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): March 18, 2021

Progenity, Inc.
(Exact name of Registrant as Specified in Its Charter)

Delaware	**001-39334**	**27-3950390**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**
4330 La Jolla Village Drive, Suite 200, San Diego, CA		**92122**
(Address of Principal Executive Offices)		**(Zip Code)**

Registrant's Telephone Number, Including Area Code: (855) 293-2639

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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 (see General Instruction A.2. below):

☐ 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 $0.001 per share	PROG	The 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 March 18, 2021, Progenity, Inc. issued a press release and earnings presentation announcing its financial results for the fourth quarter and year ended December 31, 2020. The press release and earnings presentation are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K.

As provided in General Instruction B.2 of Form 8-K, the information in this Item 2.02 and Exhibits 99.1 and 99.2 incorporated herein shall not be deemed to be "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 such information or Exhibits 99.1 and 99.2 be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1	Press release, dated March 18, 2021
99.2	Earnings presentation, dated March 18, 2021

SIGNATURES

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: March 18, 2021

Progenity, Inc.

By: /s/ Harry Stylli, Ph.D.
Harry Stylli, Ph.D.
Chairman and Chief Executive Officer

progenity®
Prepare for life.

Progenity Provides Corporate Updates and Reports Fourth Quarter and Full-Year 2020 Financial Results

Reports approximately 82,000 tests in the fourth quarter of 2020

Raised $118M gross proceeds in December 2020 from a concurrent secondary equity offering and issuance of convertible notes, and $25M in gross proceeds from a recent private placement with two leading healthcare-focused investment funds

Maintains 2021 revenue guidance range

Management will host conference call and webcast today at 4:30 p.m. ET/1:30 p.m. PT

SAN DIEGO, March 18, 2021 – Progenity, Inc. (Nasdaq: PROG), a biotechnology company with an established track record of success in developing and commercializing molecular testing products, today provided corporate updates and reported financial results for the fourth quarter and full-year ended December 31, 2020.

Progenity made significant progress during the fourth quarter, both with its revenue generating business and notably with its innovation pipeline programs. The company continued to transition its core molecular testing business towards growth, increased its in-network position by adding national and regional contracts, and saw additional commercial and government payors covering average risk NIPT.

Regarding its innovation pipeline programs, the company announced it successfully achieved the analytical and clinical verification milestone during the fourth quarter for its Preecludia™ preeclampsia rule-out test and has since initiated validation phase sample testing.

“We continue to make progress in establishing a strong foundation and stabilizing our core molecular testing business. We anticipate these efforts will translate into improved operating performance and near-term growth, consistent with our 2021 guidance. We also recently secured funding from leading healthcare-focused investment funds, allowing us to expand our investor base. We are particularly excited with the progress and potential of our R&D pipeline which includes completing our Preecludia™ test’s verification milestone and initiating the validation phase, advancing the Innatal 4 platform, and accelerating progress of our GI Precision Medicine programs,” said Harry Stylli, Ph.D., CEO, chairman of the board, and co-founder of Progenity.

Fourth Quarter 2020 Results and Other Corporate Highlights

- Reported approximately 82,000 tests in the fourth quarter, including 56,000 core molecular tests and 26,000 COVID-19 tests.
- Issued $168.5 million principal amount of 7.25% convertible senior notes due 2025 for gross proceeds of approximately $90.0 million and an additional $78.5 million principal

amount of notes issued in exchange for the discharge of amounts outstanding under an existing credit and security agreement with entities affiliated with Athyrium Capital Management, LP.

- Completed a concurrent underwritten secondary offering of common stock and issued approximately 8.8 million shares for gross proceeds of approximately $28.8 million.
- In February 2021, raised approximately $25.0 million in gross proceeds from a private placement of approximately of 4.4 million shares of common stock and warrants to purchase an additional 4.4 million shares of common stock with two leading healthcare-focused investment funds.
- Completed reduction in force, which resulted in the termination of approximately 9.5% of the Company's employees, to enable the Company to control its costs and more effectively align resources to business priorities.
- Increased in-network covered lives by up to 60 million with the addition of the MultiPlan national contract and added 1 million lives from additional regional payors.
- Initiated validation phase for its Preecludia™ preeclampsia test, after successfully completing analytical and clinical verification.
- Announced encouraging preclinical data supporting the potential of the Company's oral drug delivery system (DDS) using a proprietary autonomous localization technology designed to identify a key region of the GI tract for drug delivery.
- Presented data from an award-winning abstract on a novel ingestible lab-in-a-capsule, PIL Dx, at the American College of Gastroenterology (ACG) 2020 Virtual Annual Meeting. The data in the presentation demonstrated the achievement of critical de-risking steps and Progenity's progress toward novel approaches for the assessment, diagnosis, and future treatment of gastrointestinal diseases through ingestible capsule devices.

Fourth Quarter and Full-Year 2020 Financial Results

Comparison of Three Months Ended December 31, 2020 and September 30, 2020

Revenue was $14.3 million in the three months ended December 31, 2020, compared to $25.9 million in the three months ended September 30, 2020. The fourth quarter revenue includes a $10.7 million accrual as a reserve for potential payor settlements, as previously announced.

Total accessioned tests volume, which includes the company's core molecular testing and COVID-19 testing, was 81,640 in the fourth quarter of 2020, a decrease of 3% compared to accessioned tests volume in the third quarter of 2020, which was 84,067 tests.

Gross margin was negative 50.1% for the three months ended December 31, 2020, as a result of accruals against revenue, compared to 9.0% for the three months ended September 30, 2020.

Operating expenses were $44.2 million for the three months ended December 31, 2020, compared to $46.9 million for the three months ended September 30, 2020.

Net loss attributable to common stockholders was $75.5 million for the three months ended December 31, 2020 and basic and diluted net loss per share was $1.53, compared to a net loss attributable to common stockholders of $47.1 million and a net loss per share of $1.01 for the three months ended September 30, 2020.

Comparison of Three Months Ended December 31, 2020 and 2019

Revenue was $14.3 million in the three months ended December 31, 2020, compared to $20.5 million in the three months ended December 31, 2019. The decrease in revenue was primarily attributable to a decrease in test volumes in 2020 as a result of the COVID-19 pandemic, partially offset by a decrease, as compared to the prior period, of $9.2 million in payor settlement reserves and accruals.

Gross margin was negative 50.1% for the three months ended December 31, 2020, as a result of accruals against revenue, compared to negative 21.9% for the three months ended December 31, 2019.

Operating expenses were $44.2 million for the three months ended December 31, 2020, compared to $44.5 million in the three months ended December 31, 2019.

Net loss attributable to common stockholders was $75.5 million for the three months ended December 31, 2020 and basic and diluted net loss per share was $1.53, compared to a net loss attributable to common stockholders of $86.8 million and a net loss per share of $17.46 for the three months ended December 31, 2019.

Comparison of Full-Year Ended December 31, 2020 and 2019

Revenue was $74.3 million in the year ended December 31, 2020, compared to $144.0 million in the year ended December 31, 2019. The decrease in revenues was largely attributable to a decrease in test volumes as a result of the COVID-19 pandemic during the second, third and fourth quarters of 2020, partially offset by a decrease, as compared to the prior period, of $6.2 million in payor settlement reserves and accruals.

Gross margin was negative 25.7% for the year ended December 31, 2020, compared to 30.2% for the year ended December 31, 2019.

Operating expenses were $176.1 million for the year ended December 31, 2020, compared to $183.6 million in the year ended December 31, 2019.

Net loss attributable to common stockholders was $192.8 million for the year ended December 31, 2020 and basic and diluted net loss per share was $7.01, compared to a net loss attributable to common stockholders of $228.8 million and a net loss per share of $46.87 for the year ended December 31, 2019.

Cash and cash equivalents were $92.1 million as of December 31, 2020. As of December 31, 2020, Progenity had 55.8 million shares outstanding, excluding shares issued in our recent private placement.

COVID-19 Update

Public health measures related to the novel coronavirus are greatly impacting healthcare practices. We have responded to the COVID-19 pandemic by implementing and maintaining robust response plans, seamlessly continuing laboratory operations and maintaining pre-pandemic turnaround times. We enhanced our digital sales and support capabilities, increased proactive test reporting and remote genetic counseling capabilities, and expanded our mobile phlebotomy services, assisting our customers to continue serving their patients with the same quality care.

Webcast and Conference Call Information

Progenity will host a webcast and conference call to discuss the second quarter financial results and answer investment community questions today, Thursday, March 18, 2021 at 4:30 p.m. ET / 1:30 p.m. PT. The live call may be accessed by dialing 833-519-1237 for domestic callers and 914-800-3810 for international callers and entering the conference code: 9677695. A live webcast and archive of the call will be available online from the investor relations section of the company website at www.progenity.com.

About Progenity

Progenity, Inc. is a biotechnology company with an established track record of success in developing and commercializing molecular testing products, as well as innovating in the field of precision medicine. Progenity provides in vitro molecular tests designed to improve lives by providing actionable information that helps guide patients and physicians in making medical decisions during key life stages. The company applies a multi-omics approach, combining genomics, epigenomics, proteomics, and metabolomics to its molecular testing products and to the development of a suite of investigational ingestible devices designed to provide precise diagnostic sampling and drug delivery solutions. Progenity's vision is to transform healthcare to become more precise and personal by improving diagnoses of disease and improving patient outcomes through localized treatment with targeted therapies. For additional information about Progenity, please visit the company's website at www.progenity.com.

Safe Harbor Statement or Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, which statements are subject to substantial risks and uncertainties and are based on estimates and assumptions. All statements, other than statements of historical facts included in this press release, including statements concerning the impact of the COVID-19 pandemic on our business, operations, financial results, and future performance, and the progress of our research and development efforts are forward-looking statements. In some cases, you can identify forward-looking

statements by terms such as “may,” “might,” “will,” “objective,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “design,” “estimate,” “predict,” “potential,” “plan” or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect our plans, estimates, and expectations, as of the date of this press release. These statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the forward-looking statements expressed or implied in this press release. Such risks, uncertainties, and other factors include, among others, the ongoing COVID-19 pandemic, our ability to develop and commercialize our testing products as well as innovate in the field of precision medicine, our ability to obtain and maintain regulatory approval or clearance of our products on expected timelines or at all, our plans to research, develop, and commercialize new products, the unpredictable relationship between preclinical study results and clinical study results, our expectations regarding future test volumes and revenues, our expectations regarding our in network position, anticipated capacity for our tests, and those risks described in “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Progenity’s Annual Report on Form 10-K for the year ended December 31, 2020 to be filed with the SEC and other subsequent documents we file with the SEC.

Progenity expressly disclaims any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

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Progenity, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended	
	December 31, 2020	September 30, 2020
Revenues (1)	$ 14,276	$ 25,943
Cost of sales	21,427	23,601
Gross profit (loss)	(7,151)	2,342
Operating expenses:		
Research and development	11,226	13,043
Selling and marketing	12,471	13,244
General and administrative	20,523	20,626
Total operating expenses	44,220	46,913
Loss from operations	(51,371)	(44,571)
Interest expense	(2,699)	(2,476)
Interest and other income (expense), net	(21,294)	(18)
Loss before income taxes	(75,364)	(47,065)
Income tax expense	164	—
Net loss	(75,528)	(47,065)
Dividend paid to preferred stockholders	—	—
Net loss attributable to common stockholders	$ (75,528)	$ (47,065)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.53)	$ (1.01)
Weighted average number of shares outstanding used in calculating net loss per share attributable to common stockholders, basic and diluted	49,288,579	46,632,043

(1) Revenues for the three months ended December 31, 2020 reflect an accrual of $10.7 million recorded as a reserve for potential payor settlements.

Progenity, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
			(1)	(1)
Revenues (2)	$ 14,276	$ 20,476	$ 74,313	$ 143,985
Cost of Sales	21,427	24,961	93,433	100,492
Gross profit (loss)	(7,151)	(4,485)	(19,120)	43,493
Operating Expenses:				
Research and development	11,226	14,609	47,743	63,400
Selling and marketing	12,471	13,378	52,887	58,888
General and administrative	20,523	16,501	75,438	61,324
Total operating expenses	44,220	44,488	176,068	183,612
Loss from operations	(51,371)	(48,973)	(195,188)	(140,119)
Interest expense	(2,699)	(2,327)	(9,984)	(9,199)
Interest and other income (expense), net	(21,294)	118	(24,888)	575
Loss before income taxes	(75,364)	(51,182)	(230,060)	(148,743)
Income tax expense (benefit)	164	(706)	(37,532)	(706)
Net loss	(75,528)	(50,476)	(192,528)	(148,037)
Dividend paid to preferred shareholders	—	—	(268)	(3,652)
Stock dividend on exchange of Series A-1 to Series B Preferred Stock	—	—	—	(27,637)
Stock dividend on Series B Preferred Stock	—	(36,364)	—	(49,501)
Net loss attributable to common shareholders	$ (75,528)	$ (86,840)	$ (192,796)	$ (228,827)
Net loss per share attributable to common shareholders, basic and diluted	$ (1.53)	$ (17.46)	$ (7.01)	$ (46.87)
Weighted average number of shares outstanding used in calculating net loss per share, basic and diluted	49,288,579	4,974,825	27,512,876	4,882,662

(1) The condensed consolidated statement of operations data for the year ended December 31, 2020 and 2019 has been derived from the audited consolidated financial statements.

(2) Revenues for the three months ended December 31, 2020 reflect a revenue reserve accrual of $10.7 million recorded for payor settlements. Revenues for the three months ended December 31, 2019 reflect an accrual of $19.9 million related to the settlements with the Department of Justice (DOJ) and the participating State Attorneys General (AGs).

Revenues for the year ended December 31, 2020 reflect an aggregate revenue reserve accrual of $33.5 million related to the settlement with the DOJ and the participating State AGs and other payors settlements. Revenues for the year ended December 31, 2019 reflect a $39.7 million aggregate revenue reserve accrual related to the settlements with the DOJ and the participating State AGs and reimbursement claims and settlements with other payors.

Progenity, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands)

	December 31, 2020 (1)	December 31, 2019 (1)
Assets		
Current assets:		
Cash and cash equivalents	$ 92,076	$ 33,042
Accounts receivable, net	12,682	22,189
Inventory	12,219	10,937
Income tax receivable	—	634
Prepaid expenses and other current assets	9,361	7,846
Total current assets	126,338	74,648
Property and equipment, net	17,842	15,891
Goodwill and other intangible assets	10,062	10,990
Other assets	198	198
Total assets	$ 154,440	$ 101,727
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 17,410	$ 15,754
Accrued expenses and other current liabilities	54,677	83,615
Current portion of mortgages payable and capital lease obligations	583	968
Total current liabilities	72,670	100,337
Mortgages payable and capital lease obligations, net of current portion	2,841	3,439
Convertible notes, net	158,886	—
Note payable to related party, net	—	68,966
Embedded derivative liability	18,370	—
Other long-term liabilities	8,667	12,859
Total liabilities	$ 261,434	$ 185,601
Stockholders' deficit:		
Common stock	59	9
Series A Preferred Stock	—	4
Series B Preferred Stock	—	102
Additional paid-in capital	452,992	283,260
Accumulated deficit	(541,274)	(348,478)
Treasury stock	(18,771)	(18,771)
Total stockholders' deficit	(106,994)	(83,874)
Total liabilities and stockholders' deficit	$ 154,440	$ 101,727

(1) The condensed consolidated balance sheet data at December 31, 2020 and 2019 has been derived from the audited consolidated financial statements

Exhibit 99.2

progenity®

Business Update and Fourth Quarter and FY 2020 Financial Results

March 18, 2021

Forward Looking Statements

This presentation contains "forward-looking statements" within the meaning of the federal securities laws, which statements are subject to substantial risks and uncertainties and are based on estimates and assumptions. All statements, other than statements of historical facts included in this presentation, including statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, financing needs, plans or intentions relating to product candidates, estimates of market size, estimates of market growth, business trends, expected testing supply and demand, the anticipated timing, design and conduct of our planned clinical trials, the development of our product candidates, including the timing and likelihood of regulatory filings and approvals for our product candidates, our ability to commercialize our product candidates, if approved, the pricing and reimbursement of our product candidates, if approved, the potential to develop future product candidates, the potential benefits of strategic collaborations and our intent to enter into any strategic arrangements, the timing and likelihood of success, plans and objectives of management for future operations and future results of anticipated product development efforts, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "design," "estimate," "predict," "potential," "plan" or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the forward-looking statements expressed or implied in this presentation, including those described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, and elsewhere in such filings and in other subsequent disclosure documents filed with the U.S. Securities and Exchange Commission (SEC).

We cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. Forward-looking statements are not historical facts, and reflect our current views with respect to future events. Given the significant uncertainties, you should evaluate all forward-looking statements made in this presentation in the context of these risks and uncertainties and not place undue reliance on these forward-looking statements as predictions of future events. All forward-looking statements in this presentation apply only as of the date made and are expressly qualified in their entirety by the cautionary statements included in this presentation. We disclaim any intent to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

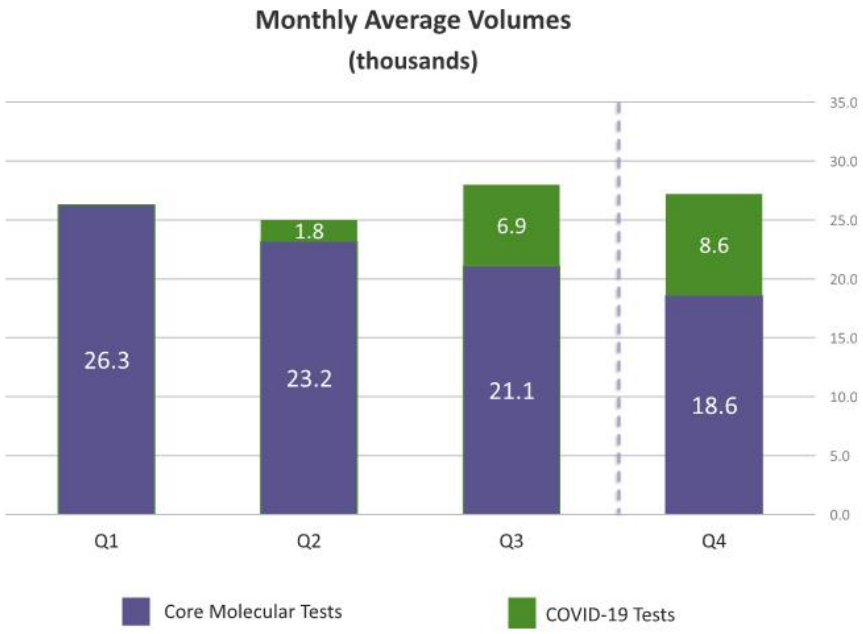
Industry and Market Data: We obtained the industry, market, and competitive position data used throughout this Presentation from our own internal estimates and research, as well as from industry and general publications, and research, surveys, and studies conducted by third parties. Internal estimates are derived from publicly available information released by industry analysts and third-party sources, our internal research and our industry experience, and are based on assumptions made by us based on such data and our knowledge of the industry and market, which we believe to be reasonable. In addition, while we believe the industry, market, and competitive position data included in this prospectus is reliable and based on reasonable assumptions, we have not independently verified any third-party information, and all such data involve risks and uncertainties and are subject to change based on various factors. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Q4 2020 & Other Recent Corporate Highlights

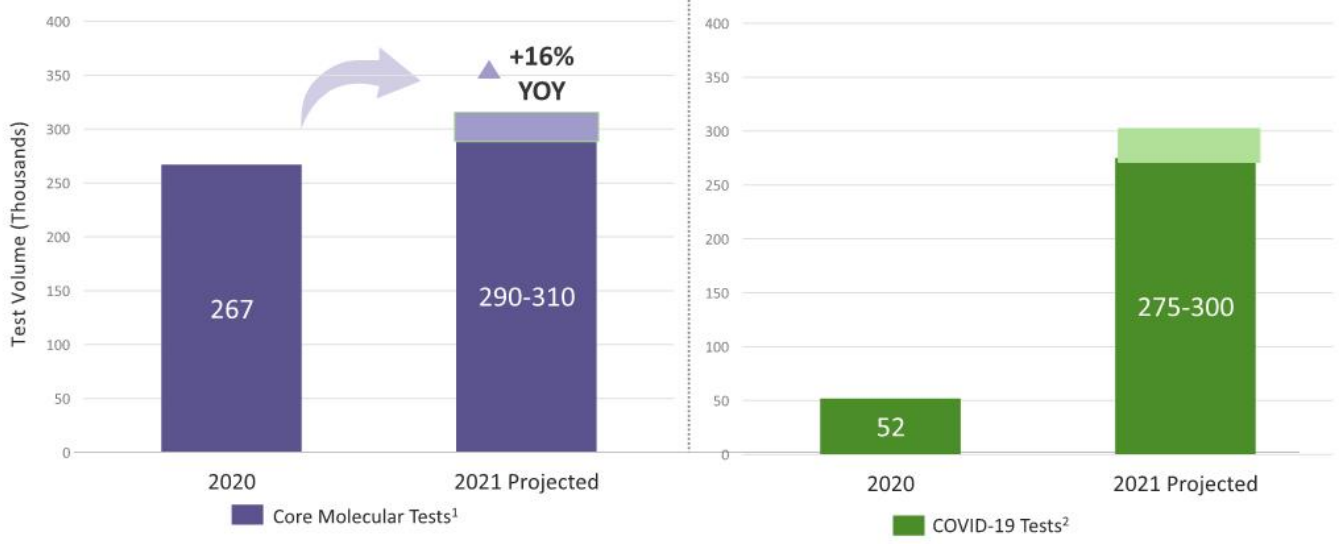
- Raised $118M gross proceeds from debt/equity offering, rationalized costs; recently completed $25M private placement
- Completed analytical and clinical verification for our Preecludia ™ preeclampsia rule-out LDT, and initiated validation samples analysis
- Continued to increase our INN position, reaching 146 M covered lives
- Achieved Innatal 4 milestones: fetal fraction quantification & finalized probe pool design and testing; optimization phase advancing
- Introduced key programs aimed at improving customer experience and revenue cycle management
- Initiated clinical study of DDS capsule for safety, tolerability, auto-location and accurate payload delivery in the colon
- ASPs of core products returned to growth in Q4 2020, and Q1 to date
- Work progressing well under precision medicine pharma collaboration; continued engagement with pharma for further potential partnerships

Overall volumes stabilizing in Q4

- Q4 overall monthly average volumes stabilized
- Increase in % of NIPT tests for average risk vs. high risk
- Strong growth in new carrier screening tests; represent 80% of our overall carrier screening



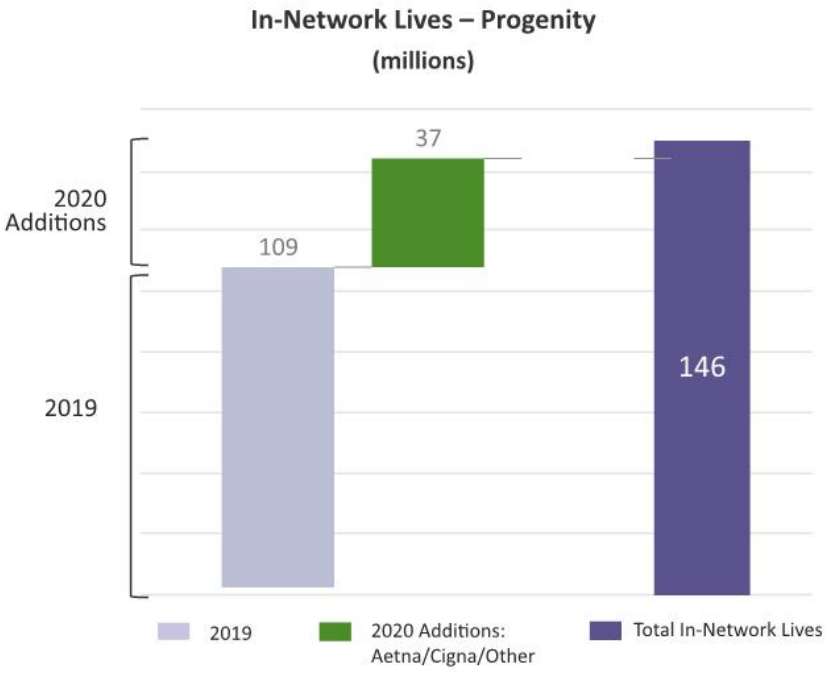
Expecting Stronger Volume Growth in 2021



1. Volume for Innatal, Preparent, Riscover tests
2. Testing conducted by Avero Diagnostics utilizing third-party tests that have received EUA from the FDA

Expanding the In-Network Footprint

- Added 2.5 million regional plan covered lives in Q3/Q4
- Expanding government and commercial payer coverage for average risk NIPT
- Continuing discussions for INN contracts with national and other regional plans



R&D Pipeline Update

Preeclampsia Rule-Out Test: Preecludia ™
Innovative Test to Address Unmet Need

preecludia
preeclampsia rule-out test

UNMET NEED

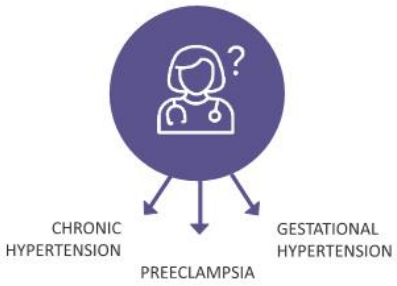
Preeclampsia is the **#2 CAUSE OF MATERNAL MORTALITY**[1]

MORE THAN 700,000 PEOPLE present with symptoms each year.[2,3,4]

$9B+ HEALTHCARE BURDEN In the US per year

CLINICAL DILEMMA

CURRENT METHODS CANNOT DIFFERENTIATE preeclampsia from other hypertensive disorders.



MARKET SIGNALS

- Jan 2021: SMFM President's Workshop focused on preeclampsia and the promise of biomarkers
- Mar 2021: Verification study abstract accepted as Late-breaking abstract for 2021 ACOG Annual Meeting in May

DEVELOPMENT PROGRESS

- Verification completed
- Pre-validation data set with ~350 patients being analyzed
- Initiated validation sample testing

1. Henderson JT, et al. Preeclampsia Screening: Evidence Report and Systematic Review for the US Preventive Services Task Force. JAMA. 2017 Apr 25;317(16):1668-1683.
2. Ananth CV, et al. Pre-eclampsia rates in the United States, 1980-2010: age-period-cohort analysis. BMJ. 2013 Nov 7;347:f6564.
3. https://www.sciencedirect.com/topics/medicine-and-dentistry/gestational-hypertension
4. Center for Disease Control and Prevention. Births: Final Data for 2018 (In press). https://www.cdc.gov/nchs/nvss/births.htm

Innovative Single-Molecule Counting Platform: Next-Generation NIPT First Application

innatal® 4
prenatal screen

NOVEL, SINGLE-MOLECULE COUNTING ASSAY FOR NIPT

About our Platform Technology:

- Proprietary single molecule DNA counting assay
- Utilizes advanced optics with custom chemistry and molecular biology
- Multiple potential applications, including oncology

✓ ***Q3: Achieved development milestone demonstrating potential to "quantify" fetal fraction***

✓ ***Q4: Made critical advancement by finalizing probe pool design and testing; progressing in optimization phase***

QUALITY RESULTS	FASTER TURNAROUND TIME	COST EFFECTIVENESS
Maintain premium clinical value and reliability	Potential to set a new competitive benchmark in the market	Cost effective chemistry improves COGS

GI Precision Medicine Programs

advancing toward the clinic and progressing partnership

Oral Biotherapeutics

DDS

targeted therapeutics

LOCALIZED DRUG DELIVERY FOR GI DISORDERS

- Completed *in vivo* preclinical device function study
- Device clinical function study initiated in February 2021
- GI-targeted adalimumab (PGN-001) *GMP batch produced*
- GI-targeted tofacitinib (PGN-600)

OBDS

oral biopharmaceuticals

ORAL DELIVERY OF SYSTEMIC BIOPHARMACEUTICALS

- Progress continues under current pharma partnership
- Initiating preclinical study with first fully autonomous device in Q1 2021
- Adalimumab (PGN-OB1) *GMP batch produced*

Diagnostics

PIL Dx

ingestible fluorescent laboratory

LEAD INDICATION SIBO: >100 MILLION PATIENT VISITS ANNUALLY

- Key assay accuracy data presented at ACG 2020
- Full function preclinical study planned for 2H 2021
- Expected to initiate clinical proof of concept study in 2H 2021

LOCALIZE → SAMPLE→ ANALYZE *IN SITU* → TRANSMIT RESULTS

RSS

sampling + preservation technology

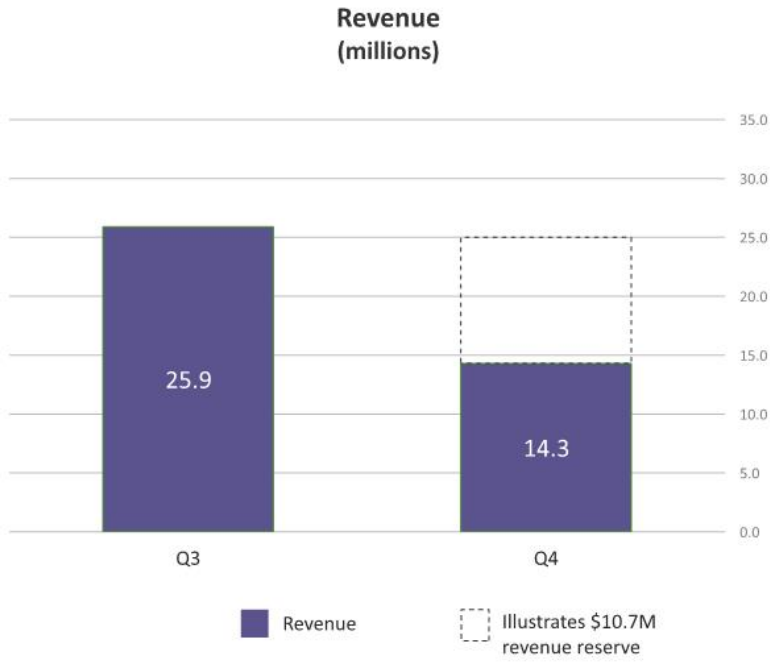
MICROBIOME, CELLS, MULTI-OMICS, MULTIPLE GI DISEASES

- Initiating clinical proof of concept study in Q2 2021

LOCALIZE → SAMPLE→ PRESERVE → RECOVER → ANALYZE

Q4 Revenues

- Q4 2020 revenues before accruals relatively flat compared to Q3, consistent with prior guidance
- Improving core products ASPs
- Maintaining 2021 overall revenue guidance range



Financial Overview

$ in millions

	Q3 2020	Q4 2020	FY 2020
Revenues	$25.9	$14.3[1]	$74.3
***ASP** ($/test)*	*$308.6*	*$174.9*[1]	*$232.6*
COGS	23.6	21.4	93.4
SG&A	33.9	33.0	128.3
R&D	13.0	11.2	47.7
Net Loss	(47.1)	(75.5)[2]	(192.5)
Operating Cash Flows	(51.3)	(70.1)	(165.7)
Cash & Cash Equivalents	60.0	92.1	92.1
Indebtedness	78.6	171.6[3]	171.6

1. Includes $10.7M reserve for estimated future payor settlements
2. Included $13.8M expense related to change in fair value of derivative liability
3. Consists principally of $168.5M convertible notes debt

Maintaining 2021 Guidance

- Return to strong growth in 2021:
  - Expecting up to approximately 30% revenue growth[1]
  - Expecting up to approximately 16% core volume growth[4]
- Actively managing SG&A costs:
  - Ensure alignment with topline profile
- Maintaining disciplined R&D spend:
  - Incremental investments stage-gated to de-risking milestones

$ millions	2021 Revenue
Core Molecular Testing Revenue[2]	$115 - $125
SARS CoV-2 Revenue[3]	$15 - $20
Total Revenue	**$130 - $145**

Thousands	2021 Volume
Core Molecular Testing Volume[4]	290 - 310
SARS CoV-2 Volume	275 - 300

$ millions	2021 Opex
SG&A	$150 - $160
R&D	$50 - $55

1. Growth rate of annual 2021 revenue guidance (top of range) over estimated 2020 revenues ex-accruals
2. Includes revenues from Avero affiliate
3. Testing conducted by Avero Laboratories utilizing third-party tests that have received Emergency Use Authorization from the FDA.
4. Volume for Innatal, Preparent, Riscover tests

Potential 2021 Catalysts

- Core business expected to return to strong growth
- Continue our INN transition and expand covered lives access to our portfolio
- Expected increased penetration into NIPT average risk market as payer coverage and reimbursement improves
- Continue operational improvements in revenue cycle management to maximize revenues/ASP
- Anticipated completion of clinical validation for Preecludia™ and initiation of targeted launch
- Anticipated completion of clinical validation of Innatal 4 (NIPT) to achieve lower direct COGS and faster TAT
- Planned launch of pre-clinical and clinical studies for GI Precision Medicine programs; expect to start generating key performance data starting 1H '21
- Expect to secure additional value creating pharma partnerships for GI Precision Medicine programs

Q&A Session