



Progeny, Inc.

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1 <https://www.betterinvesting.org/chapters/rocky-mountain>

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Progeny Overview

- PGNY is a third-party fertility benefits manager that contracts with employers (“clients”) to provide infertility and family-building services to companies across the U.S.
- Founded in 2008
- Launched fertility services in 2016 with 5 clients
- IPO: 2019
- Currently only available in the U.S., but acquired Apryl, a German fertility benefits company, in June 2024

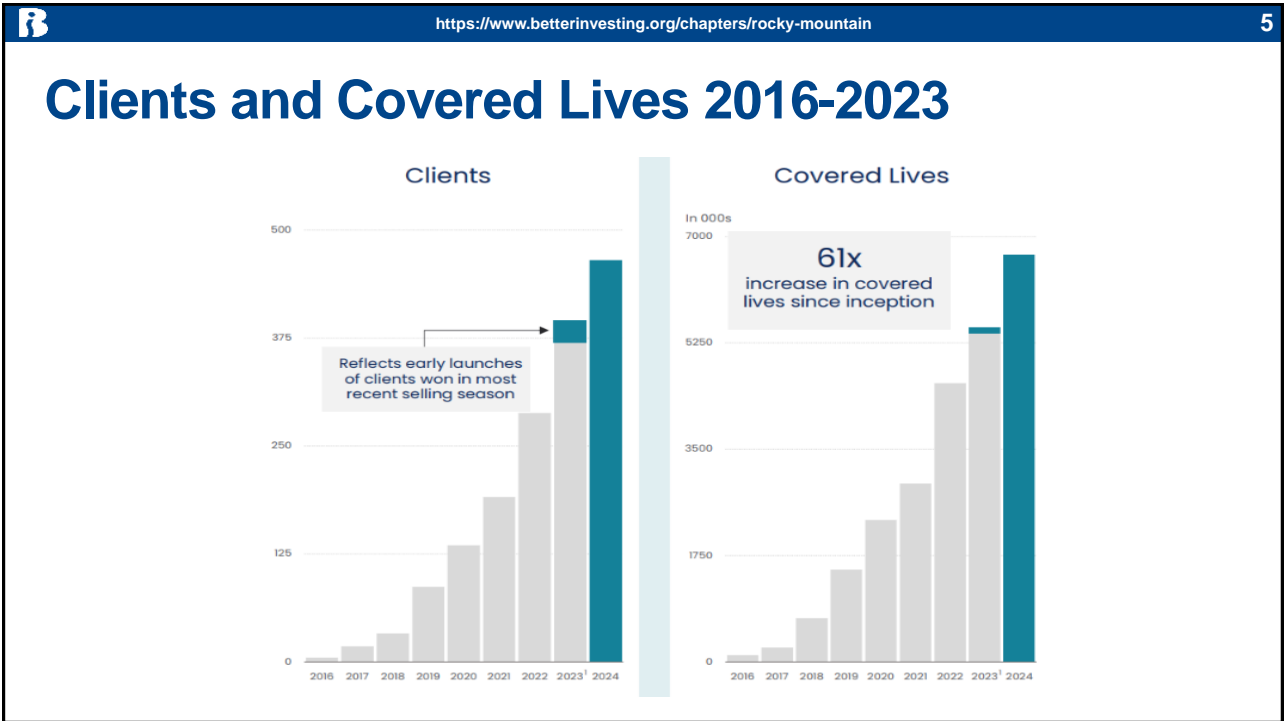
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Progeny Overview

- Covers 6.4 million employees and their partners (known as “Covered Lives” or “members”)
- Currently has 463 clients
- 45+ industries (had only 2 industries when launched in 2016)
- A specialist – has gotten insurance companies as well as employer companies on board

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Clients

Over 460 total clients

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Progeny Overview

- Network encompasses 950 fertility specialists, who practice in 650 provider clinics throughout the U.S.
- 8 years of superior clinical outcomes across all key measures of success
 - Over 150,000 treatment cycles measured
- Industry-leading Net Promoter Score (NPS) of 80+ from its members
- Near 100% client retention every year

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Progeny Overview

- Services are provided on a pre-tax basis, part of employee's overall health plan
- As patients utilize the benefits, as they incur expenses, their copays aren't treated any differently than if a patient were to go to a doctor for any other health issue that's in-service
 - Copays go toward the patient's annual deductible

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Progeny Overview

- Once a member chooses to utilize their benefits, a Patient Care Advocate (PCA) is assigned to them
 - Aids them through the fertility journey
- Clients can contract for over 20 different treatment bundles ("Smart Cycles") with different unit values, to purchase for each eligible member
 - When members contact a provider clinic in the network, they utilize these Smart Cycles as they see fit in consultation with fertility specialists

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The Infertility Problem

- 1 out of every 6 couples has a problem conceiving:
 - 18% of the total population
 - Everyone "hushed" about it
- More women are choosing to start families later in life – increases likelihood of infertility
- One of the only high-prevalence medical conditions with limited or non-existent medical insurance

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The Infertility Problem

- 2017 - infertility was first recognized as a disease by the American Medical Association
- A/o February 2024, only 21 states and the District of Columbia have mandated insurance coverage for infertility
 - But... these mandates vary greatly and may leave patients with inadequate coverage or unable to pursue care at all

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The Infertility Problem

- Access to fertility treatments limited due to lack of comprehensive coverage and prohibitive cost
 - People change jobs or work a second job just to get coverage
- Expensive: \$10,000-\$25,000, exclusive of medical costs
 - Big range of costs, depends on procedures involved
 - If you're older and you need genetic testing of your embryos, could be a lot more expensive
 - Often funded by loans from 401ks, home equity loans and credit cards

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The Infertility Problem

- Multiple rounds – most people have to do more than one round before it is successful
- Some conventional health insurance carriers offer fertility coverage for their employer clients
 - Coverage often has limited lifetime dollar maximums and "one size fits all" clinical protocols, such as mandated step therapy protocols

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PGNY's Impact on Individuals and Employers

Unsupported Fertility Journey

Average uninsured patient cost:
~\$48,000 to \$65,000¹

- **More treatments** needed to achieve a live birth
- **Higher rates** of miscarriages
- **Heightened** stress and anxiety
- **More high-risk** pregnancies and deliveries
- **Higher** NICU care costs
- **Lost** productivity

Progeny's Impact

Average annual Progeny member out-of-pocket cost: **~\$1,500**

- **Fewer treatments** needed to achieve a live birth
- **Lower rates** of miscarriages
- **Reduced** stress and anxiety
- **Fewer higher-risk** pregnancies and deliveries
- **Reduced** NICU care costs
- **Higher** productivity

1. Reflects ranges of cash pay rates across the US for an IVF fertility patient without medical coverage, including medication; reflects that the average patient requires more than one round of treatment to achieve a live birth; source: Fertility IQ ([here](#))

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Market Dynamics Causing Demand for Fertility Benefits

- Employees drive the demand for fertility treatments and adequate coverage to support them
- Employers in the same industry are competing for employee talent
- Once the availability of fertility benefits begins to penetrate a particular industry, employees within that industry begin to expect the benefit from their employers
 - Employers adopt the benefit to remain competitive and bolster employee satisfaction

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Fertility Benefits: Smart Cycle

- Clients (employers) contract to purchase a cumulative Smart Cycle unit value per eligible member
 - These can range from one to unlimited cumulative Smart Cycle units
- Each Smart Cycle has a separate unit value
 - Some have fractional values and some have whole values
- 20 different Smart Cycle treatment bundles - may be used independently or in combination depending on the member's need

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Fertility Benefits: Smart Cycle

- Smart Cycle bundle contains everything needed for a comprehensive fertility treatment
- Includes all necessary diagnostic testing, lab services, treatment, medications, and
- Access to the latest technology (e.g., in the case of IVF treatment, preimplantation genetic testing)

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Fertility Benefits: Smart Cycle

- Members utilize their Smart Cycles for whichever treatments they and their fertility specialists determine to be necessary for their full treatment
- Ensures that members always have coverage for a full treatment cycle because their access to treatment is not limited by a dollar maximum that could be exhausted mid-treatment

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Fertility Benefits: Smart Cycle

- All members have access to PGNY's selective network of high-quality fertility specialists
- Enables them to pursue the best treatment pathways, providing members with tailored treatments that result in optimal clinical outcomes

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Fertility Benefits: Smart Cycle

- Members choose their preferred provider clinics within PGNY's network
- Seamless between Progyny and whatever clinic you choose
 - No need to go back and forth with the clinic to figure out who's paying for what
 - There's a cost share between Progyny and the patient, and so they bill the patient directly for any medication costs that the patient might have

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Fertility Benefits: Patient Care Advocate (PCA)

- Each member has a dedicated Patient Care Advocate, or PCA
- Each PCA has fertility expertise and provides end-to-end concierge support:
 - Logistical support (i.e., fertility specialist selection, appointment scheduling, treatment authorization and treatment payment),
 - Clinical guidance (i.e., treatment options, outcomes statistics and what to expect), and
 - Emotional support during the often challenging and unpredictable fertility process

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PGNY's Revenue is Split into 2 Segments

- Fertility Benefits Services - procedures and treatments such as IVF
 - Accounted for 62% of revenues in 2023
- Pharma Benefits Services (Progeny RX) - provides members access to medications needed during their treatment
 - Accounted for 38% of revenues in 2023
 - Came out in 2018
 - Can be added by clients
 - Reduces delays in medication deliveries

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Progeny Rx: Integrated Pharmacy Benefits

- Progeny Rx also provides care management services thru network of specialty pharmacies:
 - Simplified authorization, assistance with prescription fulfillment and timely delivery of the medications
 - Medication administration training, pharmacy support services and continuing PCA support

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Growth Drivers

- Population: current addressable market =100 million people
 - PGNY's share of this market is 6%
- 8,000 large, self-insured companies in US with 1,000 employees
 - PGNY's share of this market is 7%
- PGNY has also begun to offer additional supported benefits for those considering conception, for maternity and postpartum care, and during menopause

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Growth Drivers

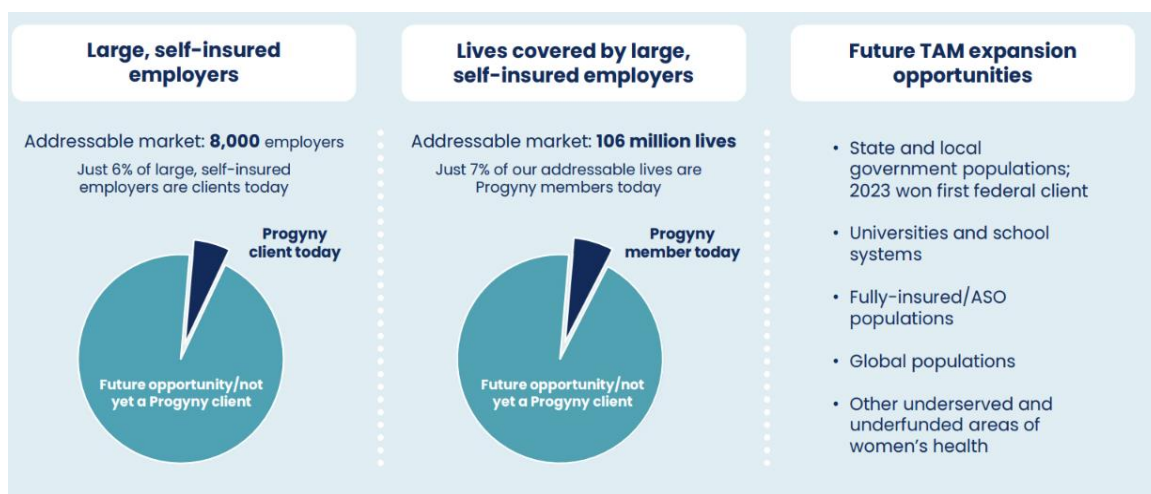
- Initiating menopause care:
 - Affects more than 1 million women, just in the United States, annually
 - About 15% of those experiencing menopausal effects have either missed work or cut back on their working schedule
 - Causes an estimated \$1.8 billion in productivity losses/year*

*2023 Mayo Clinic study https://www.mayoclinicproceedings.org/pb-assets/Health%20Advance/journals/jmcp/JMCP4097_proof.pdf

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PGNY is at an Early Stage of Penetrating Market Opportunity



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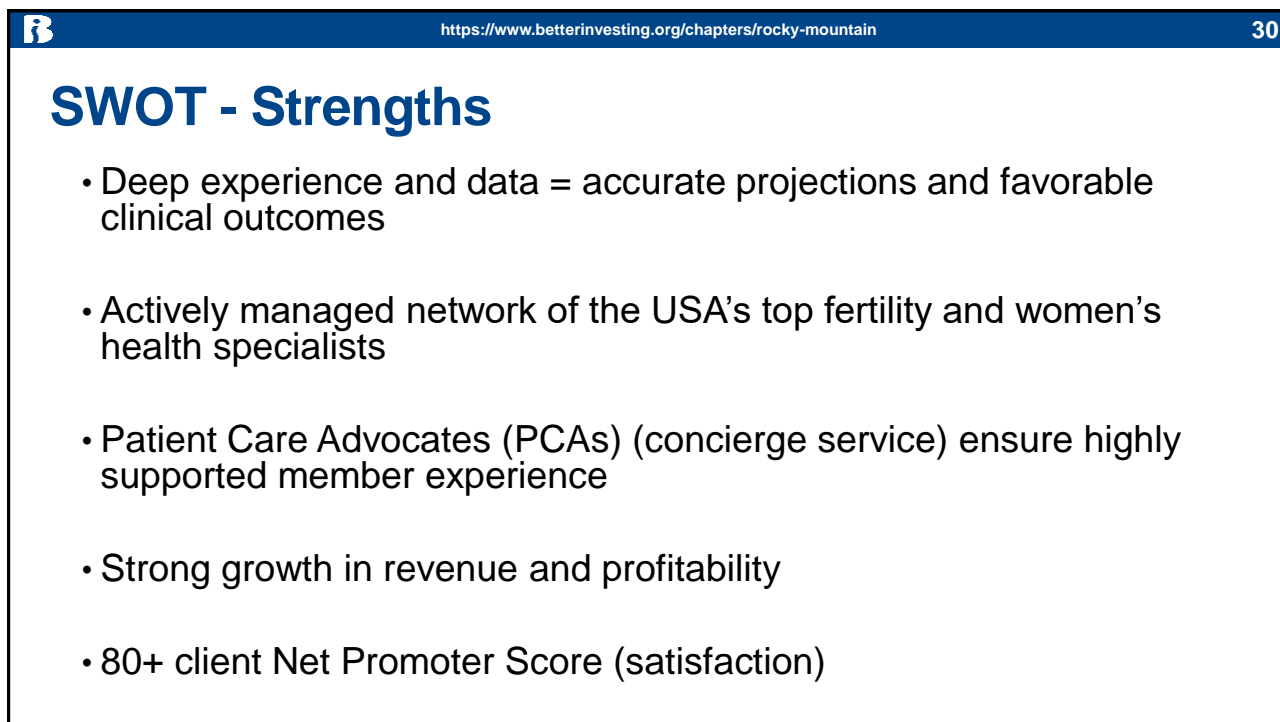
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SWOT - Weaknesses

- To increase its revenue, PGNY must continue to attract new clients
- A significant reduction in the number of members using PGNY's solutions could adversely affect its business
- Failure to continue to offer high-quality support would adversely impact PGNY's reputation and client and member satisfaction
- Moderate seasonality in revenues – greater revenues during H2 due to benefit plans that commence annually on January 1

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SWOT - Opportunities

- Current clients provide positive references to new, potential clients
 - 40+% of clients engage in external advocacy of PGNY
- Businesses are increasingly signing up to work with fertility benefits companies as a means of attracting employees in a tight labor market
- Expansion into preconception, maternity and postpartum and menopause

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SWOT - Threats

- Changes in healthcare insurance markets, e.g., single-payer or government run healthcare system, could harm PGNY's market and resulting business and results of operations
- If a recession hit, individuals may be more hesitant to have/add children
- Business depends on retaining high-quality fertility specialists and efficient pharmacy distribution network
- Susceptible to political events: fertility and IVF have become a political issue in current Presidential election

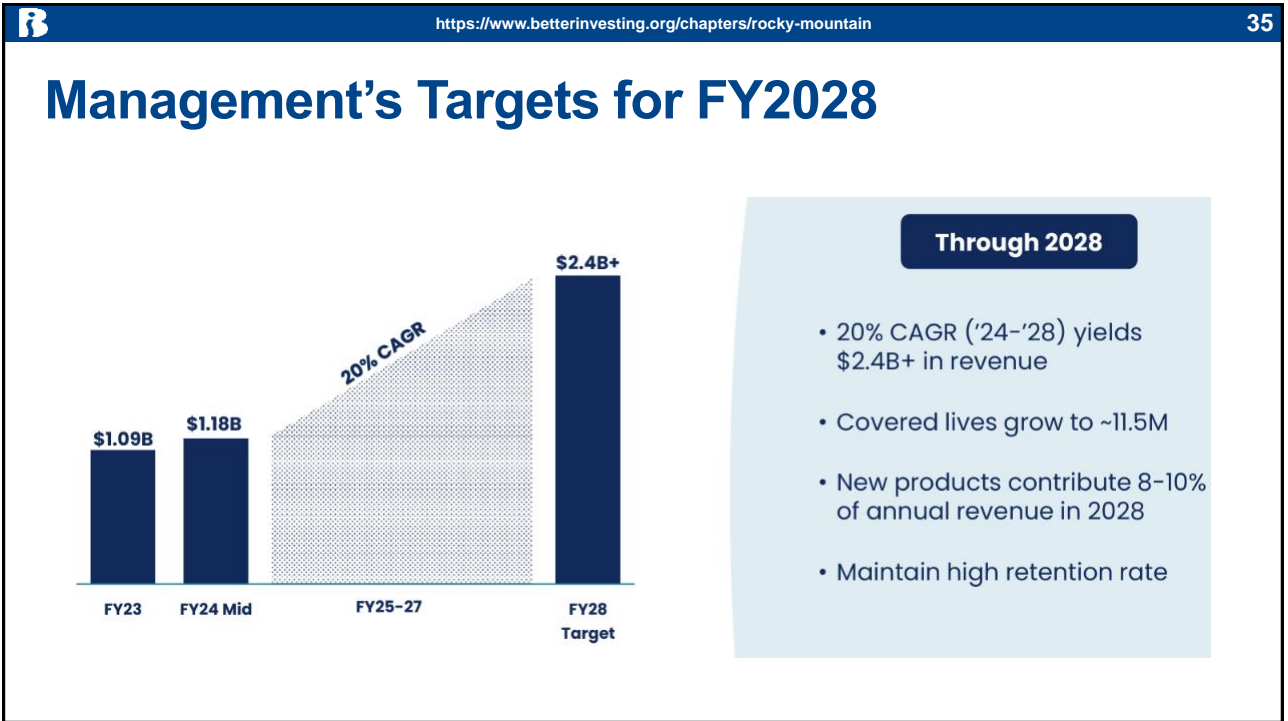
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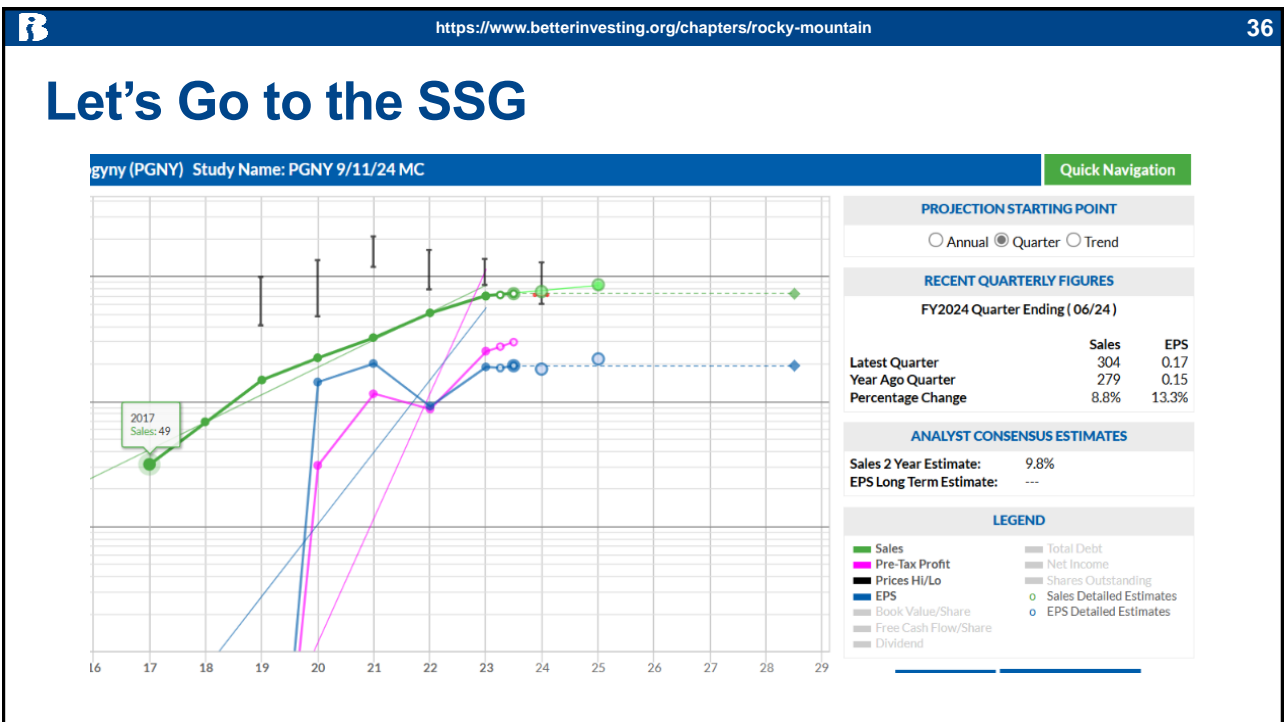
SWOT - Threats

- Alabama Court Decision holding that frozen embryos can be viewed as children and companies who destroy such embryos may face legal actions such as wrongful death
- Following this ruling, Alabama's governor signed new legislation which would prevent IVF providers from lawsuits surrounding "damage or death of an embryo" during such services

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Alabama Supreme Court Case:

[James LePage et al v. The Center for Reproductive Medicine and Mobile Infirmiry Association](#)

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