



Progenity Announces Proposed Convertible Senior Notes Offering

December 1, 2020

SAN DIEGO, Nov. 30, 2020 (GLOBE NEWSWIRE) -- Progenity, Inc. (NASDAQ: PROG) today announced its intention to offer, subject to market and other conditions, \$75 million aggregate principal amount of convertible senior notes due 2025 (the "notes") in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). Progenity also expects to grant the initial purchaser of the notes an option to purchase, for settlement within a period of 13 days from, and including, the date notes are first issued, up to an additional \$15 million principal amount of notes.

The notes will be senior, unsecured obligations of Progenity, will accrue interest payable semi-annually in arrears and will mature on December 1, 2025, unless earlier repurchased, redeemed or converted. At any time from and including the date that is 30 calendar days after the initial closing date of the offering and before the close of business on the second scheduled trading day immediately before the maturity date, noteholders may convert their notes at their option into shares of Progenity's common stock, together, if applicable, with cash in lieu of any fractional share, at the then-applicable conversion rate. In addition, noteholders that convert their notes before December 1, 2022 will, in certain circumstances, be entitled to an additional cash payment upon conversion. The notes will be redeemable, in whole and not in part, for cash at Progenity's option at any time on or after December 1, 2023, but only if the last reported sale price per share of Progenity's common stock exceeds 130% of the conversion price for a specified period of time. The redemption price will be equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The interest rate, initial conversion rate and other terms of the notes will be determined at the pricing of the offering.

Progenity intends to use the net proceeds from the offering, together with the net proceeds from the underwritten public offering of common stock referred to below, to support its operations, to invest in its molecular testing research and development program, to invest in research and development with respect to its precision medicine platform, and for working capital and general corporate purposes.

Certain entities affiliated with Athyrium Capital Management, LP ("Athyrium"), one of Progenity's affiliates, have indicated their intent to acquire up to \$103.5 million in aggregate principal amount of notes, consisting of up to \$25 million principal amount of affiliate notes to be purchased for cash in the offering and, pursuant to a separate exchange agreement, up to an additional \$78.5 million principal amount of affiliate notes to be issued in exchange for the discharge of amounts outstanding under Progenity's credit and security agreement with a fund managed by Athyrium.

In a separate press release, Progenity also announced today its intention to offer, in a separate, underwritten public offering, subject to market and other conditions, \$25 million of shares of its common stock, plus up to an additional \$3.75 million of shares of its common stock that the underwriters of the common stock offering have the option to purchase from Progenity. The completion of the offering of the notes is not contingent on the completion of the offering of common stock, and the completion of the offering of common stock is not contingent on the completion of offering of the notes. This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any common stock in the public offering.

The offer and sale of the notes and the shares of common stock issuable upon conversion of the notes have not been, and will not be, registered under the Securities Act or any other securities laws, and the notes and such shares cannot be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. This press release does not constitute an offer to sell, or the solicitation of an offer to buy, the notes or the shares of common stock issuable upon conversion of the notes, nor will there be any sale of the notes or such shares, in any state or other jurisdiction in which such offer, sale or solicitation would be unlawful.

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.

Forward-Looking Statements

This press release includes forward-looking statements, including statements regarding the anticipated terms of the notes being offered, the completion, timing and size of the proposed offerings and the intended use of the proceeds. Forward-looking statements represent Progenity's current expectations regarding future events and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those implied by the forward-looking statements. Among those risks and uncertainties are market conditions, including market interest rates, the trading price and volatility of Progenity's common stock and risks relating to Progenity's business, including those described in periodic reports that Progenity files from time to time with the SEC. Progenity may not consummate the proposed offerings described in this press release and, if the proposed offerings are consummated, cannot provide any assurances regarding the final terms of the offer or the notes or its ability to effectively apply the net proceeds as described above. The forward-looking statements included in this press release speak only as of the date of this press release, and Progenity does not undertake to update the statements included in this press release for subsequent developments, except as may be required by law.

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