



## Progenity Reaches Resolution with Government Related to Past Business, Promotional, and Billing Practices

July 23, 2020

**The Company has established and continues to make significant investments in industry-leading compliance protocols and reporting standards**

SAN DIEGO, July 23, 2020 (GLOBE NEWSWIRE) -- [Progenity](#), Inc. (Nasdaq: PROG), a biotechnology company focused on providing complex molecular and specialized diagnostic tests to clinicians as well as innovating in the field of precision medicine, today announced that it has entered into agreements with the Department of Justice (DOJ) and the Department of Health and Human Services that resolve civil and criminal investigations by such agencies related to certain past business, promotional, and billing practices. After reviewing the Company's extensive remediation and cooperation efforts, among other considerations, the DOJ determined not to prosecute Progenity and instead entered into a non-prosecution agreement in parallel with civil settlements.

"We are very pleased to resolve this matter as it allows us to move forward and concentrate on our mission to be a crucial provider of cutting-edge diagnostic testing and precision medicine," said Harry Stylli, PhD, CEO, chairman of the board, and co-founder of Progenity. "Over the past two years, Progenity has implemented an overhaul of our compliance program and has transitioned from an out-of-network to primarily an in-network provider. These actions included engaging third parties to review our compliance policies and procedures, revamping internal controls to guarantee accurate and consistent coding, and changing our leadership team, including hiring a new Chief Compliance Officer, Chief Operating Officer, Chief Financial Officer, Chief Commercial Officer, and Chief Information Officer. We also appointed a new independent board with extensive industry experience in areas including reimbursement, regulatory, and compliance."

As described by the agreements, Progenity has committed to pay \$35.8 million to settle the federal claims. Certain of the government agreements also obligate the Company to continue its enhancements to internal controls and its compliance program, while noting the Company's remediation and cooperation efforts to date. The Company expects to pay an additional \$13.2 million to settle outstanding claims by state Attorneys General.

"As the government recognized, Progenity has made significant strides in compliance policies and controls, accepting full responsibility for the historical misconduct at issue," said Stylli. "We're excited to turn the page and focus fully on what we do best: providing valuable, industry-leading testing services to clinicians and developing our innovative precision medicine capabilities."

### 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 more information on how Progenity is helping clinicians and patients prepare for life, please visit [www.progenity.com](http://www.progenity.com).

### Forward Looking Statements

*This press release 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 press release, including statements concerning the timing and amount of settlement payments and the effectiveness of Progenity's compliance protocols and reporting standards, 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 the Company's actual results to differ materially from the forward-looking statements expressed or implied in this press release, including those described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Progenity's Registration Statement on Form S-1 (File No. 333-238738), as amended, filed with the U.S. Securities and Exchange Commission. Progenity claims the protection of the Safe Harbor contained in the Private Securities Litigation Reform Act of 1995 for forward-looking statements. Progenity expressly disclaims any obligation to update or alter any statements whether as a result of new information, future events or otherwise, except as required by law. Until the final settlement agreements are approved and signed by the states, there can be no assurance that the amount we have accrued will be sufficient to cover Progenity's obligations relating to this matter. Progenity's obligations could also increase, potentially materially, depending on a number of factors including whether or not the agreement on the monetary terms with the states is finalized, whether an individual state or states opt out of the settlement prior to approval in order to pursue a separate action or resolution, the terms of the final approved agreements and the parties to the settlement. For additional information, please see Note 9. Commitments and Contingencies to Progenity's audited financial statements for the year ended December 31, 2019, in the Registration Statement, as well as "Risk Factors—Regulatory Risks Related to Our Business—If we or our commercial partners act in a manner that violates healthcare laws or otherwise engage in misconduct, we could face substantial penalties and our business operations, and financial condition could be adversely affected."*

### Investor Contact:

Robert Uhl  
Managing Director, Westwicke ICR

IR@progenity.com  
(619) 228-5886

**Media Contact:**

Kate Blom-Lowery  
CG Life

[kblomlowery@cglife.com](mailto:kblomlowery@cglife.com)

(619) 743-6294