Inform Diagnostics into the Fulgent platform, but we are encouraged by the early positive momentum we are seeing with the combined business. We also continued to gain traction in our oncology testing with the official opening of our west coast lab, while expanding our sequencing as a service business for Biopharma clients. With our focus shifted squarely on our long-term core strategy, we are continuing to evaluate ways to capitalize on strategic opportunities and expand our footprint across the genomic testing and therapeutics landscape. We are excited about the opportunities we see for Fulgent on the long-term horizon and expect to continue building on our momentum in the quarters ahead.”

Paul Kim, Chief Financial Officer, said, “Our second quarter results came in modestly ahead of our expectations with our core business doubling year-over-year amid a volatile macroeconomic backdrop. We have built a great team around a differentiated platform for genomic testing and are seeing the impact of these efforts materialize in our results. The acquisition of Inform Diagnostics, which closed in late April, contributed nicely to our growth this quarter, and we expect to see ongoing traction with the combined business as we capitalize on incremental synergies over time. We remain extremely well capitalized to execute on our growth strategy and plan to continue investing in our sales organization, geographic operational expansion and in opportunistic acquisitions and partnerships that may arise. We are pleased with the strong growth we expect to see in our core business, which we are forecasting will have an annual run rate above \$200 million by the end of the third quarter. 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 third quarter of 2022, Fulgent Genetics expects:

- Total Revenue of approximately \$105 million
- Core Revenue of approximately \$54 million, representing growth of 101% year-over-year

For the full year 2022, Fulgent Genetics expects:

- Total Revenue of approximately \$665 million
- Core Revenue of approximately \$185 million
- Non-GAAP income of approximately \$6.00 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 second 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) 221-3881 using the confirmation code 6448347. 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 restructuring costs, plus acquisition-related costs, including banking fees and legal fees associated with the recent acquisition, plus equity-based compensation expense, 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, restructuring costs, acquisition-related costs, and equity-based compensation expense. Fulgent Genetics defines adjusted EBITDA as GAAP income (loss) plus or minus interest (expense) income, plus or minus provisions (benefits) for income taxes, plus restructuring costs, plus acquisition-related costs, plus equity-based compensation expense, plus depreciation and amortization, 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 quarterly and annual financial results, including revenues, core revenues, GAAP income, and non-GAAP income; evaluations and judgments regarding market position, balance sheet, cash position, 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 and expansion; 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
June 30, 2022 and December 31, 2021
(in thousands)

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 138,780	\$ 164,894
Investments in marketable securities	792,243	770,652
Accounts receivable, net	133,303	138,912
Property, plant, and equipment, net	86,049	62,287
Other assets	311,287	141,975
Total assets	<u>\$ 1,461,662</u>	<u>\$ 1,278,720</u>
LIABILITIES & EQUITY:		
Accounts payable, accrued liabilities and other liabilities	\$ 150,929	\$ 112,840
Total stockholders' equity	1,310,733	1,165,880
Total liabilities & equity	<u>\$ 1,461,662</u>	<u>\$ 1,278,720</u>

FULGENT GENETICS, INC.
Condensed Consolidated Statement of Income Data
Three and Six Months Ended June 30, 2022 and 2021
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 125,341	\$ 153,616	\$ 445,609	\$ 513,045
Cost of revenue (1)	60,065	35,858	137,790	109,933
Gross profit	65,276	117,758	307,819	403,112
Operating expenses:				
Research and development (1)	6,905	5,312	12,894	10,734
Selling and marketing (1)	10,866	5,219	18,806	10,227
General and administrative (1)	30,240	8,329	56,015	16,331
Amortization of intangible assets	1,575	—	2,481	—
Restructuring costs	2,896	—	2,896	—
Total operating expenses	52,482	18,860	93,092	37,292
Operating income	12,794	98,898	214,727	365,820
Interest and other income, net	958	604	1,003	886
Income before income taxes and gain on equity method investment	13,752	99,502	215,730	366,706
Provision for income taxes	2,653	23,589	51,074	90,102
Income before gain on equity method investment	11,099	75,913	164,656	276,604
Gain on equity method investment	—	3,734	—	3,734
Net income from consolidated operations	11,099	79,647	164,656	280,338
Net loss attributable to noncontrolling interests	438	165	860	165
Net income attributable to Fulgent	\$ 11,537	\$ 79,812	\$ 165,516	\$ 280,503
Net income per common share attributable to Fulgent:				
Basic	\$ 0.38	\$ 2.74	\$ 5.46	\$ 9.68
Diluted	\$ 0.37	\$ 2.59	\$ 5.30	\$ 9.10
Weighted average common shares:				
Basic	30,362	29,150	30,298	28,991
Diluted	31,189	30,830	31,225	30,809
(1) Equity-based compensation expense was allocated as follows:				
Cost of revenue	\$ 2,243	\$ 692	\$ 3,708	\$ 1,366
Research and development	2,502	1,481	4,423	2,704
Selling and marketing	1,080	620	1,905	1,046
General and administrative	2,205	733	3,610	1,372
Total equity-based compensation expense	\$ 8,030	\$ 3,526	\$ 13,646	\$ 6,488

FULGENT GENETICS, INC.
Non-GAAP Income Reconciliation
Three and Six Months Ended June 30, 2022 and 2021
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income attributable to Fulgent	\$ 11,537	\$ 79,812	\$ 165,516	\$ 280,503
Amortization of intangible assets	1,575	—	2,481	—
Restructuring costs	2,896	—	2,896	—
Acquisition-related costs	5,158	—	6,409	—
Equity-based compensation expense	8,030	3,526	13,646	6,488
Non-GAAP tax effect (1)	(4,945)	(952)	(7,121)	(1,752)
Gain on equity method investment	—	(3,734)	—	(3,734)
Non-GAAP income attributable to Fulgent	\$ 24,251	\$ 78,652	\$ 183,827	\$ 281,505
Net income per common share attributable to Fulgent:				
Basic	\$ 0.38	\$ 2.74	\$ 5.46	\$ 9.68
Diluted	\$ 0.37	\$ 2.59	\$ 5.30	\$ 9.10
Non-GAAP income per common share attributable to Fulgent:				
Basic	\$ 0.80	\$ 2.70	\$ 6.07	\$ 9.71
Diluted	\$ 0.78	\$ 2.55	\$ 5.89	\$ 9.14
Weighted average common shares:				
Basic	30,362	29,150	30,298	28,991
Diluted	31,189	30,830	31,225	30,809

(1) Tax rates as follows:

Corporate tax rate of 28% for the three and six months ended June 30, 2022.

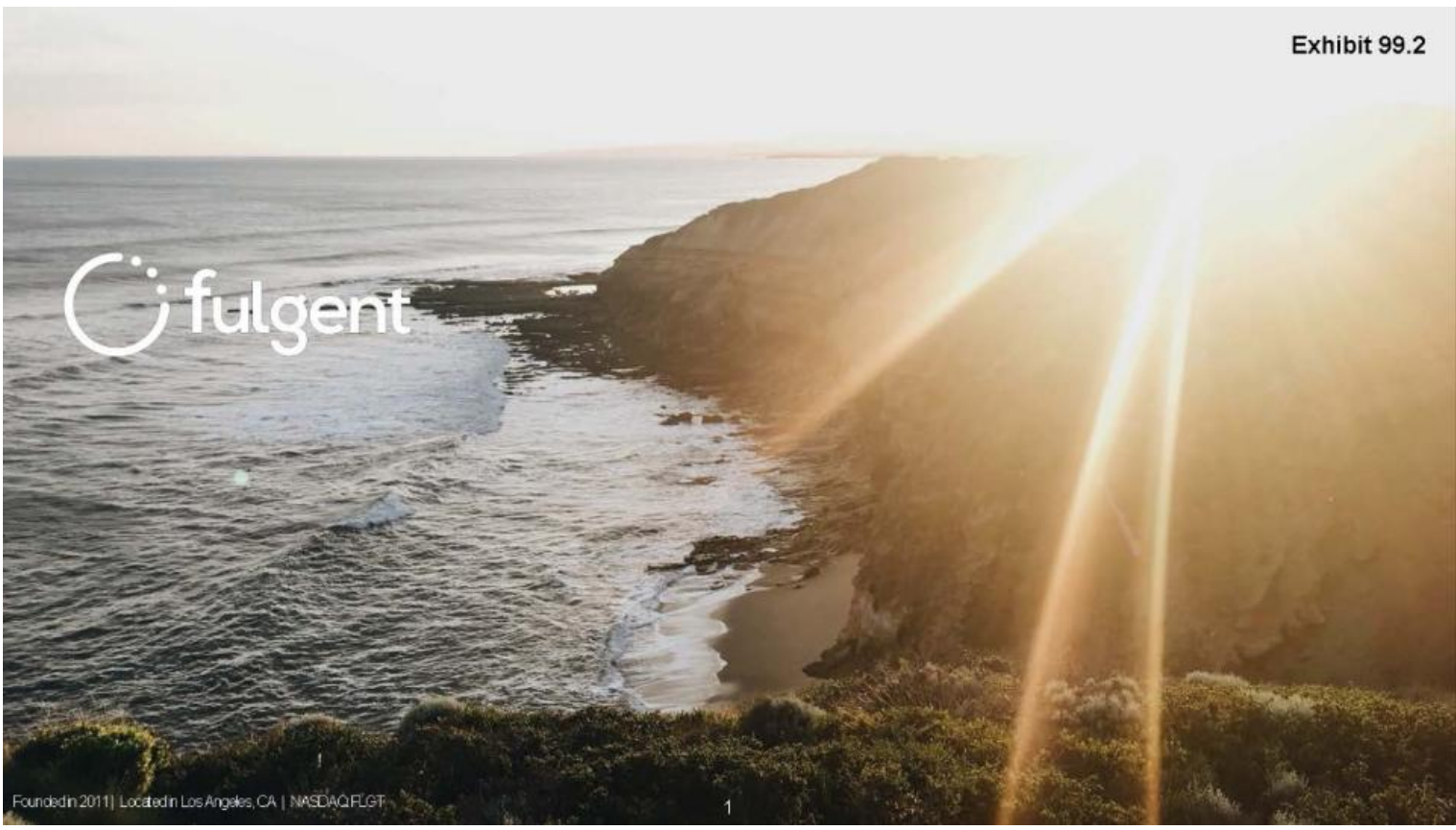
Corporate tax rate of 27% for the three and six months ended June 30, 2021.

FULGENT GENETICS, INC.
Non-GAAP Adjusted EBITDA Reconciliation
Three and Six Months Ended June 30, 2022 and 2021
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income attributable to Fulgent	\$ 11,537	\$ 79,812	\$ 165,516	\$ 280,503
Interest income, net	(874)	(566)	(135)	(796)
Provision for income taxes	2,653	23,589	51,074	90,102
Restructuring costs	2,896	—	2,896	—
Acquisition-related costs	5,158	—	6,409	—
Equity-based compensation expense	8,030	3,526	13,646	6,488
Depreciation and amortization	8,345	2,418	13,040	4,340
Gain on equity method investment	—	(3,734)	—	(3,734)
Adjusted EBITDA	\$ 37,745	\$ 105,045	\$ 252,446	\$ 376,903



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 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

BAYLORGENETICS



Dr. Lawrence Weiss
Chief Medical
Officer

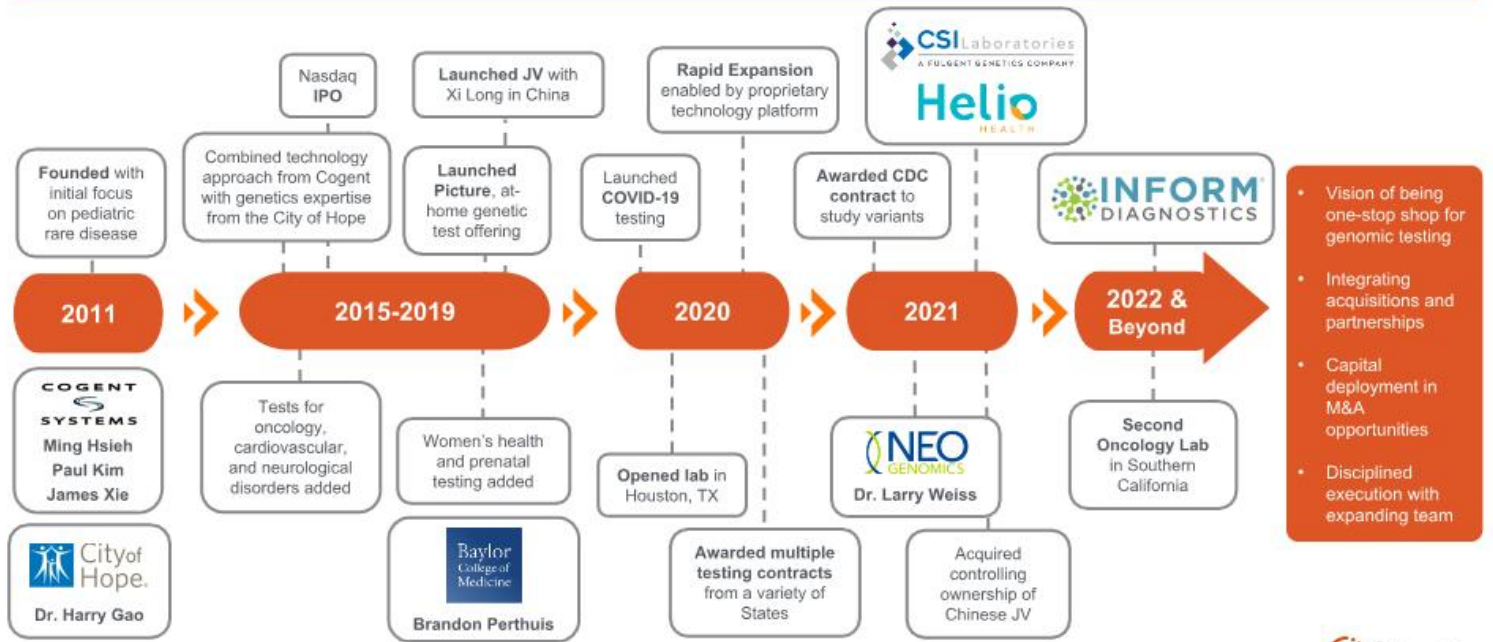
Esteemed background in molecular science and pathology

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

\$125M Q2 Revenue

1.3M Q2 Billable Tests

+102% Q2 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; 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

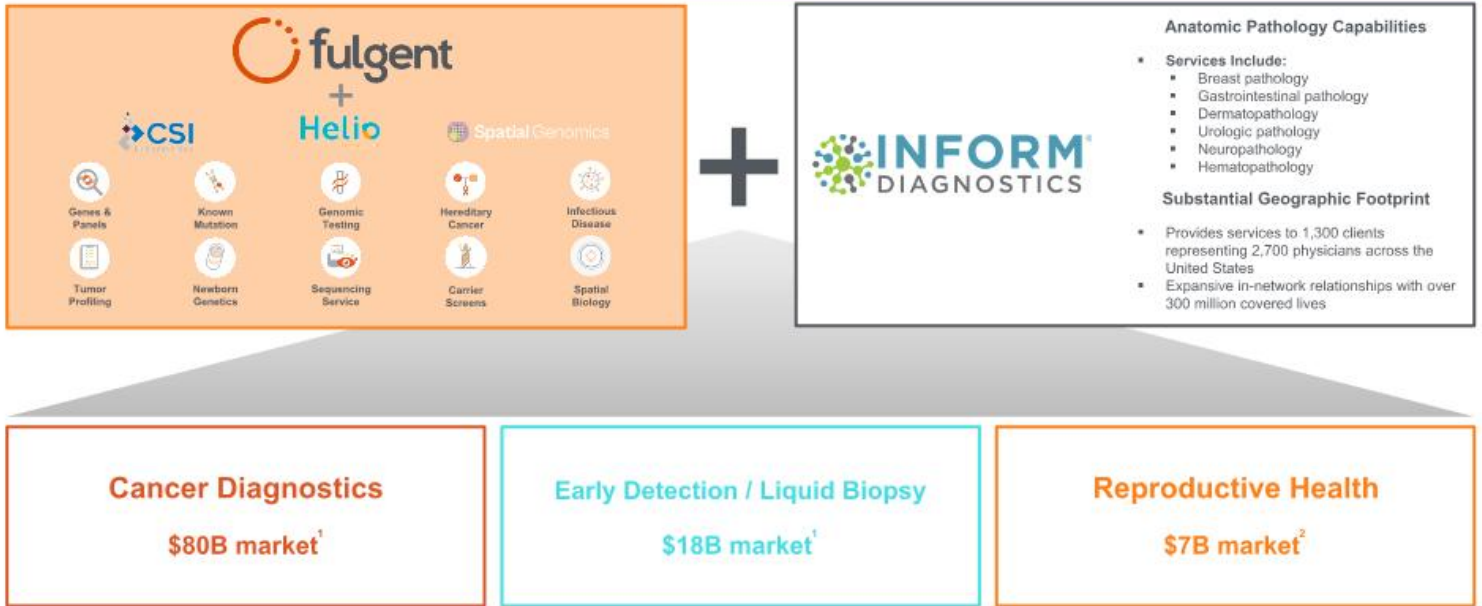
Core Products and Services Portfolio

- 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

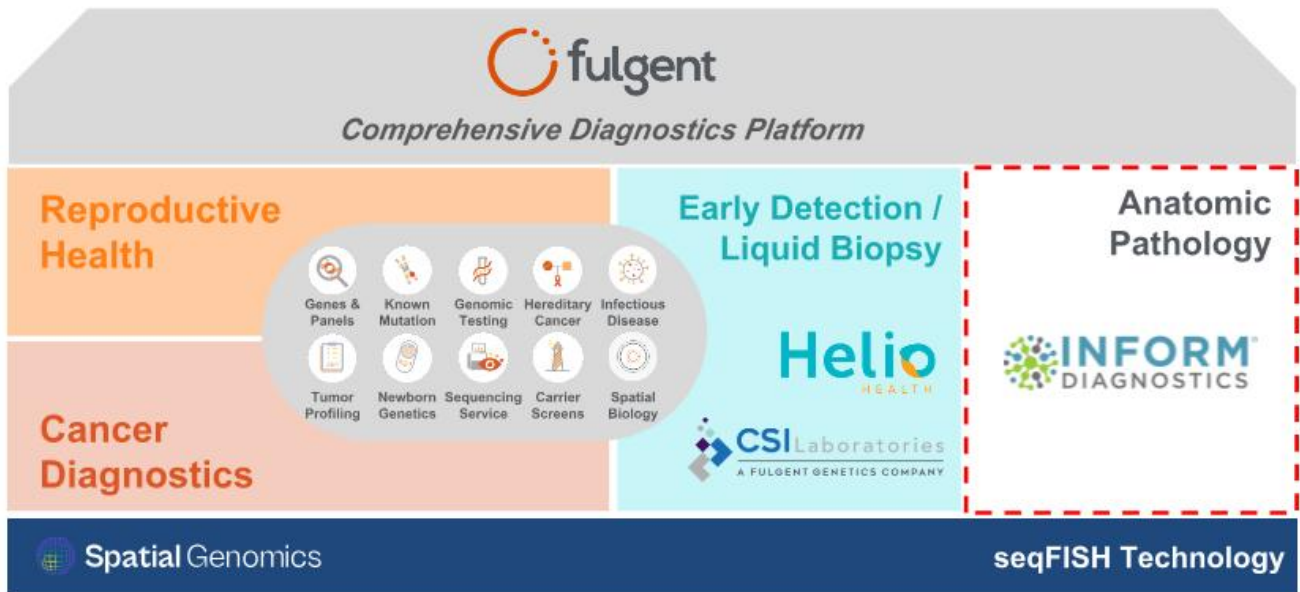
- **Enter High Value Markets:** Expansion into somatic genetic testing market, which is expected to grow to \$16.8 billion by 2030
- **Revenue Synergy Opportunities:** Leveraging Fulgent's best-in-class technology and Next Generation Sequencing ("NGS") expertise in new oncology markets
- **Geographic 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

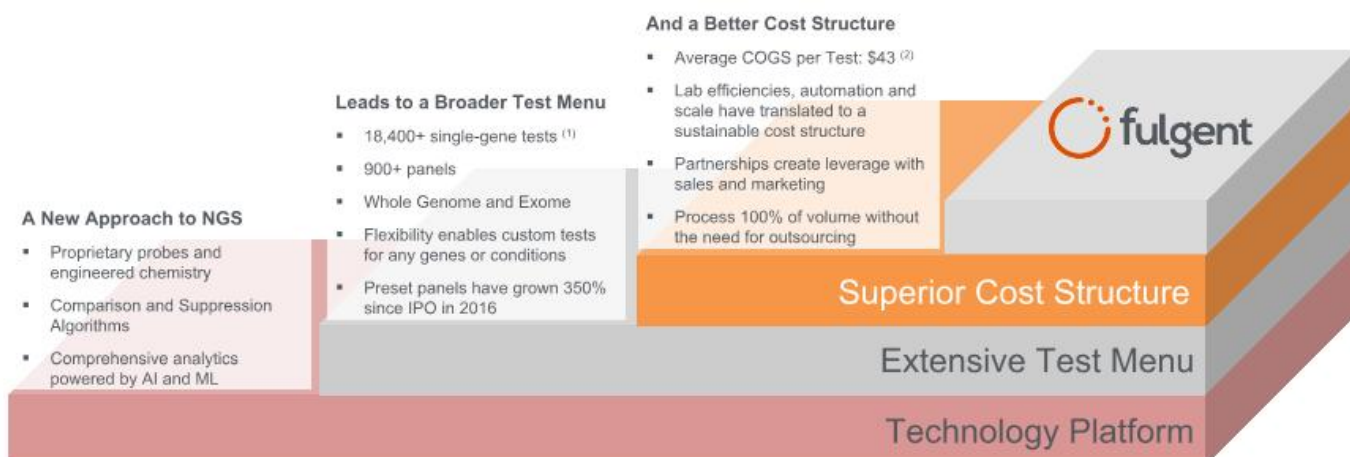


1) Market sizes sourced from Wall Street equity research
 2) Market size sourced from Frost & Sullivan

Building Fulgent's Platform and Capabilities



What Sets Fulgent Apart?



1) Represents genes covered by single-gene tests.
2) For Q2 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.

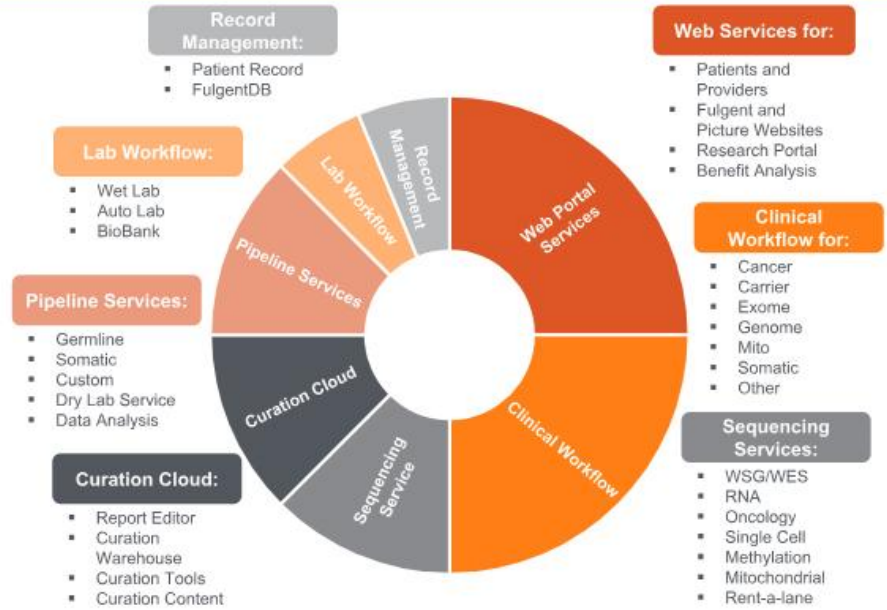
Proprietary Technology Platform

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

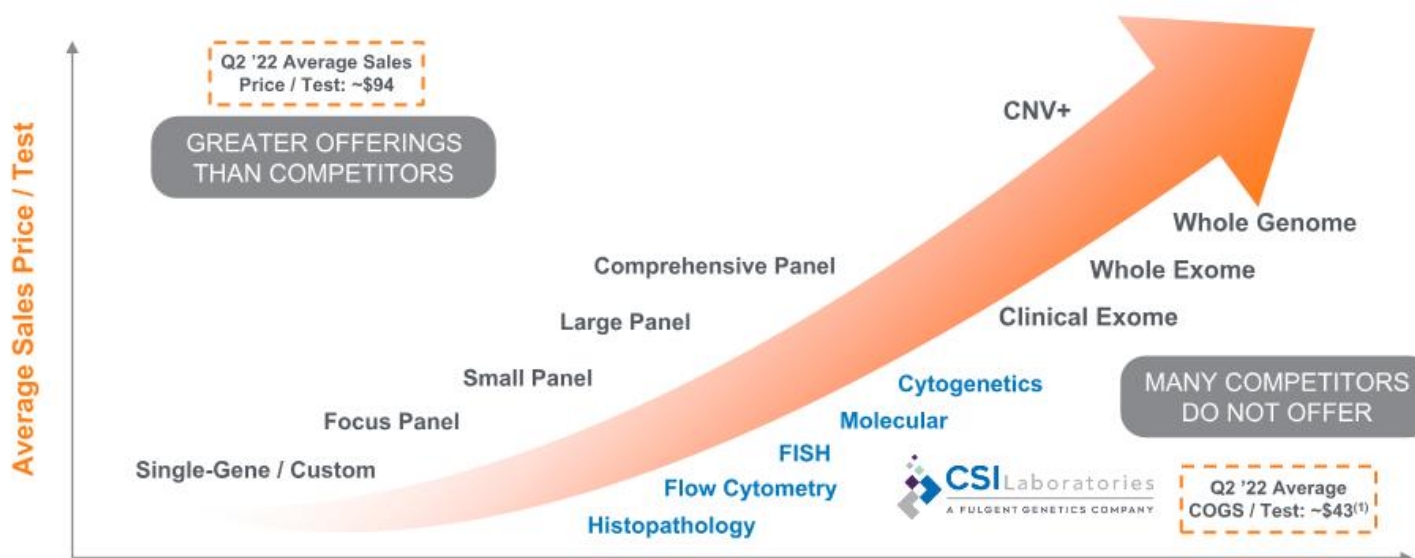
Broad Anatomic Pathology Capabilities

- 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 Q2 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



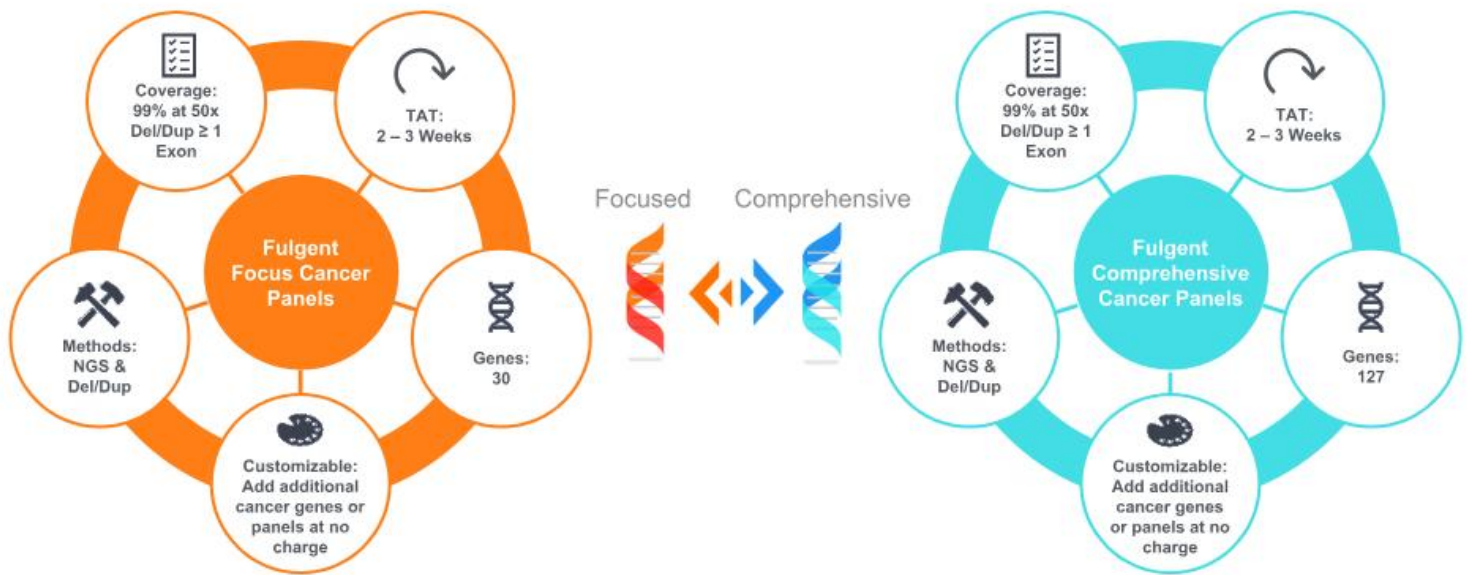
Site-Specific Testing

Repeat Expansion



19 Panels

NGS Testing – Germline Oncology Test Menu



Oncology Testing Platforms



FISH

- Expansive heme and solid tumor menu
- STAT testing available
PML/RARA <1 day TAT
- CD138 cell enrichment for PCM
- 3-5 Day turnaround time



HISTOLOGY

- 225+ stains
- Platform agnostic
Roche, Agilent and Leica IHC
- Three levels of service – Tech, Global, Consultative
- PD-L1 - Various IVD platforms and indications
- <1 to 2 Day turnaround time



CYTOGENETICS

- Oncology and constitutional
- >20% abnormality detection rate
- Mitogen stimulation/dual culture
- DSP30 (detection of B-cell disorders)
- Interleukin 4 for plasma cell 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

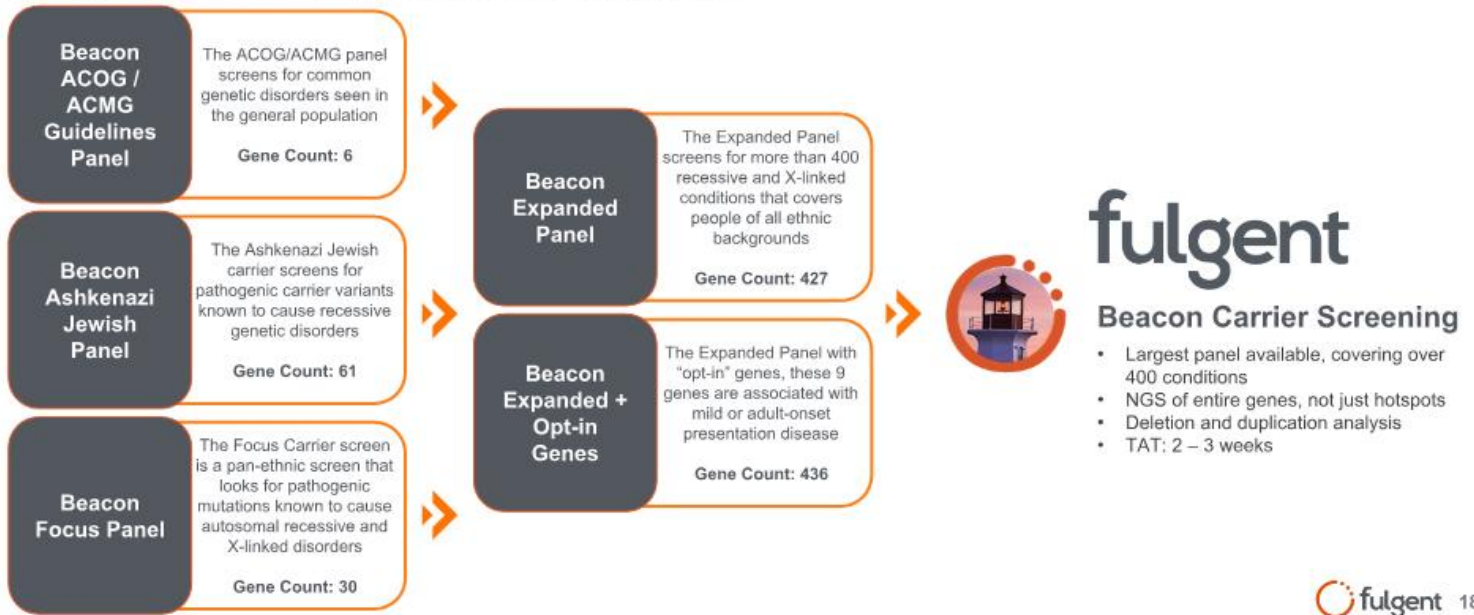


MOLECULAR

- Hematology and solid tumor menu
- Extensive single gene menu
- NGS and microarray available
- 5-7 day turnaround time [NGS 10-14 days]

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

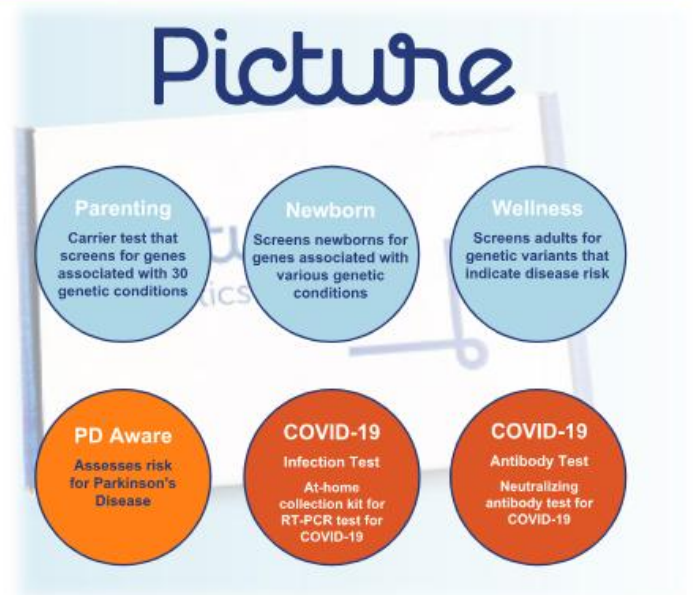
TAT of 7 - 10 Days

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

\$45M Core Revenue¹ as of Q2'22
102% growth year-over-year

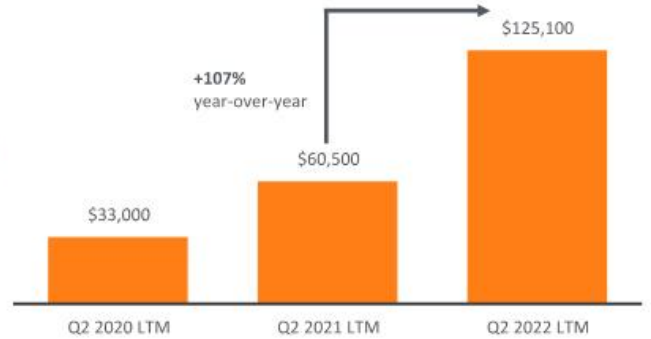
\$429M LTM Operating Cash Flow as of Q2'22

~339,000 LTM Core Tests as of Q2'22
~160% growth year-over-year

Core Revenue¹

LTM as of June 30, 2022

(\$ in thousands)

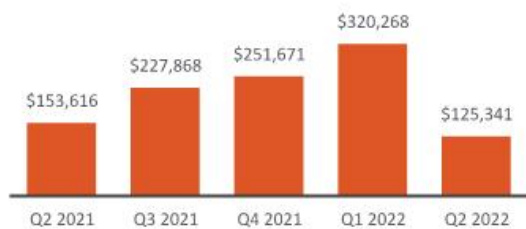


(1) Core Revenue excludes NGS COVID-19 test volume

Financial Performance: Revenue Profile

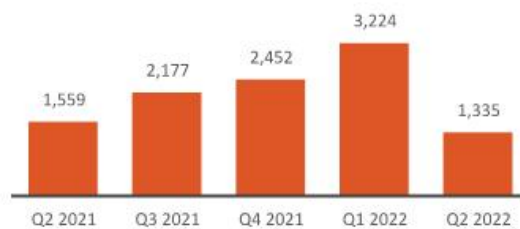
Total Revenue

(\$ in thousands)



Billable Tests

(in thousands)



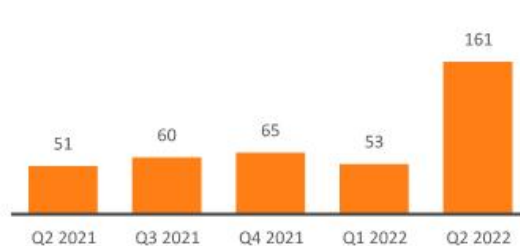
Total Core Revenue¹

(\$ in thousands)



Billable Core Tests¹

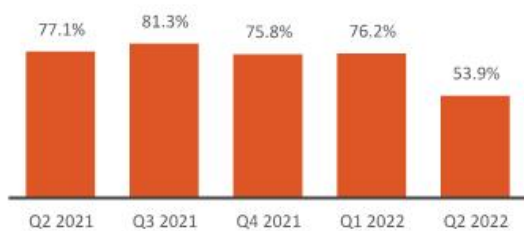
(in thousands)



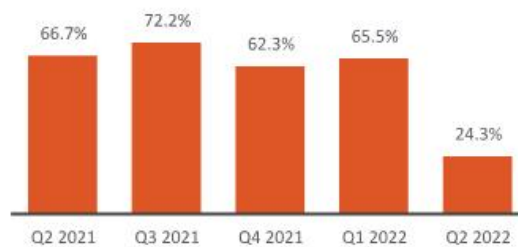
(1) Core Revenue excludes NGS COVID-19 test volume

Financial Performance: Margin Profile

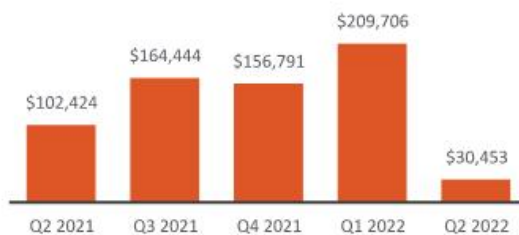
Adjusted Gross Margin ⁽¹⁾



Adjusted Operating Margin ⁽¹⁾



Adjusted Operating Profit ⁽¹⁾ (in thousands)



⁽¹⁾ Figure is not in accordance with GAAP because it does not include equity-based compensation, amortization, restructuring cost, and acquisition-related costs.

2022 Financial Guidance

		Q3 2022	Full Year 2022	Change from Prior Quarter
COVID	RT-PCR COVID-19	\$51 M	\$480 M	Unchanged
	NGS COVID-19 (CDC)			
Core	Fulgent Core NGS	\$54 M	\$185 M	+ \$5 M
	CSI and Inform Diagnostics Contributions	+ 101% y/y ^A	+ 99% y/y ^A	
Total		\$105 M -54% y/y	\$665 M -33% y/y	+ \$5 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	June 30, 2022
Assets		
Cash & cash equivalents	\$ 164,894	\$ 138,780 ⁽¹⁾
Marketable securities	285,605	376,622 ⁽¹⁾
Trade accounts receivable, net	138,912	133,303
Other current assets	22,549	26,480
Total current assets	611,960	675,185
Marketable securities, long-term	485,047	415,621 ⁽¹⁾
Redeemable preferred stock investment	21,965	11,981
Fixed assets, net	62,287	86,049
Intangible assets, net	35,914	89,695
Goodwill	50,897	121,354
Other long-term assets	10,650	61,777
Total assets	\$ 1,278,720	\$ 1,461,662
Liabilities and Stockholders' Equity		
Accounts payable	\$ 20,494	\$ 37,109
Income tax payable	787	2,804
Contract liabilities	14,570	10,102
Customer deposit	19,806	28,959
Investment margin loan	15,137	14,999
Other liabilities	42,046	56,956
Total liabilities	112,840	150,929
Stockholders' equity	501,911	504,069
Accumulated income	656,838	800,696
Total Fulgent stockholders' equity	1,158,749	1,304,765
Noncontrolling interest	7,131	5,968
Total stockholders' equity	1,165,880	1,310,733
Total liabilities and stockholders' equity	\$ 1,278,720	\$ 1,461,662

(1) \$931M in cash and investments.

Non-GAAP Financial Adjustments

(in 000's)	2021				FY 2021	2022	
	Q1	Q2	Q3	Q4		Q1	Q2
Revenue	\$359,429	\$153,616	\$227,868	\$251,671	\$992,584	\$320,268	\$125,341
Cost of revenue	74,075	35,858	43,466	62,134	215,533	77,725	60,065
Gross profit	\$285,354	\$117,758	\$184,402	\$189,537	\$777,051	\$242,543	\$65,276
Gross margin	79.4%	76.7%	80.9%	75.3%	78.3%	75.7%	52.1%
Equity-based compensation included in cost of revenue	674	692	962	1,235	3,563	1,465	2,243
Non-GAAP gross profit (excluding equity-based compensation)	\$286,028	\$118,450	\$185,364	\$190,772	\$780,614	\$244,008	\$67,519
Non-GAAP gross margin	79.6%	77.1%	81.3%	75.8%	78.6%	76.2%	53.9%
Operating expenses							
R&D	\$5,422	\$5,312	\$6,021	\$7,464	\$24,219	\$5,989	\$6,905
S&M	5,008	5,219	6,012	8,200	24,439	7,940	10,866
G&A	8,002	8,329	12,299	22,102	50,732	25,775	30,240
Amortization of intangible assets	0	0	797	911	1,708	906	1,575
Restructuring costs	0	0	0	0	0	0	2,896
Total operating expenses	18,432	18,860	25,129	38,677	101,098	40,610	52,482
Operating profit	\$266,922	\$98,898	\$159,273	\$150,860	\$675,953	\$201,933	\$12,794
Operating margin	74.3%	64.4%	69.9%	59.9%	68.1%	63.1%	10.2%
Equity-based compensation included in operating expenses	2,288	2,834	3,412	3,785	12,319	4,151	5,787
Acquisition-related cost included in G&A	0	0	0	0	0	1,251	5,158
Non-GAAP operating profit (excluding equity-based compensation, amortization, restructuring costs & acquisition-related costs)	\$269,884	\$102,424	\$164,444	\$156,791	\$693,543	\$209,706	\$30,453
Non-GAAP operating margin	75.1%	66.7%	72.2%	62.3%	69.9%	65.5%	24.3%



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