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Progenity Announces Closing of the Convertible Senior Notes Offering and Partial Exercise of the Initial Purchaser's Option to Purchase Additional Notes

December 8, 2020

SAN DIEGO, Dec. 08, 2020 (GLOBE NEWSWIRE) -- Progenity, Inc. (NASDAQ: PROG), a biotechnology company with an established track record of success in developing and commercializing molecular testing products, today announced the closing of its offering of \$85,525,000 aggregate principal amount of 7.25% 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"). The notes issued today include \$10,525,000 principal amount of notes issued pursuant to the partial exercise by the initial purchaser of an option to purchase additional notes.

Certain entities affiliated with Athyrium Capital Management, LP ("Athyrium"), an affiliate of Progenity, have acquired \$103.5 million in aggregate principal amount of notes, consisting of \$25.0 million principal amount of notes to be purchased for cash in the offering and, pursuant to a separate exchange agreement, an additional \$78.5 million principal amount of notes issued in exchange for the discharge of amounts outstanding under Progenity's credit and security agreement with an affiliate of Athyrium.

In a separate press release, Progenity also announced today the closing of its previously announced underwritten public offering of 7,645,259 shares of common stock, at a public offering price of \$3.27 per share. 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 notes offering and the underwritten public offering of common stock together generated aggregate gross proceeds of \$110.5 million. 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 above, 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.

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 contains "forward-looking statements," 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, but not limited to, Progenity's expectations regarding intended use of the net proceeds 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," "develop," "plan" or the negative of these terms, and similar expressions, or statements regarding intent, belief, or current expectations, are forward looking statements. These statements involve known and unknown risks, uncertainties and other factors that could cause Progenity's actual results to differ materially from the forward-looking statements expressed or implied in this press release, the uncertainties inherent in the clinical drug development process, such as the regulatory approval process, the timing of regulatory filings, and other matters, including the ongoing COVID-19 pandemic and associated shelter-in-place orders, that could affect sufficiency of existing cash, cash equivalents and short-term investments to fund operations and the availability or commercial potential of Progenity's products, and those risks described in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Progenity's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, filed with the SEC on November 11, 2020, and other subsequent documents filed with the SEC. 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.

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