Fulgent Genetics Announces Incremental Strategic Investment in Chinese Joint Venture, FF Gene Biotech

May 10, 2021

Investment gives Fulgent controlling ownership of its Chinese Joint Venture entity, FF Gene Biotech

TEMPLE CITY, Calif.--(BUSINESS WIRE)--May 10, 2021-- Fulgent Genetics, Inc. (NASDAQ: FLGT) ("Fulgent Genetics" or the "Company"), a technology company providing comprehensive testing solutions through its scalable technology platform, today announced that the Company has made an incremental strategic investment in FF Gene Biotech, the Chinese entity formed in 2017 through a Joint Venture ("JV") between Fulgent Genetics, Xilong Scientific and Fuzhou Jinqiang Investment Partnership (FJIP). Fulgent has made a cash investment of approximately $19.0 million in the Chinese entity, which gives Fulgent a majority stake and controlling ownership of FF Gene Biotech.

FF Gene Biotech was founded in 2017 to bring Fulgent Genetics' Next Generation Sequencing (NGS) capabilities to the Chinese genetic testing market. The JV has enabled Fulgent to have an operational presence on the ground in China to capitalize on the large and growing genetic testing opportunity in the country. The size of China's NGS-based cancer genotyping market is projected to grow at a 30% CAGR from 2019 to 2030, to $4.5 billion, per the China Insight Consultancy (CIC). Fulgent believes it is uniquely well positioned to capture share in this market given the Company's physical presence on the ground in China, which it believes is a distinct advantage relative to other genetic testing providers who have been unable to establish a similar presence.

Fulgent will increase its testing capacity at the JV's facility in Fuzhou, in the province of Fujian, China and expand the sales organization supporting Fulgent's growth initiatives. Since its launch, the Joint Venture has generated revenue of more than US$10 million driven by test volume of over 50,000. The JV has focused primarily on testing for cancer, reproductive health and pediatrics and will expand its foothold in these areas with Fulgent's investment. With a controlling interest in FF Gene Biotech, Fulgent will recognize the financial impact of the operations of the JV within its consolidated financial results. The transition is expected to close in Fulgent's second fiscal quarter.

"Our incremental investment in FF Gene Biotech is an important strategic milestone for Fulgent Genetics as we look to expand our presence on the ground in China," said Ming Hsieh, Chairman and CEO of Fulgent Genetics. "We see a significant market opportunity for NGS testing in China, and we believe that our differentiated approach to testing with our scalable technology platform, efficient lab operations, expansive test menu, and superior customer service will make us well positioned to capitalize on this opportunity. We believe we have the right pieces in place, including a distinct advantage with feet on the ground in China, to become a leading provider of NGS testing solutions in the country."

About Fulgent Genetics

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 ("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. In 2019, the Company launched its first patient-initiated product, Picture Genetics, a new line of at-home screening tests that combines the Company's advanced NGS solutions with actionable results and genetic counseling options for individuals. Since March 2020, the Company has commercially launched several tests for the detection of SARS-CoV-2, the virus that causes the novel coronavirus ("COVID-19"), including NGS and reverse transcription polymerase chain reaction ("RT-PCR") - based tests. The Company has received Emergency Use Authorization ("EUA") from the U.S. Food and Drug Administration ("FDA") for the RT-PCR-based tests for the detection of SARS-CoV-2 using upper respiratory specimens (nasal, nasopharyngeal, and oropharyngeal swabs) and for the at-home testing service through Picture Genetics. 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 lab 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: management's and others' beliefs, judgments and estimates regarding the Company's positioning and ability to capture market share and advantages the Company may have relative to other genetic testing providers, the strategic value of the JV investment to the Company's business, opportunities in the Chinese market, the Company's testing solutions and services, including statements suggesting its

ability to expand its strategy and to launch and scale new initiatives; the Company's identification and evaluation of opportunities and its ability to capitalize on opportunities to grow its business.

Forward-looking statements are statements other than historical facts and relate to future events or circumstances or the Company's future performance, and they are based on management's current assumptions, expectations and beliefs concerning future developments and their potential effect on the Company's business. These forward-looking statements are subject to a number of risks and uncertainties, which may cause the forward-looking events and circumstances described in this press release to not occur, and actual results to differ materially and adversely from those described in or implied by the forward-looking statements. These risks and uncertainties include, among others: the 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 newly-developed 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, joint ventures or other relationships; the Company's compliance with the various evolving and complex laws and regulations applicable to its business and its industry; risks associated with the Company's international operations; the Company's ability to protect its proprietary technology platform; and general industry, economic, political and market conditions. As a result of these risks and uncertainties, forward-looking statements should not be relied on or viewed as predictions of future events.

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

This press release contains estimates and other statistical data made by CIC relating to market size and growth. These estimates and statistical data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

The Company's reports filed with the U.S. Securities and Exchange Commission ("SEC"), including its annual report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 8, 2021, its quarterly report on Form 10-Q for the quarter ended March 31, 2021 filed with the SEC on May 7, 2021 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.

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