Fulgent Genetics Announces Strategic Investment in Spatial Genomics

February 23, 2022

Strategic investment and partnership brings Spatial's multiomics platform and seqFISH technology to Fulgent's comprehensive suite of genomic testing solutions

TEMPLE CITY, Calif. & PASADENA, Calif.--(BUSINESS WIRE)--Feb. 23, 2022-- Fulgent Genetics, Inc. (NASDAQ: FLGT) ("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 a strategic investment in Spatial Genomics, Inc. ("Spatial"), a leading developer of sequential fluorescence in situ hybridization (seqFISH) technology. Fulgent Genetics is investing up to $40 million to lead Spatial Genomics' Series A financing, which totals approximately $56 million and also includes investments by 12 West Capital and other investors. Fulgent is also entering into commercial arrangements with Spatial to integrate Spatial Genomics' seqFISH technology into Fulgent's comprehensive genomic testing platform.

Spatial Genomics has developed a spatial single-cell multiomics analysis platform based on the seqFISH technology originally developed in the laboratory of Professor Long Cai at the California Institute of Technology. seqFISH is a revolutionary technology designed to enable highly multiplexed and multiomic analyses of cells directly in the tissue microenvironments where they function, allowing researchers to identify novel cell types and cellular interactions, map genomic organization and nuclear architecture, and analyze cell trajectories far more efficiently than existing technologies.

Under this arrangement, Fulgent expects to add Spatial Genomics' multiomics analysis platform to the suite of lab services already available to its pharmaceutical and clinical research customer base.

"We believe this strategic investment and commercial arrangement is an exciting opportunity for Fulgent as we will add Spatial Genomics' leading seqFISH technology and multiomics analysis platform to our suite of genomic testing solutions," said Dr. Harry Gao, Chief Scientific Officer at Fulgent. "Spatial's seqFISH technology is a highly promising platform that will enable clinicians to efficiently perform highly multiplexed single-cell analysis of RNA, DNA and proteins beyond the capabilities of other types of spatial analyses. We look forward to working with Spatial to commercialize this technology for broader reach and application."

"We are excited to secure this Series A funding, which will support and accelerate our continued growth as a company, and the ongoing commercialization of our seqFISH technology platform," said Kirsten Frieda, CEO and cofounder of Spatial Genomics. "seqFISH enables a highly multiplexed, quantitative, and multiomic analysis of cells and tissues that we believe will be essential to the next era of biological discovery, the continued evolution of precision medicine, drug and biomarker discovery, and the improvement of clinical diagnostics."

Spatial Genomics will use the funds from its Series A financing round to accelerate the commercialization of their seqFISH technology platform, grow their seqFISH laboratory services group, and aggressively expand their workforce, including in R&D, engineering, manufacturing, sales, marketing, customer support, and commercial operations.

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's 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. 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.

About Spatial Genomics

Spatial Genomics is a biology and life science technology company dedicated to empowering discovery. Spatial Genomics' integrated technology platform consists of instrumentation, reagents, and software and is being developed with a vision of providing the highest possible multiplexity of multi-omic biological analysis capabilities. Our highly multiplexed spatial analysis technology will advance fundamental biology, precision medicine, drug and biomarker discovery, and lead to the improvement of clinical diagnostics.

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 development and potential commercialization of Spatial's products, services and technology; the benefits and opportunities relating to or arising from Fulgent's investment in Spatial and Fulgent's ability to integrate any of Spatial's products, services or technology into its platform; Fulgent's and Spatial's testing solutions and services; 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: risks that the tests, services and technology developed by Spatial will not be effective or achieve commercial success; 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 successfully integrate acquired businesses and assets into its business strategy and to derive value from its investments; the Company's ability to maintain the low internal costs of its business model, particularly as the Company makes investments across its business; the Company's ability to maintain an acceptable margin on sales of its tests, particularly in light of increasing competitive pressures and other factors that may continue to reduce the Company's sale prices for and margins on its tests; risks related to volatility in the Company's results, which can fluctuate significantly from period to period; risks associated with the composition of the Company's customer base, which can fluctuate from period to period and can be comprised of a small number of customers that account for a significant portion of the Company's revenue; the Company's ability to grow and diversify its customer base and increase demand from existing and new customers; the Company's investments in its infrastructure, including its sales organization and operational capabilities, and the extent to which these investments impact the Company's business and performance and enable it to manage any growth it may experience in future periods; the Company's level of success in obtaining coverage and adequate reimbursement and collectability levels from third-party payors for its tests; the Company's level of success in establishing and obtaining the intended benefits from partnerships, joint ventures or other relationships; the Company's compliance with the various evolving and complex laws and regulations applicable to its business and its industry; risks associated with the Company's international operations; the Company's ability to protect its proprietary technology platform; and general industry, economic, political and market conditions. As a result of these risks and uncertainties, forward-looking statements should not be relied on or viewed as predictions of future events.

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

The Company's reports filed with the 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 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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