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DELTA REPORT

10-Q

NTRA - NATERA, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2157
CHANGES	339
DELETIONS	564
ADDITIONS	1254

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-37478

NATERA, INC.

(Exact Name of Registrant as Specified in its Its Charter)

Delaware	**01-0894487**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
13011 McCallen Pass **Building A Suite 100** **Austin, TX**	**78753**
(Address of Principal Executive Offices)	**(Zip Code)**

(650) 980-9190

(Registrant's Telephone Number, Including Area Code)

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 $0.0001 per share	NTRA	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 1, 2023 May 3, 2024, the number of outstanding shares of the registrant's common stock, par value $0.0001 per share, was 120,151,688. 122,802,694.

Table of Contents

Natera, Inc.

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2023 MARCH 31, 2024

TABLE OF CONTENTS

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. The forward-looking statements are contained principally in the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” but are also contained elsewhere in this report. Forward-looking statements include information concerning our future results of operations and financial position, strategy and plans, and our expectations for future operations. Forward-looking statements include all statements that are not historical facts and, in some cases, can be identified by terms such as "believe," "may," "will," "estimate," "continue," "anticipate," "design," "intend," "expect," "could," "plan," "potential," "predict," "seek," "should," "would" or the negative version of these words and similar expressions.

These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding revenue, expenses and other operating results;
- our expectation that, for the foreseeable future, a significant portion of our revenues will be derived from sales of Panorama, Horizon, and Horizon; Signatera;
- our ability to increase demand and reimbursement for our tests, particularly Panorama, Horizon, Signatera and Prospera; tests;
- our expectation that Panorama will be adopted for the screening of microdeletions and that third-party payer reimbursement will be available for this testing, including our expectations that the results from our single nucleotide polymorphism-based Microdeletion and Aneuploidy RegisTry, or SMART, Study may support broader use of and reimbursement for the use of Panorama for microdeletions;
- our expectations of the reliability, accuracy, and performance of our tests, as well as expectations of the benefits of our tests to patients, providers, and payers;
- our ability to successfully develop additional revenue opportunities, expand our product offerings to include new tests, and expand adoption of our current and future technologies through Constellation, our cloud-based distribution model;
- our efforts to successfully develop and commercialize, or enhance, our oncology and organ health products;
- our ability to comply with federal, state, and foreign regulatory requirements, programs and policies, including a recently enacted rule from the FDA that would classify our tests as medical devices, and to successfully operate our business in response to changes in such requirements, programs and policies;
- our ability to respond to, defend, or otherwise favorably resolve litigation or other proceedings, including investigations, subpoenas, demands, disputes, requests for information, and other regulatory or administrative actions or proceedings;
- the effect of improvements in our cost of goods sold;
- our estimates of the total addressable markets for our current and potential product offerings;
- our ability and expectations regarding obtaining, maintaining and expanding third-party payer coverage of, and reimbursement for, our tests;
- the effect of changes in the way we account for our revenue;
- the scope of protection we establish and maintain for, and developments or disputes concerning, our intellectual property or other proprietary rights; rights, including associated litigation costs we may incur and our assumptions regarding any potential liabilities associated with our existing litigation matters;
- our ability to successfully compete in the markets we serve;
- our reliance on collaborators such as medical institutions, contract laboratories, laboratory partners, and other third parties;
- our ability to operate our laboratory facilities and meet expected demand, and to successfully scale our operations;
- our reliance on a limited number of suppliers, including sole source suppliers, which may impact our ability to maintain a continued supply of laboratory instruments and materials and to run our tests;
- our expectations of the rate of adoption of Panorama, Horizon and of any of our other current or future tests by laboratories, clinics, clinicians, payers, and patients;
- our ability to complete clinical studies and publish compelling clinical data in peer-reviewed medical publications regarding our current and future tests, and the effect of such data or publications on professional society or practice guidelines or coverage and reimbursement determinations from third-party payers, including our SMART and CIRCULATE-Japan studies and our ongoing and planned trials in oncology and organ health;
- our reliance on our partners to market and offer our tests in the United States and in international markets;
- our expectations regarding acquisitions, dispositions and other strategic transactions;

- our expectations regarding acquisitions, dispositions and other strategic transactions;
- our expectations regarding the conversion of our outstanding 2.25% convertible senior notes due 2027, or the Convertible Notes, in the aggregate principal amount of $287.5 million and our ability to make debt service payments under the Convertible Notes if such Convertible Notes are not converted;
- our ability to control our operating expenses and fund our working capital requirements;
- the factors that may impact our financial results; results, including our revenue recognition assumptions and estimates; and
- anticipated trends and challenges in our business and the markets in which we operate.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including those discussed in Part II, Item 1A, “Risk Factors” in this report and Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the Securities and Exchange Commission on March 1, 2023 February 29, 2024. Given these uncertainties, you should not place undue reliance on these forward-looking statements. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. You should read this report completely and with the understanding that our actual future results may be materially different from what we expect.

Also, forward-looking statements represent our beliefs and assumptions only as of the date of this report. Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Except as required by law, we disclaim any obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

As used in this quarterly report Quarterly Report on Form 10-Q, the terms “Natera,” “Registrant,” “Company,” “we,” “us,” and “our” mean Natera, Inc. and its subsidiaries unless the context indicates otherwise.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Natera, Inc.

Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands except par value)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Assets				
Current assets:				

Cash, cash equivalents and restricted cash	$ 668,710	$ 466,091	$ 813,817	$ 642,095
Short-term investments	267,847	432,301	69,121	236,882
Accounts receivable, net of allowance of $6,034 and $3,830 at September 30, 2023 and December 31, 2022, respectively	255,147	244,385		
Accounts receivable, net of allowance of $7,252 and $6,481 at March 31, 2024 and December 31, 2023, respectively			288,748	278,289
Inventory	42,076	35,406	43,024	40,759
Prepaid expenses and other current assets, net	33,496	33,634	46,734	60,524
Total current assets	1,267,276	1,211,817	1,261,444	1,258,549
Property and equipment, net	104,830	92,453	125,791	111,210
Operating lease right-of-use assets	58,206	71,874	54,553	56,537
Other assets	16,208	18,330	26,417	15,403
Total assets	$ 1,446,520	$ 1,394,474	$ 1,468,205	$ 1,441,699
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$ 21,321	$ 31,148	$ 26,038	$ 14,998
Accrued compensation	39,415	44,010	39,577	45,857
Other accrued liabilities	133,740	144,214	142,228	149,405
Deferred revenue, current portion	15,012	10,777	17,705	16,612
Short-term debt financing	80,435	80,350	80,401	80,402
Total current liabilities	289,923	310,499	305,949	307,274
Long-term debt financing	282,619	281,653	283,273	282,945
Deferred revenue, long-term portion	21,033	20,001		
Deferred revenue, long-term portion and other liabilities			20,712	19,128
Operating lease liabilities, long-term portion	68,287	76,577	64,160	67,025
Total liabilities	661,862	688,730	674,094	676,372
Commitments and contingencies (Note 8)				
Stockholders' equity:				
Common stock, $0.0001 par value: 750,000 shares authorized at both September 30, 2023 and December 31, 2022; 118,990 and 111,255 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	11	11		
Common stock, $0.0001 par value: 750,000 shares authorized at both March 31, 2024 and December 31, 2023; 122,234 and 119,581 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			12	11
Additional paid-in capital	3,089,448	2,664,730	3,241,326	3,145,837
Accumulated deficit	(2,299,405)	(1,942,635)	(2,445,035)	(2,377,436)
Accumulated other comprehensive loss	(5,396)	(16,362)	(2,192)	(3,085)
Total stockholders' equity	784,658	705,744	794,111	765,327
Total liabilities and stockholders' equity	$ 1,446,520	$ 1,394,474	$ 1,468,205	$ 1,441,699

See accompanying notes to the unaudited interim condensed consolidated financial statements.

Table of Contents

Natera, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

(in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2023	2022	2024	2023
Revenues						
Product revenues	$ 265,218	$ 199,831	$ 761,271	$ 584,415	$364,672	$ 237,797
Licensing and other revenues	3,088	10,806	10,195	18,555	3,069	3,959
Total revenues	268,306	210,637	771,466	602,970	367,741	241,756
Cost and expenses						
Cost of product revenues	146,962	115,436	437,524	326,862	158,833	147,754
Cost of licensing and other revenues	349	1,076	1,060	2,102	307	370
Research and development	77,235	65,510	237,714	228,504	88,637	82,306
Selling, general and administrative	154,742	147,667	456,877	444,769	194,278	149,627
Total cost and expenses	379,288	329,689	1,133,175	1,002,237	442,055	380,057
Loss from operations	(110,982)	(119,052)	(361,709)	(399,267)	(74,314)	(138,301)
Interest expense	(3,252)	(2,330)	(9,490)	(6,567)	(3,124)	(3,061)
Interest and other income, net	5,406	87	14,509	1,165	10,267	4,585
Loss before income taxes	(108,828)	(121,295)	(356,690)	(404,669)	(67,171)	(136,777)
Income tax expense	(202)	(185)	(80)	(557)	(428)	(160)
Net loss	$ (109,030)	$ (121,480)	$ (356,770)	$ (405,226)	$ (67,599)	$(136,937)
Unrealized gain (loss) on available-for-sale securities, net of tax	3,807	(3,212)	10,966	(17,322)		
Unrealized gain on available-for-sale securities, net of tax					893	4,564
Comprehensive loss	$ (105,223)	$ (124,692)	$ (345,804)	$ (422,548)	$ (66,706)	$(132,373)
Net loss per share (Note 12):						
Basic and diluted	$ (0.95)	$ (1.25)	$ (3.14)	$ (4.20)	$ (0.56)	$ (1.23)
Weighted-average number of shares used in computing basic and diluted net loss per share:						
Basic and diluted	115,171	97,052	113,559	96,408	120,814	111,767

See accompanying notes to the unaudited interim condensed consolidated financial statements.

Table of Contents

Natera, Inc.

Condensed Consolidated Statements of Stockholders' Equity

(Unaudited)

(in thousands)

	Three months ended September 30, 2022					
	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Loss	Deficit	Equity
Balance as of June 30, 2022	96,903	$ 10	$ 2,139,551	$ (16,397)	$ (1,678,582)	$ 444,582
Issuance of common stock upon exercise of stock options	84	—	1,393	—	—	1,393
Vesting of restricted stock units	313	—	—	—	—	—
Stock-based compensation	—	—	40,338	—	—	40,338
Unrealized gain (loss) on available-for sale securities	—	—	—	(3,212)	—	(3,212)
Net loss	—	—	—	—	(121,480)	(121,480)
Balance as of September 30, 2022	97,300	$ 10	$ 2,181,282	$ (19,609)	$ (1,800,062)	$ 361,621

	Three months ended March 31, 2023					
	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Loss	Deficit	Equity
Balance as of December 31, 2022	111,255	$ 11	$ 2,664,730	$ (16,362)	$ (1,942,635)	$ 705,744
Issuance of common stock upon exercise of stock options	169	—	2,301	—	—	2,301
Issuance of common stock for IPR&D acquisition	336	—	14,435	—	—	14,435
Vesting of restricted stock units	1,250	—	—	—	—	—
Stock-based compensation	—	—	40,695	—	—	40,695
Issuance of common stock for bonus	349	—	19,771	—	—	19,771
Unrealized gain on available-for sale securities	—	—	—	4,564	—	4,564
Net loss	—	—	—	—	(136,937)	(136,937)
Balance as of March 31, 2023	113,359	$ 11	$ 2,741,932	$ (11,798)	$ (2,079,572)	$ 650,573

	Nine months ended September 30, 2022					
	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Loss	Deficit	Equity
Balance as of December 31, 2021	95,140	$ 10	$ 2,050,417	$ (2,287)	$ (1,394,836)	$ 653,304
Issuance of common stock upon exercise of stock options	785	—	5,971	—	—	5,971
Issuance of common stock under employee stock purchase plan	285	—	8,496	—	—	8,496
Vesting of restricted stock units	1,090	—	—	—	—	—
Stock-based compensation	—	—	116,398	—	—	116,398
Unrealized gain (loss) on available-for sale securities	—	—	—	(17,322)	—	(17,322)
Net loss	—	—	—	—	(405,226)	(405,226)
Balance as of September 30, 2022	97,300	$ 10	$ 2,181,282	$ (19,609)	$ (1,800,062)	$ 361,621

	Three months ended September 30, 2023					
	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Loss	Deficit	Equity
Balance as of June 30, 2023	114,051	$ 11	$ 2,795,714	$ (9,203)	$ (2,190,375)	$ 596,147

Issuance of common stock upon exercise of stock options	48	—	562	—	—	562
Issuance of common stock for public offering, net	4,550	—	235,441	—	—	235,441
Vesting of restricted stock units	341	—	—	—	—	—
Stock-based compensation	—	—	57,731	—	—	57,731
Unrealized gain (loss) on available-for sale securities	—	—	—	3,807	—	3,807
Net loss	—	—	—	—	(109,030)	(109,030)
Balance as of September 30, 2023	118,990	$ 11	$ 3,089,448	$ (5,396)	$ (2,299,405)	$ 784,658

Table of Contents

	Nine months ended September 30, 2023						Three months ended March 31, 2024					
	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Loss	Deficit	Equity	Shares	Amount	Capital	Loss	Deficit	Equity
Balance as of December 31, 2022	111,255	$ 11	$2,664,730	$ (16,362)	$(1,942,635)	$ 705,744						
Balance as of December 31, 2023							119,581	$ 11	$3,145,837	$ (3,085)	$(2,377,436)	$ 765,327
Issuance of common stock upon exercise of stock options	265	—	3,501	—	—	3,501	792	—	6,466	—	—	6,466
Issuance of common stock under employee stock purchase plan	219	—	8,674	—	—	8,674						
Issuance of stock for bonuses	349	—	19,771	—	—	19,771						
Issuance of common stock for IPR&D milestone	336	—	14,435	—	—	14,435						

Issuance of common stock for public offering, net	4,550	—	235,441	—	—	235,441						
Vesting of restricted stock units	2,016	—	—	—	—	—	1,591	1	—	—	—	1
Stock-based compensation	—	—	142,896	—	—	142,896	—	—	64,952	—	—	64,952
Unrealized gain (loss) on available-for sale securities	—	—	—	10,966	—	10,966						
Issuance of common stock for bonus							270	—	24,071	—	—	24,071
Unrealized gain on available-for sale securities							—	—	—	893	—	893
Net loss	—	—	—	—	(356,770)	(356,770)	—	—	—	—	(67,599)	(67,599)
Balance as of September 30, 2023	118,990	$ 11	$3,089,448	$ (5,396)	$(2,299,405)	$ 784,658						
Balance as of March 31, 2024							122,234	$ 12	$3,241,326	$ (2,192)	$(2,445,035)	$ 794,111

SeeSee accompanying notes to the unaudited interim condensed consolidated financial statements.

Table of Contents

Natera, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
	(in thousands)			

			(in thousands)	
Operating activities				
Net loss	$ (356,770)	$ (405,226)	$ (67,599)	$(136,937)
Adjustments to reconcile net loss to net cash used in operating activities:				
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	17,186	12,772	7,063	5,077
Expensed in-process research and development	2,679	—	—	2,679
Premium amortization and discount accretion on investment securities	1,929	3,971	(460)	787
Stock-based compensation	142,896	116,398	64,447	40,477
Non-cash lease expense	11,011	9,989	3,593	3,806
Amortization of debt discount and issuance cost	966	941	328	320
Foreign exchange adjustment	265	(12)	359	265
Loss on investments	—	532		
Non-cash interest expense	85	100	(1)	48
Changes in operating assets and liabilities:		—		
Accounts receivable	(10,762)	(114,288)	(10,459)	(2,400)
Inventory	(6,669)	(13,520)	(2,265)	(5,277)
Prepaid expenses and other assets	7,356	486	14,428	2,338
Accounts payable	(8,951)	8,367	10,732	5,762
Accrued compensation	15,177	1,285	17,789	14,993
Operating lease liabilities	(8,424)	(7,207)	(4,122)	(2,177)
Other accrued liabilities	(2,072)	35,422	(7,625)	(18,181)
Deferred revenue	5,268	(384)	793	7,312
Cash used in operating activities	(188,830)	(350,374)		
Cash provided by (used in) operating activities			27,001	(81,108)
Investing activities				
Purchases of investments	—	(86,947)		
Proceeds from sale of investments	—	214,738		
Proceeds from maturity of investments	173,500	216,500	169,065	27,250
Purchases of property and equipment, net	(29,667)	(35,870)	(20,315)	(11,380)
Cash paid for acquisition of an asset			(10,495)	—
Cash provided by investing activities	143,833	308,421	138,255	15,870
Financing activities				
Proceeds from exercise of stock options	3,501	5,971	6,466	2,301
Proceeds from issuance of common stock under employee stock purchase plan	8,674	8,496		
Proceeds from public offering, net of issuance cost	235,441	—		
Cash provided by financing activities	247,616	14,467	6,466	2,301
Net change in cash, cash equivalents and restricted cash	202,619	(27,486)	171,722	(62,937)
Cash, cash equivalents and restricted cash, beginning of period	466,091	84,614	642,095	466,091
Cash, cash equivalents and restricted cash, end of period	$ 668,710	$ 57,128	$813,817	$ 403,154
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 6,907	$ 4,008	$ 1,179	$ 1,124
Non-cash investing and financing activities:				

Purchases of property and equipment in accounts payable and accruals	$ (1,168)	$ 458	$ 112	$ 1,613
Acquisition of warrants			$ 1,884	$ —
Issuance of common stock for IPR&D acquisition	$ 14,435	$ —	$ —	$ 14,435
Issuance of common stock for bonuses	$ 19,771	$ —	$ 24,071	$ 19,771
Stock-based compensation included in capitalized software development costs			$ 505	$ 218

See accompanying notes to the unaudited interim condensed consolidated financial statements.

Table of Contents

Natera, Inc.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

1. Description of Business

Natera, Inc. (the “Company”) was formed in the state of California as Gene Security Network, LLC in November 2003 and incorporated in the state of Delaware in January 2007. The Company is a diagnostics company with proprietary molecular and bioinformatics technology that it is applying to change the management of disease worldwide. The Company’s cell-free DNA (“cfDNA”) technology combines its novel molecular assays, which reliably measure many informative regions across the genome from samples as small as a single cell, with its statistical algorithms which incorporate data available from the broader scientific community to identify genetic variations covering a wide range of serious conditions with high accuracy and coverage. The Company's Company focuses on applying its technology has been proven clinically to three main areas of healthcare – women’s health, oncology and commercially in organ health. In the women’s health space, in which it the Company develops and commercializes non- or minimally-invasive minimally- invasive tests to evaluate risk for, and thereby enable early detection of, a wide range of genetic conditions, such as Down syndrome. The In oncology, the Company is now translating its success in women’s health and applying its core technology to the oncology market, in which it is commercializing commercializes, among others, a personalized blood-based DNA test to detect molecular residual disease and monitor for disease recurrence across a broad range of cancer types. The Company’s third area of focus is organ health, with tests to assess kidney, heart, and lung transplant rejection as well as to the organ health market, initially with a test to assess genetic testing for chronic kidney transplants for rejection. disease. The Company operates laboratories in Austin, Texas and San Carlos, California certified under the Clinical Laboratory Improvement Amendments ("CLIA" of 1988 (“CLIA”) providing a host of cell-free DNA-based molecular testing services. The Company determines its operating segments based on the way it organizes its business to make operating decisions and assess performance. The Company operates one segment, the development and commercialization of molecular testing services, applying its proprietary technology in the fields of women’s health, oncology and organ health.

The Company's Company’s key product offerings include its Panorama Non-Invasive Prenatal Test ("NIPT" (“Panorama”) that screens for chromosomal abnormalities of a fetus as well as in twin pregnancies, typically with a blood draw from the mother; Horizon Carrier Screening ("HCS" (“Horizon”) to determine carrier status for a large number of severe genetic diseases that could be passed on to the carrier’s children; its Signatera molecular residual disease test (“MRD” Signatera”) test, which detects to detect circulating tumor DNA in patients previously diagnosed with cancer to assess molecular residual disease, and monitor for recurrence; recurrence, and evaluate treatment response; and its Prospera test, to assess organ transplant rejection. rejection in patients who have undergone kidney, heart, or lung transplantation. All testing is available principally in the United States. The Company does not conduct animal testing. The Company also offers its Panorama test to customers outside of the United States, primarily in Europe. The Company also offers Constellation, a cloud-based software platform that enables laboratory customers to gain access through the cloud to the Company’s algorithms and bioinformatics in order to validate and launch their own tests based on the Company’s technology.

2. Summary of Significant Accounting Policies

During the nine three months ended September 30, 2023 March 31, 2024, there were no material changes to the Company's significant accounting policies as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (filed on March 1, 2023 February 29, 2024).

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information. The unaudited interim condensed consolidated financial information includes only adjustments of a normal recurring nature necessary for a fair presentation of the Company's results of operations, financial position, changes in stockholders' equity, and cash flows. The results of operations for the nine three months ended September 30, 2023 March 31, 2024, are not necessarily indicative of the results for the full year or the results for any future periods. The condensed consolidated balance sheet as of December 31, 2022 December 31, 2023 has been derived from audited financial statements at that date. These financial statements should be read in conjunction with the audited financial statements, and related notes for the year ended December 31, 2022 December 31, 2023 included in the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2023 February 29, 2024.

Table of Contents

Some items in the prior period financial statements were reclassified to conform to the current presentation.

Table of Contents

Liquidity Matters

The Company has incurred net losses since its inception and anticipates net losses and negative operating cash flows for the near future. The Company had a net loss of $356.8 million $67.6 million for the nine three months ended September 30, 2023 March 31, 2024 and an accumulated deficit of $2.3 billion $2.4 billion as of September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, the Company had $668.7 million $813.8 million in cash, cash equivalents, and restricted cash, $267.8 million $69.1 million in marketable securities, an $80.4 million outstanding balance on its Credit Line (as defined in Note 10, *Debt*) including accrued interest and $287.5 million of outstanding principal on its 2.25% Convertible Senior Notes (the "Convertible Notes"). The Company is required to maintain a minimum of at least $150.0 million in its UBS accounts as collateral for its Credit Line. As of September 30, 2023 March 31, 2024, the Company had $20.0 million remaining and available on its Credit Line.

While the Company has introduced multiple products that are generating revenues, these revenues have not been sufficient to fund all operations. operations and business plans. Accordingly, the Company has funded the portion of operating costs that exceeds revenues through a combination of equity issuances, debt issuances, and other financings.

The Company continues to develop invest in the development and commercialize commercialization of its existing and future products and, invest in the growth of its business and, consequently, it will need to generate additional revenues to achieve future profitability and will may need to raise additional equity or debt financing. If the Company raises additional funds by issuing equity securities, its stockholders will experience dilution. Additional debt financing, if available, may involve covenants restricting its operations or its ability to incur additional debt. Any additional debt financing or additional equity that the Company raises may contain terms that are not favorable to it or its

stockholders and requires significant debt service payments, which diverts resources from other activities. Additional financing may not be available at all, when necessary, or in amounts or on terms acceptable to the Company. If the Company is unable to obtain additional financing, it may be required to delay the development and commercialization of its products and significantly scale back its business and operations.

In September 2023, the Company completed an underwritten equity offering and sold 4,550,000 shares of its common stock at a price of $55 per share to the public. Before estimated offering expenses of $0.4 million, the Company received proceeds of approximately $235.8 million net of the underwriting discount.

On September 10, 2021, the Company entered into an agreement with a third party for an asset acquisition where the acquired asset was in-process research and development primarily in exchange for an equity consideration payment. In addition, pursuant to the agreement, certain employees of the third party became employees of the Company. The third party was a biotechnology company focused on oncology. The total upfront acquisition consideration amounts to $35.6 million composed of the issuance of 276,346 shares of the Company's common stock with a fair value of $30.9 million, approximately $3.9 million of cash consideration, assumed net liabilities of $0.2 million, as well as $0.6 million of acquisition related legal and accounting costs directly attributable to the acquisition of the asset. The Company accounted for the transaction as an asset acquisition as substantially all of the estimated fair value of the gross assets acquired was concentrated in a single identified in-process research and development asset ("IPR&D") thus satisfying the requirements of the screen test in ASU 2017-01. Accounting Standards Update ("ASU") 2017-01 *Business Combinations (Topic 805): Clarifying the Definition of Business*. The estimated fair value of the acquired workforce was not significant. The Company concluded the acquired IPR&D has no alternative-future use and accordingly expensed approximately $35.6 million, on the day the transaction closed as research and development expense, which is reflected in its consolidated statement of operations.

Further, additional consideration aggregating up to approximately $35.0 million was estimated to be paid via issuance of an estimated 269,547 additional Natera common shares, consistent with the registration statement filed with the SEC on September 10, 2021, upon achievement of defined milestones relating to product development, commercial launch and continued employment of certain selling shareholders, each of which will be was revalued at each reporting date and amount of compensation expense will be was adjusted accordingly and reported in research and development expenses. In November 2022, the terms of the payment for any remaining consideration were modified, resulting in $10.0 million of consideration paid in December 2022 and $15.0 million of consideration paid in March 2023, with such consideration primarily consisting of Natera common stock.

In September 2023, the Company completed an underwritten equity offering and sold 4,550,000 shares of its common stock at a price of $55 per share to the public. Before estimated offering expenses of $0.4 million, the Company received proceeds of approximately $235.8 million net of the underwriting discount. In November 2022, the Company completed an underwritten equity offering and sold 13,144,500 shares of its common stock at a price of $35 per share to the public. Before estimated offering expenses of $0.5 million, the Company received proceeds of approximately $433.2 million net of the underwriting discount.

Table of Contents

Based on the Company's current business plan, the Company believes that its existing cash and marketable securities will be sufficient to meet its anticipated cash requirements for at least 12 months after November 8, 2023 May 9, 2024.

Principles of Consolidation

The accompanying condensed consolidated financial statements include all the accounts of the Company and its subsidiaries. The Company established a subsidiary that operates in the state of Texas to support the Company's laboratory and operational functions. The Company established a subsidiary that operates in Canada following the acquisition of the IPR&D asset. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles ("GAAP") (GAAP) in the United States requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Significant items subject to such estimates include the allowance for doubtful accounts, average selling price expected to be received from payors, the discount rate impacting the operating right-of-use assets and the associated lease liabilities, the average useful life for property and equipment including impairment estimates, deferred revenues associated with unsatisfied performance obligations, accrued liability for potential refund requests, stock-based compensation, the fair value of options, income tax uncertainties, and the expected consideration to be received from contracts with customers. customers, insurance payors, and patients. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors, including contractual terms and statutory limits; however, actual results could differ from these estimates and could have an adverse effect on the Company's financial statements.

Revenue

Investments

Investments consist primarily of debt securities such as U.S. Treasuries, U.S. agency and municipal bonds. Management determines the appropriate classification of securities at the time of purchase and re-evaluates such determination at each balance sheet date. The Company generally classifies its entire investment portfolio as available-for-sale. The Company views its available-for-sale portfolio as available for use in current operations. Accordingly, the Company classifies all investments as short-term, irrespective of maturity date. Available-for-sale securities are carried at fair value, with unrealized gains and losses reported in accumulated other comprehensive income (loss), which is a separate component of stockholders' equity.

The Company classifies its investments as Level 1 or 2 within the fair value hierarchy. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the Company has the ability to access. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. The Company holds Level 2 securities which are initially valued at the transaction price and subsequently valued by a third-party service provider using inputs other than quoted prices that are observable either directly or indirectly, such as yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, broker and dealer quotes, as well as other relevant economic measures. The Company performs certain procedures to corroborate the fair value of these holdings.

Available-for-sale debt securities. The total consideration which amended guidance from ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, requires the Company expects to be entitled to receive from patients and insurance carriers in exchange measurement of expected credit losses for available-for-sale debt securities held at the Company's products is a significant estimate determined by calculating reporting date over the average selling price remaining life based on the contractual pricing agreed to with each insurance carrier for each test (CPT code) performed adjusted for variable consideration related to historical percent of cases allowed, historical percent of patient responsibility collected, experience, current conditions, and historical percent of contract price collected from insurance carriers. reasonable and supportable forecasts. The Company uses evaluated its investment portfolio under the expected-value approach available-for-sale debt securities impairment model guidance and determined the Company's investment portfolio is composed of estimating variable consideration. The Company also considers recent trends, past events low-risk, investment grade securities and thus has not recorded an expected to recur, and future known changes such as anticipated contractual pricing changes or changes to insurance coverage. For insurance carriers with similar reimbursement characteristics, the Company uses a portfolio approach to estimate the effects of variable consideration. The Company also applies a constraint to the estimated variable consideration when it assesses it is probable that a significant reversal in the amount of cumulative revenue may occur in future periods.

When assessing the total consideration expected to be received from insurance carriers and patients, a certain percentage of revenues is further constrained credit loss for estimated refunds.

*Allowance its investment portfolio. Further, gross unrealized losses on available for doubtful accounts*sale securities were not material at March 31, 2024.

Table of Contents

Accounts Receivable

*Trade accounts receivable and other receivables.*The allowance for doubtful accounts for trade accounts receivable is based on the Company's assessment of the collectability of accounts related to our its clinics and laboratory partner customers. The Company regularly reviews the allowance by considering factors such as historical experience, the age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay. See Note 6, *Balance Sheet Components*, for a roll-forward of the allowance for doubtful accounts related to trade accounts receivable for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. The Company recognizes revenue under Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606") and applies a constraint to the estimated variable consideration such that it is not probable that a significant reversal will occur. When assessing the total consideration expected to be received from insurance carriers and patients, a certain percentage of revenues is further constrained for estimated refunds. After applying the ASC 606 constraint, the Company assessed for credit losses and determined an incremental credit loss was not needed given the payors from whom such receivables are expected to be collectible and the relatively short duration over which the majority of receivables are collected. Accordingly, the Company currently does not have an incremental credit loss reserve nor allowance for doubtful accounts against accounts receivable for insurance and patient payors due to the average selling price calculations which incorporate these risks as net receivables are recorded.

Inventory

Inventory is recorded at the lower of cost or net realizable value, determined on a first-in, first-out basis. Inventory consists entirely of supplies, which the Company consumes when providing its test reports, and therefore, the Company does not maintain any finished goods inventory. The Company enters into inventory purchases commitments so that it can meet future delivery schedules based on forecasted demand for its tests.

The Company uses judgment to analyze and determine if the composition of its inventory is obsolete, slow-moving or unsalable and frequently reviews such determinations. A write down of specifically identified unusable, obsolete, slow-moving or known unsalable inventory in the period is first recognized by using a number of factors including product expiration dates and scrapped inventory. Any write-down of inventory to net realizable value establishes a new cost basis and will be maintained even if certain circumstances suggest the inventory is recoverable in subsequent periods. Costs associated with the write-down of inventory are recorded to cost of revenue on our consolidated statements of operations. The Company makes assumptions about future demand, market conditions and the release of new products that may supersede older products. However, if actual market conditions are less favorable than anticipated, additional inventory write-downs may be required.

Investments and financial instruments

The Company classifies its investments as Level 1 or 2 within the fair value hierarchy. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the Company has the ability to access. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. The Company holds Level 2 securities which are initially valued at the transaction price and subsequently valued by a third-party service provider using inputs other than quoted prices that are observable either directly or indirectly, such as yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, broker and dealer quotes, as well as other relevant economic measures. The Company performs certain procedures to corroborate the fair value of these holdings.

Other accrued liabilities

The Company's uses estimates, judgments, and assumptions in several areas including, but not limited to, estimates of progress to date for certain contracts with vendors, liabilities related to clinical trials, payroll and related expenses, marketing liabilities, reserves associated with insurance and general overpayments, tax-related liabilities, and other operating expenses. Estimates consist of historical trends, analytical procedures, review of supporting documentation, inquiries with supply partners and vendors, and other relevant assumptions. Although the

Company believes its estimates, assumptions, and judgment are reasonable, they are based upon information presently available and are subject to change.

Credit Losses Assets

Appropriate provision has been In January 2024, the Company acquired from Invitae Corp. ("Invitae") certain assets relating to Invitae's non-invasive prenatal screening and carrier screening business. The transaction price of $10.5 million consisted of $10.0 million in upfront payment costs and approximately $0.5 million of other transaction costs which were capitalized as intangible assets over an estimated useful life of ten years. An additional payment of $42.5 million may be made for lifetime expected credit losses in accordance with ASC Topic 326-20, *Financial Instruments—Credit Losses* ("Topic 326"), for trade receivables and available-for-sale debt securities. The Company's estimate of expected credit losses includes consideration of past events, current conditions, and forecasts of future economic conditions. should the Company achieve certain customer volume retention targets. The Company currently does not have a credit loss reserve against accounts receivable for insurance has 120 days from the date of acquisition to assess the actual pay out liability and patient payors due 150 days to the average selling price calculations which incorporate these risks as net receivables are recorded.

Available-for-sale debt securities. The amended guidance from ASU 2016-13 requires the measurement of expected credit losses for available-for-sale debt securities held at the reporting date over the remaining life based on historical experience, current conditions, and reasonable and supportable forecasts. The Company evaluated its investment portfolio under the available-for-sale debt securities impairment model guidance and determined the Company's investment portfolio is composed of low-risk, investment grade securities.

Investments

Investments consist primarily of debt securities such as U.S. Treasuries, U.S. agency and municipal bonds. Management determines the appropriate classification of securities at the time of purchase and re-evaluates such determination at each balance sheet date. The Company generally classifies its entire investment portfolio as available- issue payment.

Table of Contents

for-sale. The Company views

Accumulated Other Comprehensive Income (Loss)

Comprehensive loss and its available-for-sale portfolio as available for use components encompass all changes in current operations. Accordingly, the Company classifies all investments as short-term, irrespective of maturity date. Available-for-sale securities are carried at fair value, equity other than those with stockholders, and include net loss, unrealized gains and losses reported on available-for-sale marketable securities and foreign currency translation adjustments.

	Three months ended March 31,	
	2024	2023
	(in thousands)	
Beginning balance	$ (3,085)	$ (16,362)
Net unrealized gain on available-for-sale securities, net of tax and foreign currency translation adjustment	893	4,564
Ending balance	$ (2,192)	$ (11,798)

The change in accumulated other comprehensive income (loss), which net unrealized loss on available-for-sale securities is a separate component of stockholders' equity. due to increased market volatility. The Company has assessed the unrealized loss position for available-for-sale securities and determined that an allowance for credit loss was not necessary.

Related Party Revenue Recognition

On December 6, 2021, the Company participated along with certain other investors in the series B financing of MyOme, Inc. (“MyOme”), and purchased preferred shares and warrants in exchange for a cash payment of approximately $4.0 million, which represents 5.25% of MyOme on a fully diluted basis. The Company does not hold a seat on MyOme’s board of directors. The Company’s investment in MyOme is recorded at cost and no impairment was identified as of September 30, 2023. The recognizes revenue under, ASC 606, using the following are the Company’s related persons and the basis of each such related person’s relationship with MyOme: five step process:

- Matthew Rabinowitz, the Company’s executive chairman and co-founder, is the chairman Identification of a contract, or contracts, with a customer;
- Identification of the board and founder of MyOme, and a beneficial holder of approximately 28.6% performance obligations in the contract;
- Determination of the outstanding shares transaction price;
- Allocation of MyOme on a fully dilutive basis; the transaction price to the performance obligations in the contract; and
- Revenue recognition when, or as, the performance obligations are satisfied

- Jonathan Sheena, the Company’s co-founder and a member of the Company’s board of directors, is a stockholder and a member of the board of directors of Myome;

The Company uses the most likely amount method of estimating variable consideration. The total consideration which the Company expects to collect in exchange for the Company’s products is an estimate and may be fixed or variable, and is primarily based on historical cash collections for tests delivered, as adjusted for current expectations. Current expectations of cash collections factor in changes in reimbursement rate trends, past events not expected to recur, and future known changes such as anticipated contractual pricing changes or changes to insurance coverage. For insurance carriers and product types with similar reimbursement characteristics, the Company uses a portfolio approach to estimate variable consideration. The Company also applies a constraint to the estimated variable consideration when it assesses whether it is probable that a significant reversal in the amount of cumulative revenue may occur in future periods.

- Daniel Rabinowitz, the Company’s Secretary and Chief Legal Officer, is a stockholder of Myome; and

When assessing the total consideration expected to be received from insurance carriers and patients, a certain percentage of revenues is further constrained for estimated refunds.

- Roelof Botha, the Lead Independent Director of the Company’s board of directors, is a managing member of Sequoia Capital. Certain funds affiliated with Sequoia Capital also participated in MyOme’s series B financing.

None See Note 3, *Revenue Recognition,* for detailed discussions of product revenues, licensing and other revenues, and how the related party investments in MyOme by our executives and directors noted five steps described above were at the behest of the Company nor funded by the Company. are applied.

Fair Value

The Company discloses the fair value of financial instruments for financial assets and liabilities for which the value is practicable to estimate. Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Table of Contents

Related Party

On December 6, 2021, the Company participated along with certain other investors in the series B financing of MyOme, Inc. (“MyOme”), and purchased preferred shares and warrants in exchange for a cash payment of approximately $4.0 million. The Company does not hold a seat on MyOme’s board of directors. The Company’s investment in MyOme is recorded at cost and no impairment was identified as of March 31, 2024. The following are the Company’s related persons and the basis of each such related person’s relationship with MyOme:

- Matthew Rabinowitz, the Company's executive chairman and co-founder, is the chairman of the board and founder of MyOme, and a beneficial holder of approximately 26.5% of the outstanding shares of MyOme on a fully dilutive basis;

- Jonathan Sheena, the Company's co-founder and a member of the Company's board of directors, is a stockholder and a member of the board of directors of MyOme;

- Daniel Rabinowitz, the Company's Secretary and Chief Legal Officer, is a stockholder of MyOme; and

- Roelof Botha, the Lead Independent Director of the Company's board of directors, is a managing member of Sequoia Capital. Certain funds affiliated with Sequoia Capital also participated in MyOme's series B financing.

None of the related party investments in MyOme by our executives and directors noted above were at the behest of the Company nor funded by the Company.

In February 2024, the Company entered into a collaboration and commercialization agreement (the "Collaboration Agreement") with MyOme pursuant to which the parties will partner to offer certain genetic testing services to be developed and funded solely by MyOme and overseen by a joint steering committee. The Company will assist MyOme with commercial activities. In connection with the Collaboration Agreement, the Company received a 10-year warrant to purchase 3,058,485 shares of MyOme's common stock at an exercise price of $0.25 per share, which will vest upon a MyOme liquidity event (as such terms are defined in MyOme's certificate of incorporation). The warrants were valued using the Black-Scholes valuation model on the date of acquisition and are accounted for using the measurement alternative. No impairment was identified as of March 31, 2024. The warrants have been included within other assets and deferred revenue, long-term portion and other liabilities, which will be recognized as a reduction of selling and marketing expense upon commercialization and sale of the products contemplated under the Collaboration Agreement. Subject to the Company's achievement of certain commercialization milestones, the Company may receive additional warrants to purchase MyOme's Series B Preferred Stock. To the extent the genetic testing services are successfully commercialized, the Company will owe certain royalty payments to MyOme. Should the Company exercise all its MyOme common stock warrants, the Company would hold an accumulated 12.4% of MyOme on a fully diluted basis.

Risk and Uncertainties

Financial instruments that potentially subject the Company to credit risk consist of cash, cash equivalents, and restricted cash, accounts receivable and investments. The Company limits its exposure to loss by placing its cash in financial institutions with high credit ratings. The Company's cash may consist of deposits held with banks that may at times exceed federally insured limits of $250,000 per customer. The Company performs evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any one institution.

The Company performs evaluations of financial conditions for insurance carriers, patients, clinics and laboratory partners and generally does not require collateral to support credit sales. For the three and nine months ended September 30, 2023 March 31, 2024, and 2022, 2023, there were no payors or customers exceeding 10% of total revenues on an individual basis. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were no payors or customers with an outstanding balance exceeding 10% of net accounts receivable.

For the three months ended March 31, 2024 and 2023, approximately 11.6% and 14.1%, respectively, of total revenue were paid by Medicare on behalf of multiple customers. As of March 31, 2024 and December 31, 2023,

Table of Contents

Accumulated Other Comprehensive Income (Loss)

Comprehensive loss approximately 11.9% and its components encompass all changes in equity other than those with stockholders, and include net loss, unrealized gains and losses 10.2%, respectively, of accounts receivable are expected to be paid by Medicare on available-for-sale marketable securities and foreign currency translation adjustments. behalf of multiple customers.

	Three months ended	Nine months ended

	September 30,		September 30,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Beginning balance	$ (9,203)	$ (16,397)	$ (16,362)	$ (2,287)
Net unrealized gain (loss) on available-for-sale securities, net of tax and foreign currency translation adjustment	3,807	(3,212)	10,966	(17,322)
Ending balance	$ (5,396)	$ (19,609)	$ (5,396)	$ (19,609)

The change in net unrealized loss on available-for-sale securities is due to increased market volatility. The Company has assessed the unrealized loss position for available-for-sale securities and determined that an allowance for credit losses was not necessary.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") under its accounting standard codifications or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed below, the Company believes that the impact of accounting standards updates recently issued that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

New Accounting Pronouncements Not Yet Adopted

In March 2020, ASU 2020-04, *Reference Rate Reform (Topic 848)* was issued which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. These transactions include contract modifications, hedging relationships, and sale or transfer of debt securities classified as held-to-maturity. ASU 2022-06, or *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The Company does not expect adoption of this standard to have a material impact on its consolidated financial statements.

In November 2023, ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, was issued which requires disclosure of incremental segment information on an interim and annual basis. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal periods beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. The Company is currently evaluating the impact of the guidance on its consolidated financial statements.

In December 2023, ASU 2023-09, *Income Taxes - Improvements to Income Tax Disclosures*, was issued, which requires enhanced disclosures in connection with an entity's effective tax rate reconciliation and income taxes paid disaggregated by jurisdiction. The standard will be effective for annual periods beginning after December 15, 2024. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

3. Revenue Recognition

The Company recognizes revenues when, or as, performance obligations in the contracts are satisfied, in the amount reflecting the expected consideration to be received from the goods or services transferred to the customers.

Product Revenues

Product revenues are derived from contracts with insurance carriers, laboratory partners by performing genetic testing services and patients in connection with sales primarily related the Company's performance obligation is complete when test results are delivered to prenatal genetic tests. The Company enters into contracts with insurance carriers with primarily payment terms related to tests provided to the patients a clinic or patient, who have health insurance coverage. Insurance carriers are considered the customer for such services as third-party payers on behalf of the patients, and the patients are considered as the customers who receive genetic test services. Tests may be billed to insurance carriers, patients, or a combination of insurance carriers and patients. Further, the Company sells tests to a number of domestic and international laboratory partners and identifies the laboratory partners as customers provided that there is a test services agreement between the two parties. further discussed below.

Additionally, the Company enters into agreements with pharmaceutical companies to utilize the Company's Signatera tests typically to study new cancer treatments or to validate the outcomes of clinical trials for which the

Table of Contents

pharmaceutical companies are identified as customers. Such arrangements generally involve performing whole exome sequencing ("WES") services and the testing of patient samples to detect cancer mutations using its Signatera test. In addition to performing Signatera tests, these agreements typically include certain activities to fulfill the contract, such as customer data setup and management and ongoing reporting. Each test result is billable to customers upon delivery and the personalized cancer profile also makes each test distinct within the context of the contract as customers can exercise control over the test results upon delivery. The Accordingly, the Company allocates the contract price to each test using the stand-alone selling price for each service and recognizes the test processing revenue as individual test results are delivered to customers.

15

Table of Contents

For certain contracts with pharmaceutical companies where the Company is developing a companion diagnostic test in addition to performing regular testing services, revenue is primarily recognized proportionally as services are performed and/or tests are delivered.

A performance obligation represents a promise in a contract to transfer a distinct good or service to a customer, which represents a unit of accounting in accordance with ASC 606. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract. The Company considers a performance obligation satisfied once the Company has transferred control of a good or service to the customer, meaning the customer has the ability to use and obtain the benefit of the good or service. A portion of the consideration should be allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Company evaluates its contracts with insurance carriers, laboratory partners and patients and identifies the performance obligations in those contracts, which are the delivery of the test results.

The total consideration which the Company expects to collect in exchange for the Company's products is an estimate and may be fixed or variable. Consideration includes reimbursement from both patients and insurance carriers, adjusted for variable consideration related to disallowed cases, discounts, percent of patient responsibility collected, refunds and doubtful accounts, and is estimated using the expected value approach. most likely method. For insurance carriers and product types with similar reimbursement characteristics, the Company uses a portfolio of relevant historical data to estimate variable consideration and total collections for the Company's products. The Company constrains the estimated variable consideration when it assesses it is probable that a significant reversal in the amount of cumulative revenue recognized may occur in future periods. The consideration expected from laboratory partners usually includes a fixed amount, but it can be variable depending on the volume of tests performed, and the Company determines the variable consideration using the expected value approach. For insurance carriers, laboratory partners and patients, the Company allocates the total consideration to a single performance obligation, which is the delivery of the test results to the customers.

When assessing the total consideration expected to be received from insurance carriers and patients, a certain percentage of revenues is further constrained for estimated refunds.

The Company enters into contracts with insurance carriers with primarily payment terms related to tests provided to patients who have health insurance coverage. Insurance carriers are considered as third-party payers on behalf of the patients, and the patients are considered as the customers who receive genetic test services. Tests may be billed to insurance carriers, patients, or a combination of insurance carriers

and patients. Further, the Company sells tests to a number of domestic and international laboratory partners and identifies the laboratory partners as customers provided that there is a test services agreement between the two parties.

The Company generally bills an insurance carrier, a laboratory partner or a patient upon delivery of test results. The Company also bills patients directly for out-of-pocket costs involving co-pays and deductibles that they are responsible for. Tests billed to insurance carriers and directly to patients usually takes an average of 18 months to fully collect the amounts estimated at delivery, and for tests billed to laboratory distribution partners, the average collection cycle takes approximately two to three months. At times, the The Company may or may not get reimbursed for the full amount billed. Further, the Company may not get reimbursed at all for tests performed if such tests are not covered under the insurance carrier's reimbursement policies or the Company is not a qualified provider to the insurance carrier, or if the tests were not previously authorized.

Product revenue is recognized in an amount equal to the total consideration (as described above) expected to be received at a point in time when the test results are delivered. Collection Approximately 90% of cash collections attributable to such product revenue takes occurs within nine months with the remaining collections generally taking an average of 18 months to fully collect the amounts estimated at delivery and during additional six months. During this time, management routinely reassesses its estimates of actual to expected cash collections, which are based on historical collection rates and adjusted for current information and trends. To the extent cash collections for tests delivered in prior periods are trending higher than expectations, the Company will increase revenue recognized when sufficient evidence is obtained to conclude the additional revenue will not result in a reversal of revenue in a future period. If cash collections for tests delivered in prior periods are trending below expectations, the Company will reduce revenue to the amount expected to be collected based on the latest information and expectations. Increases or decreases to the amount of cash expected to be collected for tests delivered in prior periods are recognized in product revenue with a corresponding impact to accounts receivable during the period such determination is made. During the three months ended September 30, 2023 and 2022, March 31,

Table of Contents

2024, the Company increased revenue by a net of $2.2 million and $5.9 million, respectively, $33.7 million for collections related to tests delivered in prior periods that were fully collected (including an estimate of unapplied receipts), which increased revenue and decreased net loss by a corresponding amount and decreased loss per share by

Table of Contents

$0.02 and $0.06, respectively. $0.28. During the nine three months ended September 30, 2023 March 31, 2023, the Company reduced revenue by a net of $3.7 million $9.2 million for a reduction in expected collections related to tests delivered in prior periods, which decreased revenue and increased net loss by a corresponding amount and increased loss per share by $0.03. During the nine months ended September 30, 2022 $0.08.

As of March 31, 2024, the Company increased revenue by a net had $54.3 million in cash receipts which had not yet been applied to specific accounts receivables primarily due to the disruption to Change Healthcare's network that occurred in February 2024. The Company reviewed the historical unapplied payment trends. Based on the historical estimation, within the unapplied cash receipt of $16.5 million for $54.3 million, the Company estimated approximately $4.0 million was related to tests delivered in prior periods which increased revenue and decreased net loss by a corresponding amount and decreased loss per share by $0.17. that were fully collected. Additionally, as overpayments

were not material in prior periods, the Company accounted for temporary unapplied balances as of March 31, 2024, as contra accounts receivable on the Balance Sheet. As of December 31, 2023, the unapplied accounts receivable balance was $1.3 million.

Product revenue is constrained via refunds estimated to be paid to insurance carriers. Such Certain refunds are recognized in accrued liabilities until they are either paid to the respective insurance carrier or it is determined the refund will not ultimately be paid, at which time the related accrual is reduced with a corresponding increase to revenue. During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the reserves for refunds to insurance carriers were reduced and product revenue increased by $1.2 million $2.1 million and $1.6 million $5.7 million, respectively, for amounts the Company determined would not be refunded to insurance carriers. The increased revenue and corresponding decreased net loss resulted in a decreased loss per share by $0.01 $0.02 and $0.02 $0.05 for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

In addition, certain other refunds are recognized as a reduction to accounts receivable until they are either paid to the respective insurance carrier or it is determined the refund will not ultimately be paid, at which time the related reserve is reduced with a corresponding increase to revenue. During the nine three months ended September 30, 2023 and 2022, March 31, 2024, the reserves for refunds to insurance carriers were reduced and product revenue increased by $7.7 million and $4.0 million, respectively, $2.3 million for amounts the Company determined would not be refunded to insurance carriers. The increased revenue and corresponding decreased net loss resulted in a decreased loss per share by $0.07 and $0.04 $0.02 for the nine three months ended September 30, 2023 and 2022, respectively. March 31, 2024. There was no such adjustment in the three months ended March 31, 2023.

Licensing and Other Revenues

The Company recognizes licensing revenues from its cloud-based distribution service offering, Constellation, by granting licenses to its licensees to use certain of the Company's proprietary intellectual properties and cloud-based software and IVD in vitro diagnostic ("IVD") kits. The Company also recognizes revenues from its strategic collaboration agreements, such as those with BGI Genomics Co., Ltd. ("BGI Genomics") and Foundation Medicine, Inc. ("Foundation Medicine"). The Company recognizes licensing revenue and other revenues through agreements with pharmaceutical companies in support of potential clinical trials managed by the pharmaceutical companies.

Constellation

The laboratory partners with whom the Company enters into a licensing arrangement represent the licensees and are identified as customers. The licensees do not have the right to possess the Company's software, but rather receive services through the cloud software. These arrangements often include: (i) the delivery of the services through the cloud software, (ii) the necessary support and training, and (iii) the IVD kits to be consumed as tests are processed. The Company does not consider the software as a service, the support or the training as being distinct in the context of such arrangements, and therefore they are combined as a single performance obligation. The software, support and training are delivered simultaneously to the licensees over the term of the arrangement.

The Company bills the majority of licensees, who process the tests in their laboratories, a fixed price for each test processed. Licensing revenues are recognized as the performance obligations are satisfied (i.e., upon the delivery of each test) and reported in licensing and other revenues in the Company's statements of operations and comprehensive loss.

Table of Contents

BGI Genomics

In February 2019, the Company entered into a License Agreement (the "BGI Genomics Agreement") with BGI Genomics to develop, manufacture, and commercialize NGS-based next generation sequencing-based genetic testing assays for clinical and commercial use. The BGI Genomics Agreement has a term of ten years and expires in February 2029. Pursuant to the BGI Genomics Agreement, the Company licensed its intellectual property to and will provide provided development services for BGI. BGI Genomics. Following completion of development services, the Company will provide began providing assay interpretation services over the term of the agreement. Revenue associated with these performance obligations was recognized over time using the input method, based on costs incurred to perform the development services, since the level of costs incurred over time best reflect the transfer of development services. Revenue associated with

the assay interpretation services will be recognized upon delivery of these services. Funds received in advance are recorded as deferred revenue and will be recognized as the related services are delivered.

Table of Contents

In accordance with ASC 340-40, any incremental costs incurred to obtain a contract with a customer are required to be capitalized and amortized over the period in which the goods and services are transferred to the customer. The incremental costs incurred in connection with the BGI Genomics arrangement are not material on an accumulated basis and therefore have not been capitalized but have been expensed as incurred.

The initial transaction price was primarily comprised of license and milestone fees. The Company constrains the estimated variable consideration when it assesses it is probable that a significant reversal in the amount of cumulative revenue recognized may occur in future periods. Certain milestone and license fees were constrained and not included in the transaction price due to the uncertainties of research and development. The Company re-evaluates the transaction price, including the estimated variable consideration included in the transaction price and all constrained amounts, in each reporting period and as uncertain events are resolved or other changes in circumstances occur. The allocation of the transaction price was performed based on standalone selling prices, which are based on estimated amounts that the Company would charge for a performance obligation if it were sold separately.

According to the BGI Genomics Agreement, the Company is entitled to a total of $50.0 million, comprised of upfront technology license fees, prepaid royalties relating to future sales of licensed products and performance of assay interpretation services, and milestone payments. Due to uncertainties in achieving certain milestones, $6.0 million of the $50.0 million was constrained. A net of $44.0 million has been collected by the Company in cash, which includes $20.0 million in prepaid royalties.

The Company concluded that the license is not a distinct performance obligation as it does not have a stand-alone value to BGI Genomics apart from the related development services. Therefore, license and related development services, for each of the NIPT non-invasive prenatal tests (“NIPTs”) and Oncology products, representing two separate performance obligations, to which $24.0 million of transaction consideration was allocated. Of this amount, $0.1 million and $7.3 million were recognized in the nine months ended September 30, 2023 and 2022, respectively. This performance obligation was fully satisfied in March 2023 and no further related amounts will be recognized as revenue.

As of September 30, 2023 December 31, 2023, the Company's performance obligation to provide ongoing NIPT assay interpretation services was removed. Therefore, the Company now has a single remaining performance obligation related to Oncology assay interpretation services, to which $20.0 million of transaction consideration was allocated and prepaid by BGI Genomics. During the nine three months ended September 30, 2023 March 31, 2023, the Company recognized $1.1 million $0.7 million related to oncology assay interpretation services, of which $0.7 million $0.6 million was recognized against deferred royalties. None During the three months ended March 31, 2024, the Company recognized an additional $0.3 million related to oncology assay interpretation services, of which all was recognized in 2022. against deferred royalties. The Company currently has $19.3 million $18.5 million in deferred revenue as of September 30, 2023 March 31, 2024.

As required by the BGI Genomics Agreement, in June 2019 the Company prepaid $6.0 million to BGI Genomics for future sequencing services and $4.0 million for future sequencing equipment. These advance payments are for equipment and services to be received in future periods, which was assessed as a standalone transaction that did not reduce revenue, aggregated to $10.0 million and was originally recorded in long-term advances on the Company’s Condensed Consolidated Balance Sheet and will be periodically assessed for impairment. During the year ending December 31, 2022, $4.0 million was reclassified as prepaid expenses and other current assets. During the three and nine months ended September 30, 2023 March 31, 2024, $1.4 million and $4.0 million $20 thousand in equipment and services was received, respectively, which brought the remaining advanced payments to $6.0 million $4.8 million, with $1.1 million $3.0 million recorded in prepaid expenses and other current assets and $4.9 million $1.8 million recorded in other assets.

Foundation Medicine, Inc.

In August 2019, the Company entered into a License and Collaboration Agreement (the “Foundation Medicine Agreement”) with Foundation Medicine to develop and commercialize personalized circulating tumor DNA monitoring assays, for use by biopharmaceutical and clinical customers who order Foundation Medicine’s FoundationOne CDx. The Foundation Medicine Agreement has an initial term of five years, expiring in August 2024, with automatic renewals thereafter for successive one-year terms, unless the Foundation Medicine Agreement is earlier terminated in accordance with its terms. Natera The Company and Foundation Medicine will share the revenues generated from both biopharmaceutical and clinical customers in accordance with the terms of the Foundation Medicine Agreement.

Table of Contents

Pursuant to the Foundation Medicine Agreement, the Company will provide development services that are required to customize its proprietary Signatera test to work with Foundation Medicine’s FoundationOne CDx in conjunction with granting the use of the Company’s intellectual property. Following completion of those development services, the Company is currently providing assay testing services over the term of the agreement. The intellectual property has been licensed to Foundation Medicine for the customized test. In addition, the Company is responsible for

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Table of Contents

delivering clinical study plans in order to demonstrate efficacy of the customized test which commenced in the second quarter of 2021. Revenues associated with each of the performance obligations are recognized over time using the input method, based on costs incurred to perform the development services, since the level of costs incurred over time best reflect the transfer of development services. Revenue associated with the assay testing services will be recognized upon delivery of these services. Funds received in advance are recorded as deferred revenue and will be recognized as the related services are delivered.

The initial transaction price was primarily comprised of license and milestone fees. The Company constrains the estimated variable consideration when it assesses it is probable that a significant reversal in the amount of cumulative revenue recognized may occur in future periods. Certain milestone fees were constrained and not included in the transaction price due to the uncertainties of research and development. The Company re-evaluates the transaction price, including the estimated variable consideration included in the transaction price and all constrained amounts, in each reporting period and as uncertain events are resolved or other changes in circumstances occur. The allocation of the transaction price was performed based on standalone selling prices, which are based on estimated amounts that the Company would charge for a performance obligation if it were sold separately.

The Company is entitled to a total of $32.0 million, comprised of upfront technology license fees, prepaid royalties relating to future sales of licensed products and performance of assay interpretation services, and milestone payments. $7.7 million is constrained due to uncertainties in achieving certain milestones. A net of $24.3 million has been collected by the Company in cash, which includes $5.0 million of prepaid royalties.

The Company concluded that the license is not a distinct performance obligation as it does not have a stand-alone value to Foundation Medicine apart from the related development services. Therefore, license and related development services, for Oncology products, represent a single performance obligation, to which $19.3 million of transaction consideration was allocated. Of this amount, $0.2 million and $2.9 million was recognized in the nine three months ended September 30, 2023 and 2022, respectively. March 31, 2023. This performance obligation was fully satisfied in March 2023 and no further related amounts will be recognized as revenue.

Royalties related to assay interpretation services represent separate performance obligations for Oncology products, to which $5.0 million of transaction consideration was allocated and prepaid by Foundation Medicine. During the nine three months ended September 30, 2023 and 2022, March 31, 2023, the Company recognized $0.3 million and $0.2 million related to oncology assay interpretation services. During the three months ended March 31, 2024, the Company recognized an additional $0.1 million, respectively, related to oncology assay interpretation services. The Company currently has $3.9 million $3.2 million in deferred revenue related to this agreement as of September 30, 2023 March 31, 2024.

Disaggregation of Revenues

The Company measures its performance results primarily based on revenues recognized from the three categories described below. The following table shows disaggregation of revenues by payer types:

	Three months ended September 30,		Nine months ended September 30,		Three months ended March 31,	
	2023	2022	2023	2022	2024	2023
(in thousands)						
					(in thousands)	
Insurance carriers	$ 239,780	$ 174,825	$ 676,680	$507,389	$341,028	$210,378
Laboratory and other partners	21,731	27,050	71,985	69,929	20,276	22,805
Patients	6,795	8,762	22,801	25,652	6,437	8,573
Total revenues	$ 268,306	$ 210,637	$ 771,466	$602,970	$367,741	$241,756

The following table presents total revenues by geographic area based on the location of the Company's payers:

	Three months ended March 31,	
	2024	2023
	(in thousands)	
United States	$ 359,413	$ 233,254
Americas, excluding U.S.	1,481	1,158
Europe, Middle East, India, Africa	5,178	5,196
Asia Pacific and Other	1,669	2,148
Total revenues	$ 367,741	$ 241,756

Table of Contents

The following table presents total revenues by geographic area based on the location of the Company's payers:

(in thousands)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
United States	$ 259,870	$ 197,066	$ 746,420	$ 576,169
Americas, excluding U.S.	1,288	1,155	3,652	2,426
Europe, Middle East, India, Africa	5,255	4,956	16,071	12,383
Asia Pacific and Other	1,893	7,460	5,323	11,992
Total revenues	$ 268,306	$ 210,637	$ 771,466	$ 602,970

The following table summarizes the Company's beginning and ending balances of accounts receivable and deferred revenues:

(in thousands)	Balance at September 30, 2023	Balance at December 31, 2022	Balance at March 31, 2024	Balance at December 31, 2023
				(in thousands)
Assets:				
Accounts receivable, net	$ 255,147	$ 244,385	$288,748	$ 278,289
Liabilities:				
Deferred revenue, current portion	$ 15,012	$ 10,777	$ 17,705	$ 16,612
Deferred revenue, long-term portion	21,033	20,001	18,828	19,128
Total deferred revenues	$ 36,045	$ 30,778	$ 36,533	$ 35,740

The following table summarizes the changes in the balance of deferred revenues during the nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

(in thousands)	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
				(in thousands)
Beginning balance	$ 30,778	$ 28,722	$35,740	$30,778
Increase in deferred revenues	24,553	20,268	7,941	12,100
Reclass of unbilled revenues previously deferred	—	(337)		
Revenue recognized during the period that was included in deferred revenues at the beginning of the period	(9,610)	(7,877)	(7,048)	(3,988)
Revenue recognized from performance obligations satisfied within the same period	(9,676)	(12,439)	(100)	(800)
Ending balance	$ 36,045	$ 28,337	$36,533	$38,090

During the nine three months ended September 30, 2023 March 31, 2024, revenue recognized that was included in the deferred revenue balance at the beginning of the period totaled $9.6 million $7.0 million. This balance consisted of approximately a net $0.8 million $0.4 million related to BGI Genomics and Foundation Medicine and $8.8 million $6.6 million related to genetic testing services. The current portion of deferred revenue includes $12.8 million $14.9 million from genetic testing services and $2.2 million $1.2 million from the BGI Genomics and $1.6 million from Foundation Medicine Agreement as of September 30, 2023 March 31, 2024. The non-current portion of deferred revenue includes $19.3 million $17.3 million from the BGI Genomics Agreement and $1.7 million $1.6 million from the Foundation Medicine Agreement as of September 30, 2023 March 31, 2024.

Table of Contents

4. Fair Value Measurements

The Company's financial assets and liabilities carried at fair value are comprised of investment assets that include money market and investments.

The fair value accounting guidance requires that assets and liabilities be carried at fair value and classified in one of the following three categories:

Level I: Quoted prices in active markets for identical assets and liabilities that the Company has the ability to access.

Level II: Observable market-based inputs or unobservable inputs that are corroborated by market data, such as quoted prices, interest rates, and yield curves; and

Level III: Inputs that are unobservable data points that are not corroborated by market data.

Table of Contents

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Assets and Liabilities That Are Measured at Fair Value on a Recurring Basis

The following table represents the fair value hierarchy for the Company's financial assets and financial liabilities measured at fair value on a recurring basis:

	September 30, 2023				December 31, 2022				March 31, 2024				
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total	Level I
	(in thousands)												

												(in thousands)
Financial Assets:												
Cash, cash equivalents and restricted cash (1)	$668,710	$ —	$ —	$668,710	$466,091	$ —	$ —	$466,091	$813,817	$ —	$ —	$813,817	$642,095
U.S. Treasury securities	224,443	—	—	224,443	346,057	—	—	346,057	34,465	—	—	34,465	200,418
Corporate bonds and notes	—	3,976	—	3,976	—	23,529	—	23,529					
Municipal securities	—	39,428	—	39,428	—	62,715	—	62,715	—	34,656	—	34,656	—
Total financial assets	$893,153	$43,404	$ —	$936,557	$812,148	$86,244	$ —	$898,392	$848,282	$34,656	$ —	$882,938	$842,513

(1) Cash equivalents includes money market deposits and liquid demand deposits. deposits, and other liquid investments with original maturity dates less than three months.

Fair Value of Short-Term and Long-Term Debt:

As of September 30, 2023 March 31, 2024 and December 31, 2023, the estimated fair value of the total principal outstanding and accrued interest of the Credit Line which are not presented at fair value on the Condensed Consolidated Balance Sheets for both September 30, 2023 and December 31, 2022, was $80.4 million, and were based upon observable Level 2 inputs, including the interest rate based on the 30-day Secured Overnight Financing Rate ("SOFR") average, plus 1.21% 0.5%. The estimated fair value approximates the carrying value due to the short term duration and variable interest rate.

As of September 30, 2023 March 31, 2024 and December 31, 2023, the estimated fair value of the Convertible Notes which are not presented at fair value on the Condensed Consolidated Balance Sheets as of September 30, 2023 was $696.5 million and December 31, 2022, was $391.4 million and $358.4 million $491.8 million, respectively, based upon observable, Level 2 inputs, including pricing information from recent trades of the Convertible Notes. See Note 10, *Debt*, for additional details. details and carrying value.

Table of Contents

5. Financial Instruments

The Company elected to invest a portion of its cash assets in conservative, income earning, and liquid investments. Cash, cash equivalents, restricted cash and investments, which are classified as available-for-sale securities, consisted of the following:

	September 30, 2023			December 31, 2022				March 31, 2024				
	Amortized Cost	Gross Unrealized Loss	Estimated Fair Value	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Loss)	Estimated Fair Value	Amorti Cost
	(in thousands)										(in thousands)	
Cash, cash equivalents and restricted cash (2)	$ 668,710	$ —	$668,710	$466,091	$ —	$ —	$466,091	$813,817	$ —	$ —	$813,817	$642,0
U.S. Treasury securities (1)	227,276	(2,833)	224,443	358,385	—	(12,328)	346,057	34,996	—	(531)	34,465	201,5
Corporate bonds and notes (1)	4,000	(24)	3,976	24,045	—	(516)	23,529					
Municipal securities (1)	41,701	(2,273)	39,428	65,973	1	(3,259)	62,715	36,013	1	(1,358)	34,656	38,0
Total	$ 941,687	$ (5,130)	$936,557	$914,494	$ 1	$ (16,103)	$898,392	$884,826	$ 1	$ (1,889)	$882,938	$881,7
Classified as:												
Cash, cash equivalents and restricted cash (2)			668,710				466,091				813,817	
Short-term investments			267,847				432,301				69,121	
Total			$936,557				$898,392				$882,938	

(1) Per the Company's investment policy, all debt securities are classified as short-term investments irrespective of holding period.

(2) Cash equivalents includes liquid demand deposits, money market deposits funds, and other liquid demand deposits. investments having an original maturity of less than three months.

The Company invests in U.S. Treasuries, U.S. agency and high-quality municipal bonds which mature at par value and are all paying their coupons on schedule. The Company has therefore concluded an allowance for expected credit losses of its investments was not necessary and will continue to recognize unrealized gains and losses in other comprehensive income (loss). During the nine three months ended September 30, 2023 March 31, 2024 and March 31, 2023, the Company did not sell any investments. The Company uses the specific investment identification method to calculate realized gains and losses and amounts reclassified out of other comprehensive income (loss) to net loss. As of September 30, 2023 March 31, 2024, the Company had 38 14 investments in an unrealized loss position in its portfolio. An allowance for credit Gross unrealized losses was were not necessary material as the decrease of March 31, 2024. Gross unrealized losses were primarily due to declines in the fair value of fixed rate instruments as interest rates in the broader market value for a majority of these available-for-sale securities was as a result increased, and were not indictive of a significant average yield rate increase for similar securities decline in the credit worthiness of the underlying issuer, and as such, the Company did not record a credit loss reserve as of September 30, 2023 March 31, 2024. The Company has assessed the unrealized loss position for available-for-sale debt securities for which an allowance for credit losses has not been recorded and concluded any such losses are temporary and not indicative of an impairment as these investments will be held until maturity or price recovery.

The following table presents debt securities available-for-sale that were in an unrealized loss position as of September 30, 2023 March 31, 2024, aggregated by major security type in a continuous loss position. There were no debt securities available-for-sale in an unrealized loss position for less than 12 months as of September 30, 2023 March 31, 2024.

	Total		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(in thousands)			
				(in thousands)
U.S. Treasury securities	$ 224,443	$ (2,833)	$34,465	$ (531)
Corporate bonds and notes	3,976	(24)		
Municipal securities	39,428	(2,273)	31,222	(1,358)
Total	$ 267,847	$ (5,130)	$65,687	$(1,889)

The following table summarizes the Company's portfolio of available-for-sale securities by contractual maturity as of September 30, 2023 March 31, 2024:

	September 30, 2023		March 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value

		(in thousands)			
				(in thousands)	
Less than or equal to one year	$ 242,845	$ 239,773	$52,960	$52,032	
Greater than one year but less than five years	30,132	28,074	18,049	17,089	
Total	$ 272,977	$ 267,847	$71,009	$69,121	

6. Balance Sheet Components

Allowance for doubtful accounts

The following is a roll-forward of the allowances for doubtful accounts related to trade accounts receivable for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended September 30,	
	2023	2022
	(in thousands)	
Beginning balance	$ 5,580	$ 3,561
Provision for doubtful accounts	454	1,115
Total	$ 6,034	$ 4,676

	Nine Months Ended September 30,	
	2023	2022
	(in thousands)	
Beginning balance	$ 3,830	$ 2,429
Provision for doubtful accounts	2,204	2,615
Write-offs	—	(368)
Total	$ 6,034	$ 4,676

Property and Equipment, net

The Company's property and equipment consisted of the following:

	Useful Life	September 30, 2023	December 31, 2022
		(in thousands)	
Machinery and equipment	3-5 years	$ 83,481	$ 66,262
Computer equipment	3 years	1,812	1,308
Purchased and capitalized software held for internal use	3 years	10,275	5,464
Leasehold improvements	Lesser of useful life or lease term	39,000	29,747
Construction-in-process		20,845	25,370
		155,413	128,151
Less: Accumulated depreciation and amortization		(50,583)	(35,698)
Total Property and Equipment, net		$ 104,830	$ 92,453

	Three Months Ended March 31,

	2024	2023
	(in thousands)	
Beginning balance	$ 6,481	$ 3,830
Provision for doubtful accounts	929	1,304
Write-offs	(158)	—
Total	$ 7,252	$ 5,134

Table of Contents

Property and Equipment, net

The Company's property and equipment consisted of the following:

	Useful Life	March 31, 2024	December 31, 2023
		(in thousands)	
Machinery and equipment	3-5 years	$ 90,737	$ 85,626
Computer equipment	3 years	2,000	1,850
Purchased and capitalized software held for internal use	3 years	11,116	11,636
Leasehold improvements	Lesser of useful life or lease term	47,478	38,999
Construction-in-process		33,192	29,392
		184,523	167,503
Less: Accumulated depreciation and amortization		(58,732)	(56,293)
Total Property and Equipment, net		$ 125,791	$ 111,210

The Company's long-lived assets are mostly located in the United States.

During the nine three months ended September 30, 2023 March 31, 2024, the increase in net property and equipment was due to expansion projects and purchases of new equipment for the Company's laboratories located in Texas and California to expand testing capabilities, offset by depreciation expense of $16.1 million $6.3 million recorded in the nine three months ended September 30, 2023 March 31, 2024. Depreciation expense of $12.2 million $5.1 million was recorded in the nine three months ended September 30, 2022 March 31, 2023. The Company did not incur any impairment charges during either the nine three months ended September 30, 2023. March 31, 2024 or 2023.

Other Accrued Liabilities

The Company's other accrued liabilities consisted of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(in thousands)			
				(in thousands)
Reserves for refunds to insurance carriers	$ 16,209	$ 18,948	$ 18,023	$ 23,245

Accrued charges for third-party testing	10,960	17,036	13,167	14,823
Testing and laboratory materials from suppliers	19,902	13,281	17,880	11,229
Marketing and corporate affairs	8,752	8,943	9,688	10,085
Short term advances			7,050	—
Legal, audit and consulting fees	35,822	36,710	34,141	43,897
Accrued shipping charges	1,203	485	1,652	3,646
Sales and income tax payable	5,715	4,319	4,329	3,731
Accrued third-party service fees	6,865	6,631	7,764	7,111
Clinical trials and studies	11,056	23,301	6,961	12,126
Operating lease liabilities, current portion	11,038	7,639	11,957	11,621
Property and equipment purchases	1,617	1,821	4,429	4,316
Other accrued interest	2,695	1,078	2,695	1,078
Other accrued expenses	1,906	4,022	2,492	2,497
Total other accrued liabilities	$ 133,740	$ 144,214	$142,228	$ 149,405

Reserves for refunds to insurance carriers include overpayments from and amounts to be refunded to insurance carriers, and additional amounts that the Company estimates for potential refund requests during the period. When the

Table of Contents

Company releases these previously accrued amounts, they are recognized as product revenues in the condensed statements of operations and comprehensive loss.

The following table summarizes the reserve balance and activities for refunds to insurance carriers for the nine three months ending September 30, 2023 March 31, 2024 and 2022: 2023:

	September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
	(in thousands)		*(in thousands)*	
Beginning balance	$ 18,948	$ 17,210	$23,245	$18,948
Additional reserves	7,348	15,665	227	2,384
Refunds to carriers	(1,236)	(990)	(3,095)	(502)
Reserves released to revenue	(8,851)	(13,947)	(2,354)	(6,559)
Ending balance	$ 16,209	$ 17,938	$18,023	$14,271

As of March 31, 2024, the Company had $7.1 million in short term advances obtained as a result of the disruption to Change Healthcare's network in February 2024 which are due and payable within ten days of demand.

7. Leases

Operating Leases

In September 2015, the Company's subsidiary Company entered into a long-term lease agreement for laboratory and office space totaling approximately 94,000 square feet in Austin, Texas. The original lease term was 132 months beginning in December 2015 and expiring in November 2026 with monthly payments beginning in December 2016. In December 2021, the Company entered into an amendment of the Austin lease agreement which extended the lease of the current premises through March 2033. The amendment also includes two additional office spaces (the "First Expansion Premises" and the

Table of Contents

"Second "Second Expansion Premises"). The First Expansion Premises consists of 32,500 rentable square feet and commenced in February 2022. The Second Expansion Premises consists of 65,222 rentable square feet and commenced in September 2022. The terms of the First and Second Expansion Premises expire in March 2033.

In October 2016, the Company entered into a lease directly with its landlord for laboratory and office spaces at its facilities located in San Carlos, California. The Company currently occupies approximately 136,000 square feet comprised of two office spaces (the "First Space" and the "Second Space"). The First Space covers approximately 88,000 square feet, and the Second Space totals approximately 48,000 square feet. The term of this lease is approximately 84 months and expires in October 2023. This lease contains an option to renew the lease term for five years, but the fair market rent amount upon renewal is not available from the landlord. In January 2021, the Company entered into an amendment of the lease to extend the term for 48 months to October 2027. The combined annual rent for the First Space and Second Space will be is $9.3 million commencing which commenced in October 2023.

The Company entered into a lease agreement commencing June 2018 for its cord blood tissue storage facility in Tukwila, Washington that covers approximately 10,000 square feet. The lease term is 62 months and expired in July 2023. The Company had the option to extend this lease for five years, and the fair market rent upon renewal was not determinable. However, since the Company sold its business related to cord blood and tissue storage in September 2019, the Company has subleased the facility and did not exercise its option to renew the facility upon expiration.

The Company entered into a lease agreement in November 2020 to lease 11,395 square feet of space located in South San Francisco, California over a 36-month term. The premises are used for general office, laboratory and research use. The annual lease payment starts at $0.9 million and escalates annually after commencing in December 2021. In December 2022, the Company exercised the renewal option of the South San Francisco lease agreement. In January 2023, the Company entered in an amendment to extend the lease term of the South San Francisco premises by three years, through November 2026.

Table of Contents

The Company entered into a lease agreement in September 2023 to lease 16,319 square feet of space located in Pleasanton, California over a 60-month term. The premises will be are used for laboratory and research use and is expected to commence commenced in December 2023. The annual lease payment starts at $0.5 million and escalates annually.

As part of the IPR&D asset acquisition in September 2021, the Company inherited a 24-month lease for 7,107 square feet of laboratory space in Canada. The annual lease payment starts started at $0.2 million and expired in August 2023.

The Company has also historically entered into leases of individual workspaces and storage spaces at various locations on both a month-to-month basis without an established lease term, and more recently for certain locations, has committed to terms approximating one to five years. For the facilities without a committed lease term, the Company has elected to not recognize them as right-of-use assets on the condensed consolidated balance sheets as they are all considered short-term leases. For individual workspaces where the committed lease term exceeds one year, the Company has recorded a right-of-use asset on the condensed consolidated balance sheets.

For the nine three months ended September 30, 2023 March 31, 2024, the Company had $0.1 million $0.3 million in noncash operating activities related to additional right-of-use assets accounted for exercising the option to extend from a new lease and extending existing leases under ASC, 842. Topic 842, *Leases* ("ASC 842"). For the nine three months ended September 30, 2022 March 31, 2023, the Company had did not have any noncash operating activities of $22.1 million primarily related to additional right-of-use assets related to the Austin First and Second Expansion Premises commenced in February 2022 and September 2022, respectively, which was accounted for as a new lease under ASC 842. assets.

Table of Contents

The operating lease right-of-use assets are classified as noncurrent assets in the balance sheet. The corresponding lease liabilities are separated into current and long-term portions as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(in thousands)			
				(in thousands)
Operating lease liabilities, current portion included in other accrued liabilities	$ 11,038	$ 7,639	$11,957	$ 11,621
Operating lease liabilities, long-term portion	68,287	76,577	64,160	67,025
Total operating lease liabilities	$ 79,325	$ 84,216	$76,117	$ 78,646

The initial recognition of the operating lease liabilities was measured as the present value of the future minimum lease payments using a discount rate determined as of January 1, 2019. The operating right-of-use assets was calculated as the operating lease liabilities discounted at the present value, less the amount of unamortized tenant improvement allowance and deferred rent. The discount rate used was the Company's incremental borrowing rate given that the implicit rate to each lease was not readily determinable. In accordance with ASC 842, the incremental borrowing rate was estimated as the annual percentage yield resulting from a corporate debt financing over a loan term approximating the remaining term of each lease, with the effect of certain credit risk rating. As of September 30, 2023 March 31, 2024, the weighted-average remaining lease term was 6.94 6.50 years and the weighted-average discount rate was 6.67% 6.8%.

The Company continues to recognize lease expense on a straight-line basis. The lease expense includes the amortization of the right-of-assets right-of-use assets with the associated interest component estimated by applying the effective interest method. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, total lease expense of $3.6 million and $3.5 million was recognized in the condensed statements of operations and comprehensive loss, respectively. For the nine months ended September 30, 2023 and 2022, total lease expense of $11.0 million and $10.0 million $3.8 million was recognized in the condensed statements of operations and comprehensive loss, respectively. Cash paid for amounts in the measurement of operating lease liabilities totaled $3.2 million $4.1 million and $1.7 million $2.2

million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Cash paid for amounts in the measurement

Table of operating lease liabilities totaled $8.4 million and $7.2 million for the nine months ended September 30, 2023 and 2022, respectively. Contents

The present value of the future annual minimum lease payments under all non-cancellable operating leases as of September 30, 2023 March 31, 2024 are as follows:

	Operating Leases	Operating Leases
	(in thousands)	*(in thousands)*
As of September 30, 2023		
2023 (remaining 3 months)	$ 3,983	
2024	16,031	
As of March 31, 2024		
2024 (remaining 9 months)		$ 12,507
2025	16,383	17,009
2026	16,732	17,331
2027	13,676	14,264
2028 and thereafter	34,000	
2028		6,633
2029 and thereafter		27,932
	100,805	95,676
Less: imputed interest	(21,480)	(19,559)
Operating lease liabilities	$ 79,325	$ 76,117

Table of Contents

8. Commitments and Contingencies

Legal Proceedings

The Company is involved in legal matters, including investigations, subpoenas, demands, disputes, litigation, requests for information, and other regulatory or administrative actions or proceedings, including those with respect to intellectual property, testing and test performance, billing, reimbursement, marketing, short seller and media allegations, employment, and other matters.

An independent committee of the Company's board of directors initiated and has completed an internal investigation into the allegations made in a March 2022 short seller report, with the assistance of the law firm of WilmerHale LLP. WilmerHale had access to company executives, personnel, records, communications, and documents. Based on the investigation, the independent committee, on behalf of the board, has concluded that the allegations of wrongdoing against the Company in the report were unfounded.

The Company is responding to ongoing regulatory and governmental investigations, subpoenas and inquiries, and contesting its current legal matters, but cannot provide any assurance as to the ultimate outcome with respect to any of the foregoing. There are many uncertainties associated with these matters. Such matters may cause the Company to incur costly litigation and/or substantial settlement charges, divert management attention, result in adverse judgments, fines, penalties, injunctions or other relief, and may result in loss of customer or investor confidence regardless of their merit or ultimate outcome. In addition, the resolution of any intellectual property litigation may require the Company to make royalty payments, which could adversely affect gross margins in future periods. If any of the foregoing were to occur, the Company's Company's business, financial condition, results of operations, cash flows, prospects, or stock price could be adversely affected.

The Company assesses legal contingencies to determine the degree of probability and range of possible loss for potential accrual in its financial statements. When evaluating legal contingencies, the Company may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the presence of complex or novel legal theories, and/or the ongoing discovery and development of information important to the matters. In addition, damage amounts claimed in litigation or other matters may be unsupported, exaggerated or unrelated to possible outcomes, and as such are not meaningful indicators of its potential liability. Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. During the periods presented, the Company does not believe there are such matters that will have a material effect on the its financial statements. condition.

Table of Contents

Intellectual Property Litigation Matters.

The Company has been involved in two patent litigations against CareDx, Inc. (“CareDx”) in the United States District Court for the District of Delaware (“CareDx Patent Cases”). In the first CareDx Patent Case, CareDx alleged, in a complaint filed jointly with the Board of Trustees of the Leland Stanford Junior University (“Stanford”) in March 2019 and amended in March 2020, that the Company infringed three patents (the “CareDx Patents”). The complaint sought unspecified damages and injunctive relief. In September 2021, the Court granted the Company’s motion for summary judgment, finding all three CareDx Patents invalid. This finding was affirmed on appeal by the United States Court of Appeals for the Federal Circuit. CareDx’s petition for rehearing by the Federal Circuit, and its subsequent petition for certiorari to the United States Supreme Court, were both denied. In the second CareDx Patent Case, the Company alleges, alleged, in suits filed in January 2020 and May 2022, infringement by CareDx of three certain of the Company’s patents, seeking unspecified damages and injunctive relief. In January 2024, after trial, the jury returned a verdict in favor of the Company, finding both asserted patents valid and one patent infringed by CareDx. The case is currently pending jury awarded damages to the Company for lost profits and is scheduled for trial in January 2024. past royalties totaling $96.3 million.

In January 2020, the Company filed suit against ArcherDX, Inc. (“ArcherDX”) in the United States District Court for the District of Delaware. In January 2021, the Company named an additional Archer DX entity, ArcherDx LLC, and Invitae Corp. (“Invitae”) as defendants. The Company alleged, among other things, that certain ArcherDX products, including the Personalized Cancer Monitoring (“PCM”) test, infringed three of the Company’s patents (the “ArcherDX Case”) and sought unspecified monetary damages and injunctive relief. A Following a jury trial was held in May 2023 after which the jury returned and a verdict bench trial in favor of the Company, finding June 2023, all three asserted patents were found to be valid and infringed by ArcherDX and

Table of Contents

Invitae, and awarding the jury awarded damages totaling $19.35 million to the Company. A bench trial was held in June 2023 on defendants' remaining equitable defense against two of the Natera patents; the court issued an order denying the defendants' equitable defense in September 2023. Also in June In November 2023, the Company moved Court granted in part the Company's motion for a permanent injunction against the PCM test, which motion remains pending before the court. The court has entered defendants have appealed. In February 2024, Invitae and ArcherDX filed a voluntary Chapter 11 petition in the U.S. Bankruptcy Court for the District of New Jersey, resulting in an interim judgment automatic bankruptcy stay in favor of the Company pursuant to the May 2023 jury verdict and the September 2023 court order. ArcherDX and Invitae have filed post-trial motions in response to the interim judgment. The Company intends to oppose the motions. case.

The Company is the subject of a lawsuit filed against it by Ravgen, Inc. ("Ravgen") in June 2020 in the United States District Court for the Western District of Texas, alleging infringement of two Ravgen patents. The complaint seeks patents and seeking monetary damages and injunctive relief. Various In January 2024, after trial, the jury returned a verdict of non-willful infringement by the Company and found damages of $57 million. The Company intends to appeal certain of the rulings. In addition, various parties, including Natera, the Company, have filed petitions challenging the validity of the asserted patents with the United States Patent and Trademark Office, all of which were instituted for review, and some of which were decided in favor of upholding the challenged claims. The petitions filed by the Company and certain others remain pending. The lawsuit is currently scheduled for trial in January 2024.

In October 2020, the Company filed suit against Genosity Inc. ("Genosity"), in the United States District Court for the District of Delaware, alleging that various Genosity products infringe one of the Company's patents and seeking unspecified monetary damages and injunctive relief. The case has been stayed pending the entry of a final judgment in the ArcherDX Case, in which the subject patent is also asserted.

In January 2021, the Company filed suit against Inivata, Inc. and Inivata Ltd. (collectively "Inivata") in the United States District Court for the District of Delaware. The complaint, amended by the Company in May 2021, alleges that various Inivata oncology products infringe two of the Company's patents and seeks unspecified monetary damages and injunctive relief. Inivata filed a motion to dismiss the Company's amended complaint, which the Court denied. In December 2022, the Company filed a second suit against Inivata in the same district court, alleging that certain of Inivata's oncology products additionally infringe a third patent of the Company's, and seeking unspecified monetary damages and injunctive relief. The two suits have been consolidated. Inivata has filed a motion to dismiss the Company's second complaint, which motion is currently pending before the Court.

The Company is the subject of lawsuits filed against it by Invitae in the United States District Court of the District of Delaware alleging, in complaints filed in May and November of 2021, infringement of three patents and seeking monetary damages and injunctive relief. Trial The parties have filed cross-motions for summary judgment, which motions are currently pending before the Court. In February 2024, subsequent to Invitae's voluntary Chapter 11 petition described above, the Court granted Invitae's request to continue the trial, which is now scheduled for September 2025.

The Company filed suits against Inivata, Inc. and Inivata Ltd. (collectively "Inivata") in the United States District Court for the District of Delaware in January 2021 and December 2022, alleging that certain of Inivata's oncology products infringe certain of the Company's patents and seeking unspecified monetary damages and injunctive relief. The two suits have been consolidated. Inivata has filed a motion to dismiss the Company's complaint with respect to one patent, which motion is currently scheduled for pending before the Court. In March 2024. 2024, the Court stayed the case in light of the Company's case against NeoGenomics Laboratories, Inc. ("NeoGenomics"), which acquired Inivata in 2021, discussed below.

Table of Contents

In July 2023, the Company filed suit against NeoGenomics Laboratories, Inc. ("NeoGenomics") in the United States District Court for the Middle District of North Carolina (the "District Court"), alleging infringement of certain Natera patents by NeoGenomics' commercialization of the RaDaR test. The complaint seeks monetary damages and injunctive relief. In December 2023, the Court denied NeoGenomics' motion

to dismiss the complaint, and granted the Company's motion for preliminary injunction. The Company injunction went into effect as of January 12, 2024. NeoGenomics filed a motion for preliminary to modify and stay the injunction, which is pending before was denied by the Court. District Court and heard on appeal in March 2024 by the Federal Circuit Court of Appeals. NeoGenomics has also filed petitions challenging the validity of both of the asserted patents with the United States Patent and Trademark Office.

Other Litigation Matters.

CareDx filed suit against the Company in April 2019 in the United States District Court for the District of Delaware, alleging false advertising, and related claims based on statements describing studies that concern the Company's technology and CareDx's technology, seeking unspecified damages and injunctive relief. The Company filed a counterclaim against CareDx in the United States District Court for the District of Delaware, alleging false advertising, unfair competition and deceptive trade practices and seeking unspecified damages and injunctive relief. In March 2022, after trial, the jury returned a verdict that Natera the Company was liable to CareDx and found damages of $44.9 million. The jury also returned a verdict against CareDx, finding that CareDx had engaged in false advertising. On July 17, 2023, In July 2023, the Court granted in part the Company's motion for judgment as a matter of law requesting that the Court set aside the portions of the jury verdict adverse to Natera, the Company, ruling that CareDx is not entitled to any damages. The jury verdict of false advertising by CareDx remains in place. Both parties have filed notices of appeal. are appealing.

In May 2021, Guardant. Inc. ("Guardant") filed suit against the Company in the United States District Court of the Northern District of California alleging false advertising and related claims and seeking unspecified damages and injunctive relief. Also in May 2021, the Company filed suit against Guardant in the Western District of Texas, alleging false advertising and related claims. The Company has voluntarily dismissed its Texas suit against Guardant and has

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Table of Contents

asserted the claims from the Texas action as counterclaims in the California action, seeking unspecified damages and injunctive relief. In August 2021, Guardant moved to dismiss the Company's counterclaims, which motion was denied in all material respects. Both parties filed cross-motions for summary judgment, which were granted in part and denied in part. Trial is currently scheduled for March August 2024.

In November 2021, a purported class action lawsuit was filed against the Company in the United States District Court for the Northern District of California, by a patient alleging various causes of action relating to the Company's patient billing and seeks, among other relief, class certification, injunctive relief, restitution and/or disgorgement, attorneys' fees, and costs. In May 2023, the Court granted the Company's motion to dismiss the lawsuit, and the case was dismissed without prejudice. In July 2023, the plaintiff filed analogous claims in the Superior Court of California, County of San Mateo, and subsequently filed an amended claim with an additional plaintiff. Based on the additional plaintiff, the case was transferred back to which the Company expects United States District Court for the Northern District of California. The parties subsequently agreed that claims brought by the original plaintiff be remanded back to file a response. the Superior Court of California, County of San Mateo, and that the action be stayed pending the outcome of the action in the United States District Court for the Northern District of California.

In February 2022, two purported class action lawsuits were filed against the Company in the United States District Court for the Northern District of California. Each suit was filed by an individual patient alleging various causes of action related to the marketing of Panorama and seeking, among other relief, class certification, monetary damages, attorneys' fees, and costs. These matters have been consolidated. The Company filed a motion to dismiss the consolidated lawsuit, which resulted in the plaintiffs filing an amended complaint in April 2023.

In March 2022, a purported class action lawsuit was filed against the Company and certain of its management in the Supreme Court of the State of New York, County of New York, asserting claims under Sections 11, 12, and 15 of the Securities Act of 1933. The complaint alleges, among other things, that the Company failed to disclose certain information regarding its Panorama test. The complaint seeks, among

other relief, monetary damages, attorneys' fees, and costs. This matter has been dismissed and the claims raised in this matter have been included in the lawsuit discussed below.

Table of Contents

A purported class action lawsuit was filed against the Company and certain of its management in the United States District Court for the Western District of Texas, asserting claims under Sections 10(b) and 20(a) of the Securities Act of 1934 and Rule 10b-5 thereunder. The complaint, filed in April 2022 and amended in October 2022 (to include, among others, the claims raised in the lawsuit discussed in the preceding paragraph), alleges, among other things, that the management defendants made materially false or misleading statements, and/or omitted material information that was required to be disclosed, about certain of the Company's products and operations. The complaint seeks, among other relief, monetary damages, attorneys' fees, and costs. The Company filed a motion to dismiss this lawsuit, which was granted in part and denied in part.

In each of October 2023 a and January 2024, shareholder derivative complaint was complaints were filed in the United States District Court for the Western District of Texas and the United States District Court for the District of Delaware, respectively, against the Company as nominal defendant and certain of the Company's management, alleging, management. Each complaint alleges, among other things, that the management defendants made materially false or misleading statements, and/or omitted material information that was required to be disclosed, about certain of the Company's products and operations. The Each complaint seeks, among other relief, monetary damages, attorneys' fees, and costs.

Director and Officer Indemnifications

As permitted under Delaware law, and as set forth in the Company's Amended and Restated Certificate of Incorporation and its Amended and Restated Bylaws, the Company indemnifies its directors, executive officers, other officers, employees and other agents for certain events or occurrences that may arise while in such capacity. The maximum potential future payments the Company could be required to make under this indemnification is unlimited; however, the Company has insurance policies that may limit its exposure and may enable it to recover a portion of any future amounts paid. Assuming the applicability of coverage, the willingness of the insurer to assume coverage, and subject to certain retention, loss limits and other policy provisions, the Company believes any obligations under this indemnification would not be material, other than standard retention amounts for securities related claims. However, no assurances can be given that the covering insurers will not attempt to dispute the validity, applicability, or amount of coverage without expensive litigation against these insurers, in which case the Company may incur substantial liabilities as a result of these indemnification obligations.

Table of Contents

Third-Party Payer Reimbursement Audits

From time to time, the Company receives recoupment requests from third-party payers for alleged overpayments. The Company disagrees with the contentions of pending requests and/or has recorded an estimated reserve for the alleged overpayments if probable and estimable.

Contractual Commitments

The following table sets forth the Company's material contractual commitments as of September 30, 2023 with a remaining term of at least one year: March 31, 2024:

Party	Commitments	Expiry Date
	(in thousands)	
Laboratory instruments supplier	$ 9,400	December 2024
Material suppliers	23,322	March 2028
Application service providers	14,574	March 2026
Leases (1)	2,651	November 2028
Other material suppliers	14,695	Various
Total	$ 64,642	

Represents executed leases which have not commenced. Please refer to Note 7, *Leases*, for additional information.

9. Stock-Based Compensation

2015 Equity Incentive Plan

General. The Company's board of directors adopted its 2015 Equity Incentive Plan (the "2015 Plan") in June 2015. The 2015 Plan replaced the Company's prior stock plans.

Share Reserve. The initial number of shares of the Company's common stock available for issuance under the 2015 Plan was 3,451,495 shares. The number of shares reserved for issuance under the 2015 Plan will be increased automatically on the first business day of each fiscal year, commencing in 2016, by a number equal to the least of:

- 3,500,000 shares;
- 4% of the shares of common stock issued and outstanding on the last business day of the prior fiscal year; or
- a number of shares determined by the Company's board of directors.

Party	Commitments	Expiry Date
	(in thousands)	
Laboratory instruments supplier	$ 7,619	December 2024
Material suppliers	24,644	December 2024
Application service providers	4,515	March 2026
Cloud platform service provider	38,384	December 2028
Leases (1)	261	March 2029
Other material suppliers	16,940	Various
Total	$ 92,363	

Stock options vest as determined by the compensation committee. In general, they will vest over a four-year period following the date of grant. Stock options expire at the time determined by the compensation committee but in no event more than ten years after they are granted. These awards generally expire earlier if the participant's service terminates earlier.

Restricted Shares and Stock Units. Restricted shares and stock units ("RSUs") may be awarded under the 2015 Plan in return for any lawful consideration, and participants who receive restricted shares or stock units generally are not required to pay cash for their awards. In general, these awards will be subject to vesting. Vesting may be based on length of service, the attainment of performance-based milestones or a combination of both, as determined by the compensation committee.

Employee Stock Purchase Plan

During the period ended September 30, 2023, there(1) Represents executed leases which have not been any changes commenced. Please refer to the Company's 2015 Natera, Inc. Employee Stock Purchase Plan (the "ESPP") as disclosed in Form 10-K Note 7, *Leases*, for the fiscal year ended December 31, 2022.

The Company has made 3,964,612 shares available for issuance under the Plan as of September 30, 2023, a number that is automatically increased on the first business day of each fiscal year of the Company during the term of the ESPP by the least of (i) 1% of the total number of shares of common stock actually issued and outstanding on the last business day of the prior fiscal year, (ii) 880,000 shares of common stock (subject to the ESPP), or (iii) a number of shares of common stock determined by the Company's board of directors.

The first offering period of 2023 started on November 1, 2022 and ended on April 30, 2023. As of September 30, 2023, 218,649 shares have been purchased in the first offering period. The second offering period of 2023 began on May 1, 2023 and ended on October 31, 2023.

Stock Options and Restricted Stock Units

The following table summarizes option and RSU activity for the nine months ended September 30, 2023: additional information.

	Outstanding Options and RSUs				
(in thousands, except for contractual life and exercise price)	Shares Available for Grant	Number of Shares Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
				(in years)	
Balance at December 31, 2022	3,263	5,300	$ 21.11	4.84	$ 131,385
Additional shares authorized	3,500	—			
Options granted	(497)	497	$ 44.29		
Options exercised	—	(265)	$ 13.26		
RSUs granted	(5,728)	—			
RSUs forfeited/cancelled	760	—			
Balance at September 30, 2023	1,298	5,532	$ 23.57	4.61	$ 142,513
Exercisable at September 30, 2023		4,525	$ 13.81	3.74	$ 141,977
Vested and expected to vest at September 30, 2023		5,466	$ 23.05	4.56	$ 142,478

Performance-based Awards

The Company grants certain senior-level executives performance stock options and units which vest based on either market and time-based service conditions or performance and time-based service conditions, which are referred to herein as performance-based awards. The Company assessed the performance-based awards with the appropriate valuation method and has recognized the applicable stock-based compensation expense.

The Company has recognized $23.0 million and $12.4 million in stock-based compensation for performance-based awards for the three months ended September 30, 2023 and 2022, respectively. The Company has recognized $40.5 million and $40.0 million in stock-based compensation for performance-based awards for the nine months ended September 30, 2023 and 2022, respectively. There were no performance-based awards with market conditions and a fair value estimated using a Monte Carlo simulation model granted in the nine months ended September 30, 2023 and 2022.

9. Stock-Based Compensation

Stock-Based Compensation Expense

The following table presents the stock-based compensation expense recorded for equity classified awards for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
	(in thousands)	
Cost of revenues	$ 3,777	$ 2,556
Research and development	20,649	14,640
Selling, general and administrative	40,021	23,281
Total	$ 64,447	$ 40,477

Additionally, the stock-based compensation expense for liability-classified awards for the three months ended March 31, 2024 and 2023 was $0.2 million in both periods.

Stock Options

The following table summarizes option activity for the three months ended March 31, 2024:

	Number of Shares Outstanding	Weighted-Average Exercise Price
	(in thousands, except for per share data)	
December 31, 2023	5,501	$ 23.65
Options exercised	(792)	$ 8.17
March 31, 2024	4,709	$ 26.25

Restricted Stock Units and Performance-Based Awards

The following table summarizes unvested RSU and performance-based awards for the nine three months ended September 30, 2023 March 31, 2024:

(in thousands, except for grant date fair value)	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Balance at December 31, 2022	6,836	$ 57.12		
			(in thousands, except for per share data)	
Balance at December 31, 2023			9,248	$ 49.50
Granted	5,728	$ 44.99	4,608	$ 67.28
Vested	(2,364)	$ 57.01	(1,861)	$ 52.40
Cancelled/forfeited	(760)	$ 50.01	(94)	$ 57.77

Balance at September 30, 2023	9,440	$ 50.28
Balance at March 31, 2024	11,901	$ 56.16

Stock-Based Compensation Expense

Stock The Company grants certain senior-level executives performance stock units which vest based compensation is related on performance and time-based service conditions, which are referred to stock options and RSUs herein as performance-based awards. During the three months ended March 31, 2024, the Company granted to the Company's employees and is measured at the 0.8 million performance-based awards with an aggregate grant date based on the fair value of the award. The fair value is recognized as expense over the requisite service period, which is generally the vesting period of the respective awards on a straight-line basis. If awards have both a service condition and performance or market condition, then an accelerated expense method is used. No compensation cost is recognized when the requisite service has not been met and the awards are therefore forfeited.

Employee stock-based compensation expense is calculated based on awards ultimately expected to vest and has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods, if actual forfeitures differ from those estimates. Non-employee stock-based compensation expense is not adjusted for estimated forfeitures up until the occurrence of the actual forfeiture of the associated awards.

The following tables present the effect of employee and non-employee stock-based compensation expense on selected statements of operations line items for the three and nine months ended September 30, 2023 and 2022.

	Three months ended September 30,					
	2023			2022		
	Employee	Non-Employee	Total	Employee	Non-Employee	Total
	(in thousands)					
Cost of revenues	$ 3,284	$ 15	$ 3,299	$ 2,124	$ —	$ 2,124
Research and development	18,278	650	18,928	12,972	497	13,469
Selling, general and administrative	35,233	271	35,504	24,524	221	24,745
Total	$ 56,795	$ 936	$ 57,731	$ 39,620	$ 718	$ 40,338

	Nine months ended September 30,					
	2023			2022		
	Employee	Non-Employee	Total	Employee	Non-Employee	Total
	(in thousands)					
Cost of revenues	$ 8,669	$ 24	$ 8,693	$ 5,903	$ —	$ 5,903
Research and development	47,316	1,965	49,281	33,911	1,432	35,343
Selling, general and administrative	83,822	1,100	84,922	74,700	452	75,152
Total	$ 139,807	$ 3,089	$ 142,896	$ 114,514	$ 1,884	$ 116,398

Table of Contents

As value of September 30, 2023, approximately $368.4 million $55.0 million. Achievement at 200% of unrecognized compensation expense, adjusted for estimated forfeitures, related target is deemed probable and as a result, the Company expects to unvested option awards and RSUs will be recognized recognize a total of $110.0 million over a weighted-average the requisite service period of approximately 2.5 years.

Valuation of Stock Option Grants to Employees and Non-employees which $6.6 million has been recognized.

The Company utilizes the Black-Scholes option pricing model when estimating the fair value of stock options. For has recognized $20.7 million and $7.3 million in total stock-based compensation for all performance-based awards for the three and nine months ended September 30, 2023, the following valuation assumptions were applied on both the employee March 31, 2024 and non-employee options. 2023, respectively.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Expected term (years)	6.03	6.05	5.20 — 6.03	5.12 — 10.00
Expected volatility	68.23 %	61.63%	68.23 % — 70.07 %	55.91 % — 62.30 %
Expected dividend rate	— %	— %	— %	— %
Risk-free interest rate	4.18 %	3.15 %	3.41 % — 4.18 %	1.62 % — 3.15 %

As of September 30, 2023, total stock options outstanding include stock options for 23,005 shares of common stock that were granted to non-employees, of which none are vested. Stock-based compensation expense related to stock options granted to non-employees is recognized as the stock option is earned and the services are rendered. The Company believes that the estimated fair value of the stock options is more readily measurable than the fair value of the services rendered.

10. Debt

Credit Line Agreement

In September 2015, the Company entered into a credit line with UBS (the "Credit Line") providing for a $50.0 million revolving line of credit which was fully drawn down in 2016. The Credit Line was amended in July 2017 and bears interest at 30-day LIBOR plus 1.10%. The interest rate was subsequently changed to the 30-day SOFR average, plus 1.21%. The SOFR rate is variable. The interest rate as of September 30, 2023 March 31, 2024 was 6.53% 5.82%. The Credit Line was subsequently increased from $50.0 million to $150.0 million in 2020. In November 2022, the Company drew down $30.0 million from the $100.0 million available from the Credit Line. The Credit Line is secured by a first priority lien and security interest in the Company's money market and marketable securities held in its managed investment account with UBS. The Company is required to maintain a minimum of at least $150.0 million in its UBS accounts as collateral. UBS has the right to demand full or partial payment of the Credit Line obligations and terminate the Credit Line, in its discretion and without cause, at any time. In June 2023, the Credit Line decreased from $150.0 million to $100.0 million. In October 2023, the interest rate for the Credit Line was subsequently changed to the 30-day SOFR average, plus 0.5%. As of September 30, 2023 March 31, 2024, the Company has drawn down a total of $80.0 million and there is $20.0 million remaining and available on the Credit Line. In October 2023, the interest rate for the Credit Line was subsequently changed to the 30-day SOFR average, plus 0.5%.

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded interest expense on the Credit Line of $1.3 million $1.2 million and $0.4 million, respectively. For the nine months ended September 30, 2023 and 2022, the Company recorded interest expense on the Credit Line of $3.7 million and $0.8 million $1.1 million, respectively. Interest payments on the Credit Line were made within the same periods. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the total principal amount outstanding with accrued interest was $80.4 million.

Convertible Notes

In April 2020, the Company issued $287.5 million aggregate principal amount of Convertible Notes due 2027 in a private placement offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The Convertible Notes are senior, unsecured obligations of the Company and bear interest at a rate of 2.25% per year, payable in cash semi-annually. The Convertible Notes mature in May 2027, unless earlier converted, repurchased or

Table of Contents

redeemed in accordance with their terms. Upon conversion, the Convertible Notes are convertible into cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election.

The Company received net proceeds from the Convertible Notes of $278.3 million, after deducting the initial purchasers' discounts and debt issuance costs. The In 2020, the Company used approximately $79.2 million of the net proceeds from the Convertible Notes offering to repay its obligations under the 2017 Term Loan its credit agreement with OrbiMed. OrbiMed Royalty Opportunities II, LP.

The holders of the Convertible Notes may convert all or a portion of their Convertible Notes at their option at any time prior to the close of business on the business day immediately preceding February 1, 2027 in multiples of $1,000 principal amount, under any the following circumstances:

- During any fiscal quarter commencing after March 31, 2020 September 30, 2020 (and only during such fiscal quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day

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Table of Contents

of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day.
- During the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of Convertible Notes for each trading day of that five-day consecutive trading period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day.
- If the Company calls any or all of the Convertible Notes for redemption at any time prior to the close of business on the second business day prior to the redemption date.
- Upon the occurrence of certain distributions.
- Upon the occurrence of specified corporate transactions.

The first two circumstances have circumstance has been met as of September 30, 2023 March 31, 2024. However, there were no conversions for the period ending September 30, 2023 March 31, 2024.

The Convertible Notes are convertible into shares of the Company's common stock, par value $0.0001 per share, at an initial conversion rate of 25.7785 shares of common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an initial conversion price of approximately $38.79 per share of common stock, convertible to 7,411,704 shares of common stock. The conversion rate and corresponding conversion price are subject to adjustment upon the occurrence of certain events but will not be adjusted for any accrued or unpaid interest. The holders of the Convertible Notes who redeem their Convertible Notes in connection with a make-whole fundamental change are, under certain circumstances, entitled to an increase in the conversion rate. Additionally, in the event of a fundamental change, the holders of the Convertible Notes may require the Company to repurchase for cash all or a portion of their Convertible Notes at a price equal to 100% of the principal amount, plus any accrued and unpaid interest.

The Company may not redeem the Convertible Notes prior to May 2024, and no sinking fund is provided for the Convertible Notes. The Company may redeem for cash all or any portion of the Convertible Notes, at the Company's option, on or after May 2024, if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading day period ending on the trading day immediately preceding the date on which the Company provides notice of redemption. The redemption price will be equal to 100% of the principal amount of the Convertible Notes to be redeemed plus accrued and unpaid interest.

Upon adoption of ASU 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivative and Heading-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in Entity's Own Equity*, the Company allocated all of the debt discount to long-term debt. The debt discount is amortized to interest expense using the effective interest method, computed to be 2.72%, over the life of the Convertible Notes or approximately its seven-year term. The outstanding Convertible Notes balances as of March 31, 2024 and December 31, 2023 are summarized in the following table:

	March 31, 2024	December 31, 2023
	(in thousands)	

Long-Term Debt		
Outstanding Principal	$ 287,500	$ 287,500
Unamortized debt discount and issuance cost	(4,227)	(4,555)
Net carrying amount	$ 283,273	$ 282,945

Table of Contents

Convertible Notes or approximately its seven-year term. The outstanding Convertible Notes balances as of September 30, 2023 and December 31, 2022 are summarized in the following table:

	September 30, 2023	December 31, 2022
	(in thousands)	
Long-Term Debt		
Outstanding Principal	$ 287,500	$ 287,500
Unamortized debt discount and issuance cost	(4,881)	(5,847)
Net carrying amount	$ 282,619	$ 281,653

The following tables present total interest expense recognized related to the Convertible Notes during the three and nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three months ended March 31,	
	2024	2023

	Three months ended September 30,			
	2023	2022		
	(in thousands)		*(in thousands)*	
Cash interest expense				
Contractual interest expense	$ 1,617	$ 1,617	$ 1,617	$ 1,617
Non-cash interest expense				
Amortization of debt discount and debt issuance cost	324	316	328	320
Total interest expense	$ 1,941	$ 1,933	$ 1,945	$ 1,937

	Nine months ended September 30,	
	2023	2022
	(in thousands)	
Cash interest expense		
Contractual interest expense	$ 4,851	$ 4,852
Non-cash interest expense		
Amortization of debt discount and debt issuance cost	966	941
Total interest expense	$ 5,817	$ 5,793

11. Income Taxes

During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded total income tax expense of approximately $202,000 $428,000 and $185,000, respectively. During the nine months ended September 30, 2023 and 2022, the Company recorded total income tax expense of approximately $80,000 and $557,000, $160,000, respectively. The income tax expense is primarily attributable to state income tax and foreign income tax expenses resulting from testing to clinics and licenses of cloud-based software and intellectual property that are based in a foreign country. tax. Due to the Company's history of cumulative operating losses, the Company concluded that, after considering all the available objective evidence, it is not more likely than not that all of the Company's net deferred tax assets will be realized. Accordingly, all of the Company's deferred tax assets, which includes net operating loss carryforwards and tax credits related primarily to research and development, continue to be subjected to a full valuation allowance as of September 30, 2023 March 31, 2024. The Company will continue to maintain a full valuation allowance until there is sufficient evidence to support recoverability of its deferred tax assets.

Interest and/or penalties related to income tax matters are recognized as a component of income tax expense. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were no accrued interest and penalties related to uncertain tax positions.

Table of Contents

12. Net Loss per Share

The Convertible Notes are convertible by the holders as of September 30, 2023 March 31, 2024. Upon conversion, the Company has the option to pay cash, issue shares of common stock, or any combination thereof for the aggregate amount due upon conversion. If converted, the fair value of the shares issued to settle the Convertible Notes would exceed the Convertible Note principle by $105.7 million $311.8 million based on the closing price of the Company's common stock as of September 30, 2023 March 31, 2024. Since the Company is in a net loss position in the periods presented, the shares which would be issued upon conversion of the Convertible Notes are excluded from the net loss per share calculation as it would have an antidilutive effect. As such, the 7.4 million shares underlying the conversion option of the Convertible Notes have been excluded from the calculation of diluted earnings per share. If converted, the Company does not intend to settle the obligation in cash.

The following table shows total outstanding potentially dilutive shares excluded from the computation of diluted loss per share as their effect would be anti-dilutive, as of September 30, 2023 March 31, 2024 and 2022: 2023:

	September 30,		March 31,	
	2023	2022	2024	2023
	(in thousands)			
			(in thousands)	
Options to purchase common stock	5,532	5,345	4,709	5,448
Performance-based awards and restricted stock units	9,440	7,243	11,901	10,356
Employee stock purchase plan	188	148	221	197
Convertible Notes	7,411	7,411	7,411	7,411
Earnouts for development with acquired Canadian entity	—	525		
Total	22,571	20,672	24,242	23,412

Table of Contents

13. Subsequent Events

None.

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed consolidated financial statements and related notes included in Part I, Item 1 of this report. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the Securities and Exchange Commission on March 1, 2023. February 29, 2024.

Overview

We are a diagnostics company with proprietary molecular and bioinformatics technology that we are applying to change the management of disease worldwide. We began in Our cell-free DNA, or cfDNA, technology combines our novel molecular assays, which reliably measure many informative regions across the women's health space, in genome from samples as small as a single cell, with our statistical algorithms which we develop and commercialize non- or minimally- invasive tests incorporate data available from the broader scientific community to evaluate risk for, and thereby enable early detection of, identify genetic variations covering a wide range of serious conditions with high accuracy and coverage. We aim to make personalized genetic conditions, such as Down syndrome. Our technology is now also being used in the oncology market, in which we are commercializing, among others, a personalized blood-based DNA test to detect molecular residual disease testing and monitor disease recurrence, as well as in the organ health market, with tests to assess organ transplant rejection. We seek to enable even wider adoption of our technology through Constellation, our global cloud-based distribution model. In addition to our direct sales force in the United States, we have a global network of over 100 laboratory and distribution partners, including many diagnostics part of the largest international laboratories. standard of care to protect health and inform earlier and more targeted interventions that help lead to longer, healthier lives.

We currently provide a comprehensive suite of products in women's health, as well as our oncology and organ health products, and our Constellation cloud-based platform. We generate a majority of our revenues from the sale of Panorama, our non-invasive prenatal test, ("NIPT"), or NIPT, as well as Horizon, our Carrier Screening, ("HCS") test. In addition to Panorama and Horizon, our product offerings in women's health include Spectrum Preimplantation Genetics, our Anora miscarriage test, and Vistara single-gene NIPT, as well as our Empower hereditary cancer screening test, which we also plan to offer to oncologists through our oncology sales channel. We also offer our Signatera molecular residual disease test for oncology applications, which we commercialize as a test run in our CLIA (as defined below)

laboratory and offer on a research use only basis to research laboratories and pharmaceutical companies; and our Prospera organ transplant assessment tests.

We process tests in our laboratories certified under the Clinical Laboratory Improvement Amendments of 1988, ("CLIA") or CLIA, in Austin, Texas and San Carlos, California. A portion of our testing is performed by third-party laboratories. Our customers include independent laboratories, national and regional reference laboratories, medical centers and physician practices for our screening tests, and research laboratories and pharmaceutical companies. We market and sell our tests through our direct sales force and, for our women's health tests, through our laboratory distribution partners. We bill clinics, laboratory distribution partners, patients, pharmaceutical companies and insurance payers for the tests we perform. In cases where we bill laboratory distribution partners, our partners in turn bill clinics, patients and insurers. The majority of our revenue comes from insurers with whom we have in-network contracts. Such insurers reimburse us for our tests pursuant to our in-network contracts with them, based on positive coverage determinations, which means that the insurer has determined that the test in general is medically necessary for this category of patient.

In addition to offering tests to be performed at our laboratories, either directly or through our laboratory distribution partners, we also establish licensing arrangements with laboratories under Constellation, our cloud-based distribution model, whereby our laboratory licensees run the molecular workflows themselves and then access our bioinformatics algorithms through our cloud-based software. This cloud-based distribution model results in lower revenues and gross profit per test than cases in which we process a test ourselves; however, because we do not incur the costs of processing the tests, our costs per test under this model are also lower. We began entering into these licensing arrangements starting in the fourth quarter of 2015.

The principal focus of our commercial operations is to offer our tests through both our direct sales force and laboratory distribution partners, and our Constellation licensees under our cloud-based distribution model. The number of tests that we accession is a key indicator that we use to assess our business. A test is accessioned when we receive the test

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Table of Contents

at our laboratory, the relevant information about the test is entered into our computer system, and the test sample is routed into the appropriate workflow. This number is a subset of the number of tests that we process, which includes tests

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Table of Contents

distributed through our Constellation licensees. The number of tests that we process is a key metric as it tracks overall volume growth, particularly as our laboratory partners may transition from sending samples to our laboratory to our cloud-based distribution model, as a result of which our tests accessioned would decrease but our tests processed would remain unchanged.

During the nine three months ended September 30, 2023 March 31, 2024, we processed approximately 1,869,400 735,800 tests, comprised of approximately 1,816,500 718,700 tests accessioned in our laboratory, compared to approximately 1,506,700 626,200 tests processed, comprised of approximately 1,460,100 607,700 tests accessioned in our laboratory, during the nine three months ended September 30, 2022 March 31, 2023. This increase in volume primarily represents continued commercial growth of Signatera, Panorama and HCS, Horizon, both as tests performed in our laboratory as well as through our Constellation software platform.

The percent of our revenues attributable to our U.S. direct sales force for the nine three months ended September 30, 2023 March 31, 2024 was 91% 94%, a slight an increase compared to 89% 91% for the nine three months ended September 30, 2022 March 31, 2023. The percent of our revenues attributable to U.S. laboratory distribution partners for the nine three months ended September 30, 2023 March 31, 2024 was 6% 4%, a slight decrease compared to 7% 5% from the same period in the prior year. Our ability to increase our revenues and gross profit will depend on our ability to further penetrate the U.S. market with our direct sales force. The percent of our revenues attributable to international laboratory distribution partners and other international sales for the nine three months ended September 30, 2023 March 31, 2024 was 3% 2%, a slight decrease from 4% in the nine three months ended September 30, 2022 March 31, 2023.

For the nine three months ended September 30, 2023 March 31, 2024, total revenues were $771.5 million $367.7 million compared to $603.0 million $241.8 million in the nine three months ended September 30, 2022 March 31, 2023. Product revenues accounted for $761.3 million $364.7 million, 99% of total revenues for the nine three months ended September 30, 2023 March 31, 2024 compared to $584.4 million $237.8 million representing 97% 98% of total revenues for the nine three months ended September 30, 2022 March 31, 2023. For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, no customers exceeded 10% of the total revenues on an individual basis. Revenues from customers outside the United States were $25.0 million $8.3 million, representing approximately 3% 2% of total revenues for the nine three months ended September 30, 2023 March 31, 2024. For the nine three months ended September 30, 2022 March 31, 2023, revenues from customers outside the United States were $26.8 million $8.5 million, representing approximately 4% total revenues. Most of our revenues have been denominated in U.S. dollars, though we generate some revenue in foreign currency, primarily denominated in Euros and Singapore Dollars.

Our net loss for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $356.8 million $67.6 million and $405.2 million $136.9 million, respectively. This included non-cash stock compensation expense of $142.9 million $64.4 million and $116.4 $40.5 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. As of September 30, 2023 March 31, 2024, we had an accumulated deficit of $2.3 $2.4 billion.

Components of the Results of Operations

Revenues

Product Revenues

We generate revenues from the sale of our tests, primarily from the sale of our Signatera, Panorama and HCS Horizon tests. Our two primary distribution channels are our direct sales force and our laboratory partners. In cases where we promote our tests through our direct sales force, we generally bill directly to a patient, clinic or insurance carrier, or a combination of the insurance carrier and patient, for the fees.

Sales of our clinical tests are recorded as product revenues. Revenues recognized from tests processed through our Constellation model, and from the Qiagen LC ("Qiagen"), BGI Genomics Co. Ltd., and Foundation Medicine, Inc. our strategic partnership agreements, (collectively the "Strategic Partnership Agreements") are reported in licensing and other revenues.

In cases where we sell our tests through our laboratory partners, the majority of our laboratory partners bill the patient, clinic or insurance carrier for the performance of our tests, and we are entitled to either a fixed price per test or a percentage of their collections.

Table of Contents

Our ability to increase our revenues will depend on our ability to further penetrate the domestic and international markets and, in particular, generate sales through our direct sales force, develop and commercialize additional tests, obtain reimbursement from additional third-party payers and increase our reimbursement rate rates for tests performed. In particular, For example,

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Table of Contents

our financial performance depends on reimbursement for Panorama in the average risk population and for microdeletions. There has been a significant increase in the number of commercial third-party payers that cover the use of Panorama in the average risk population, representing approximately 95% of commercial covered lives in the United States, as well as an increasing number of state Medicaid payers expanding coverage to average risk pregnancies. microdeletions testing. Many third-party payers do not currently reimburse for microdeletions screening in part because there is currently has historically been limited published data on the performance of microdeletions screening tests. A new current procedure terminology ("CPT") code for microdeletions went tests, with our single nucleotide polymorphism-based Microdeletion and Aneuploidy RegisTry, or SMART study results only being published in early 2022.

Entering into effect beginning January 1, 2017. We have experienced low average reimbursement rates thus far for microdeletions testing under this new code, and we expect that this new code will cause, at least in the near term, our microdeletions reimbursement in-network contracts continues to remain low, due to third-party payers declining to reimburse and through reduced reimbursement under the new code. This has had, and we expect it will continue to have, be an adverse impact on our revenues. In addition, a new CPT code for expanded carrier screening went into effect beginning January 1, 2019, and has had, and may continue to have, an adverse effect on our reimbursement rates for our broader Horizon carrier screening panel for which we previously primarily received reimbursement on a per-condition basis, as those tests may be reimbursed as a combined single panel instead of as multiple individual tests. Because our revenues from Horizon continue to represent an increasing proportion important part of our overall revenues, a decline in our reimbursement rates for, and therefore our average selling price of, Horizon, could result in a decline in our overall revenue.

Our financial performance has also been impacted by the increase in business strategy, as we believe that in-network coverage of our tests by third-party payers which we believe is crucial to our growth and long-term success. success, as in-network pricing is more predictable than out-of-network pricing, enables us to develop stable, long-term relationships with third-party payers, and provides access to a larger population of covered lives. However, because the negotiated fees under our contracts with third-party payers are typically lower than the list price of our tests, as and in some cases the third-party payers that we enter into additional contract with have negative coverage determinations for some of our offerings, in particular Panorama for microdeletions screening. Therefore, being in-network contracts with insurance providers, our average reimbursement per test third-party payers has in the past had, and may decrease as compared to out-of-network contracts. While we expect in the reduction in average reimbursement per test from in-network pricing to reduce future have, an adverse impact on our revenues and gross margins in the near term, in-network pricing is more predictable than out-of-network pricing, and we. We intend to continue to mitigate the any impact by driving more business from our most profitable accounts.

Licensing and Other Revenues

Revenues recognized from tests processed through our Constellation model, and from our strategic partnership agreements are reported in licensing and other revenues. We also recognize licensing revenues through the licensing and the provisioning of services to support the use of our proprietary technology by licensees under our cloud-based distribution model.

Our strategy to offer access to our algorithm to laboratory licensees via our Constellation cloud-based software platform may also cause our revenues to decrease because we do not process the tests and perform the molecular biology analysis in our own laboratory under this model, and therefore are not able to charge as high an amount, and as a result realize lower revenues per test than when we perform the entire test ourselves.

Cost of Product Revenues

The components of our cost of product revenues are material and service costs, impairment charges associated with testing equipment, personnel costs, including stock-based compensation expense, equipment and infrastructure expenses associated with testing samples, electronic medical records, order and delivery systems, shipping charges to transport samples, costs incurred from third party test processing fees, and allocated overhead such as rent, information technology costs, equipment depreciation and utilities. Costs associated with Whole Exome Sequencing, ("WES") are also included, as well as labor costs, relating to our Signatera CLIA and Signatera research use only offerings. offerings. Costs associated with performing tests are recorded when the test is accessioned and processed. accessioned. We expect cost of product revenues in absolute dollars to increase as the number of tests we perform increases.

As we continue to achieve scale, we have increased our focus on more efficient use of labor, automation, and DNA sequencing. For example, we updated the molecular and bioinformatics process for Panorama to further reduce the sequencing reagents, test steps and associated labor costs required to obtain a test result, while increasing the accuracy of the test to allow it to run with lower fetal fraction input. These improvements also reduced the frequency of the need to require blood redraws from the patient.

Cost of Licensing and Other Revenues

The components of our cost of licensing and other revenues are material costs associated with test kits sold to Constellation clients, development and support services relating to our Strategic Partnership Agreements, strategic partnership agreements and other costs associated with specimens and WES..

We currently have 11 revenue generating licensing and service agreements with laboratories under our Constellation distribution model. We consider our cost of licensing and other revenues for the Constellation software

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Table of Contents

platform to be relatively low, and therefore we expect its associated gross margin is higher. We expect our cost of licensing will increase in relation to volume growth.

Table of Contents

Expenses

Research and Development

Research and development expenses include costs incurred to develop our technology, collect clinical samples and conduct clinical studies to develop and support our products. These costs consist of personnel costs, including stock-based compensation expense; prototype materials; laboratory supplies; consulting costs; regulatory costs; electronic medical record set up costs; and costs associated with setting up and conducting clinical studies at domestic and international sites and allocated overhead, including rent, information technology, equipment depreciation and utilities. We expense all research and development costs in the periods in which they are incurred. We expect our research and development expenses to increase in absolute dollars as we continue to invest in research and development activities related to developing enhanced and new products.

Selling, General and Administrative

Selling, general and administrative expenses include executive, selling and marketing, legal, finance and accounting, human resources, billing and client services. These expenses consist of personnel costs, including stock-based compensation expense; direct marketing expenses; audit and legal expenses; consulting costs; training and medical education activities; payer outreach programs and allocated overhead, including rent, information technology, equipment depreciation, and utilities.

Interest Expense

Interest expense is attributable to borrowing under our Convertible Senior Notes (the “Convertible Notes”) and credit line with UBS (the “Credit Line”), including the amortization of debt discounts.

Interest Income and Other (Expense) Income, Net

Interest income and other (expense) income, net is comprised of interest earned on our cash, realized gains and losses on investments and assets, sublease rental income, and foreign currency remeasurement gains and losses.

Critical Accounting Policies

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated, and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We consider our critical accounting policies and estimates to be revenue recognition leases, fair value measurements, and stock-based compensation. compensation attributable to performance-based awards.

There have been no material changes to our other critical accounting policies and estimates as compared to the disclosures in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Recent Accounting Pronouncements

We believe that the impact of accounting standards updates recently issued that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

Table of Contents

Results of Operations

Comparison of the three months ended September 30, 2023 March 31, 2024 and 2022 2023

	Three Months Ended September 30,		Change		Three Months Ended March 31,		Change	
	2023	2022	Amount	Percent	2024	2023	Amount	Percent
(in thousands except percentage)								
					(in thousands except percentage)			
Revenues								
Product revenues	$ 265,218	$ 199,831	$ 65,387	32.7 %	$364,672	$ 237,797	$126,875	53.4 %
Licensing and other revenues	3,088	10,806	(7,718)	(71.4)	3,069	3,959	(890)	(22.5)
Total revenues	268,306	210,637	57,669	27.4	367,741	241,756	125,985	52.1
Cost and expenses								

Cost of product revenues	146,962	115,436	31,526	27.3	158,833	147,754	11,079	7.5
Cost of licensing and other revenues	349	1,076	(727)	(67.6)	307	370	(63)	(17.0)
Research and development	77,235	65,510	11,725	17.9	88,637	82,306	6,331	7.7
Selling, general and administrative	154,742	147,667	7,075	4.8	194,278	149,627	44,651	29.8
Total cost and expenses	379,288	329,689	49,599	15.0	442,055	380,057	61,998	16.3
Loss from operations	(110,982)	(119,052)	8,070	(6.8)	(74,314)	(138,301)	63,987	46.3
Interest expense	(3,252)	(2,330)	(922)	39.6	(3,124)	(3,061)	(63)	(2.1)
Interest and other income, net	5,406	87	5,319	6,113.8	10,267	4,585	5,682	123.9
Loss before income taxes	(108,828)	(121,295)	12,467	(10.3)	(67,171)	(136,777)	69,606	50.9
Income tax benefit (expense)	(202)	(185)	(17)	9.2				
Income tax expense					(428)	(160)	(268)	(167.5)
Net loss	$ (109,030)	$ (121,480)	$ 12,450	(10.2) %	$ (67,599)	$ (136,937)	$ 69,338	50.6 %

Revenues

Total revenues are comprised of product revenues, which are primarily driven by sales of our Panorama and HCS Horizon tests, oncology testing, and licensing and other revenues, which primarily includes development licensing revenue and

Table of Contents

licensing of our Constellation software. Total revenues increased by $57.7 million $126.0 million, or 27.4% 52.1%, when compared to the three months ended September 30, 2022 March 31, 2023.

We derive our revenues from tests based on units reported to customers—tests delivered with a result. All reported units are either accessioned in our laboratory or processed outside of our laboratory. As noted in the section titled “Overview” above, the number of tests that we process is a key metric as it tracks our overall volume growth. During the three months ended September 30, 2023 March 31, 2024, total reported units were approximately 590,000, 679,400, comprised of approximately 575,000 663,500 tests reported in our laboratory. Comparatively, during the nine three months ended September 30, 2022 March 31, 2023, total reported units were approximately 482,900, 583,400, comprising of approximately 469,200 566,000 tests reported in our laboratory. During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, total oncology units processed were approximately 88,700 114,800 and 53,200, 71,000, respectively.

Product Revenues

During the three months ended September 30, 2023 March 31, 2024, product revenues increased by $65.4 million $126.9 million, or 32.7% 53.4% compared to the three months ended September 30, 2022 March 31, 2023, primarily as a result of the continued revenue growth from increased test volumes as well as average selling price improvements.

Licensing and Other Revenues

Licensing and other revenues decreased by $7.7 million $0.9 million, or 71.4% 22.5%, during the three months ended September 30, 2023 March 31, 2024 when compared to the three months ended September 30, 2022 March 31, 2023. The decrease was primarily due to a decrease in revenue from our collaborative agreements.

Table of Contents

Cost of Product Revenues

During the three months ended September 30, 2023 March 31, 2024, cost of product revenues increased compared to the three months ended September 30, 2022 March 31, 2023 by approximately $31.5 million $11.1 million, or 27.3% 7.5%, primarily due to a $9.1 million increase in third-party billing fees, higher costs related to inventory consumption of $11.2 million $3.8 million driven by an increase in accessioned tests, cases, a $2.8 million increase in equipment and related depreciation expense, and a $8.4 million increase in labor, overhead, shipping and other related costs driven by headcount growth and product support.

Cost of Licensing and Other Revenues

Cost of licensing and other revenues for the three months ended September 30, 2023, when compared to the three months ended September 30, 2022, decreased by $0.7 million, or 67.6%, primarily due to a net decrease in costs to support our collaborative agreements.

Research and Development

Research and development expenses during the three months ended September 30, 2023, increased by $11.7 million, or 17.9%, when compared to the three months ended September 30, 2022. The increase was attributable to a $6.6 million increase in salary and related compensation expenditures, which includes a $5.5 million increase in stock-based compensation expense, and a $6.5 million increase primarily due to a one-time benefit to in-process research and development expense in the third quarter of 2022. This was offset by a $1.4 million net decrease in lab and clinical trial related expenses, consulting, travel, facilities, and other expenses.

Selling, General and Administrative

Selling, general and administrative expenses increased by $7.1 million, or 4.8%, during the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The increase was attributable to a net increase of $6.0 million in salary and related compensation expenditures primarily related to an increase in stock-based compensation expense and a $4.5 million increase in third party billing expenses. This was offset by a $3.4 million net decrease in marketing, travel, facilities, office and other costs.

Table of Contents

Interest Expense

Interest expense increased by $0.9 million in the three months ended September 30, 2023 compared to the same period in the prior year. The interest expense increased primarily as a result of the increase in interest rate compared to the same period in prior year and the $30.0 million drawdown from November 2022 of the Credit Line.

Interest and Other Income

Interest and other income for the three months ended September 30, 2023 increased $5.3 million compared to the same period in the prior year, primarily due to greater cash and investment balances driving higher interest income.

Comparison of the nine months ended September 30, 2023 and 2022

	Nine Months Ended September 30,		Change	
	2023	2022	Amount	Percent
(in thousands except percentage)				
Revenues				
Product revenues	$ 761,271	$ 584,415	$ 176,856	30.3 %
Licensing and other revenues	10,195	18,555	(8,360)	(45.1)

Total revenues	771,466	602,970	168,496	27.9
Cost and expenses				
Cost of product revenues	437,524	326,862	110,662	33.9
Cost of licensing and other revenues	1,060	2,102	(1,042)	(49.6)
Research and development	237,714	228,504	9,210	4.0
Selling, general and administrative	456,877	444,769	12,108	2.7
Total cost and expenses	1,133,175	1,002,237	130,938	13.1
Loss from operations	(361,709)	(399,267)	37,558	(9.4)
Interest expense	(9,490)	(6,567)	(2,923)	44.5
Interest and other income, net	14,509	1,165	13,344	1,145.4
Loss before income taxes	(356,690)	(404,669)	47,979	(11.9)
Income tax benefit (expense)	(80)	(557)	477	(85.6)
Net loss	$ (356,770)	$ (405,226)	$ 48,456	(12.0) %

Revenues

Total revenues are comprised of product revenues, which are primarily driven by sales of our Panorama and HCS tests, oncology testing, and licensing and other revenues, which primarily includes development licensing revenue and licensing of our Constellation software. Total revenues increased by $168.5 million, or 27.9%, when compared to the nine months ended September 30, 2022.

We derive our revenues from tests based on units reported to customers—tests delivered with a result. All reported units are either accessioned in our laboratory or processed outside of our laboratory. As noted in the section titled “Overview” above, the number of tests that we process is a key metric as it tracks overall volume growth. During the nine months ended September 30, 2023, total reported units were approximately 1,768,400, comprised of approximately 1,719,200 tests reported in our laboratory. Comparatively, during the nine months ended September 30, 2022, total reported units were approximately 1,400,400, comprising of approximately 1,356,500 tests reported in our laboratory. During the nine months ended September 30, 2023 and 2022, total oncology units processed were approximately 243,200 and 132,400, respectively.

Table of Contents

Product Revenues

During the nine months ended September 30, 2023, product revenues increased by $176.9 million, or 30.3% compared to the nine months ended September 30, 2022, primarily as a result of the continued revenue growth from increased test volumes as well as average selling price improvements.

Licensing and Other Revenues

Licensing and other revenues decreased by $8.4 million, or 45.1%, during the nine months ended September 30, 2023 when compared to the nine months ended September 30, 2022. The decrease was primarily due to a decrease in revenue from our collaborative agreements.

Cost of Product Revenues

During the nine months ended September 30, 2023, cost of product revenues increased compared to the nine months ended September 30, 2022 by approximately $110.7 million, or 33.9%, due to a $36.9 million $1.7 million increase in third-party billing fees, higher costs related to inventory consumption of $34.1 million driven by an increase in accessioned tests, a $5.4 million increase in shipping related charges, a $7.8 million increase in equipment and related depreciation expense, and a $26.5 million $5.6 million increase in labor, overhead, and other related costs driven by headcount growth and product support.

Cost of Licensing and Other Revenues

Cost of licensing and other revenues for the nine three months ended September 30, 2023 March 31, 2024, when compared to the nine three months ended September 30, 2022 March 31, 2023, decreased by $1.0 million $0.1 million, or 49.6% 17.0%, primarily due to a net decrease in costs to support our collaborative agreements.

Expenses

Research and Development

Research and development expenses during the nine three months ended September 30, 2023 March 31, 2024, increased by $9.2 million $6.3 million, or 4.0% 7.7%, when compared to the nine three months ended September 30, 2022 March 31, 2023. The increase was attributable to an increase of $20.9 million a $8.0 million increase in salary and related compensation expenditures, which includes a $13.9 million $6.3 million increase in stock-based compensation expense. expense, and a $1.6 million increase primarily due to consulting, travel, office, facilities, and other expenses. This was offset by a $3.3 million net decrease of $6.5 million in lab and clinical trial related expenses and a $5.2 million net primarily related to the decrease in consulting, office, facilities, identified in-process research and other expenses. development asset expense compared to prior period.

Selling, General and Administrative

Selling, general and administrative expenses increased by $12.1 million $44.7 million, or 2.7% 29.8%, during the nine three months ended September 30, 2023 March 31, 2024 compared to the nine three months ended September 30, 2022 March 31, 2023. The increase was attributable primarily due to a $10.8 million $25.9 million increase in third party billing expenses, salary and related compensation expenditures, which includes a $7.9 million $16.7 million increase in stock-based compensation expense, and a $16.2 million increase in consulting and legal expenses, and a net increase of $2.9 million in salary and related compensation expenditures primarily related to an increase in stock-based compensation expense. This was offset by an $8.0 million decrease $2.6 million in marketing, costs and a $1.5 million net decrease in travel, facilities, office, other and other costs.

Interest Expense

Interest expense increased by $2.9 million $0.1 million in the nine three months ended September 30, 2023 March 31, 2024 compared to the same period in the prior year. The interest expense increased primarily as a result of the year due to an increase in interest rate compared to the same period in prior year and the $30.0 million drawdown from November 2022 of the Credit Line. rate.

Interest and Other Income

Interest and other income for the nine three months ended September 30, 2023 March 31, 2024 increased $13.3 million $5.7 million compared to the same period in the prior year, primarily due to greater cash and investment balances driving higher interest income.

Table of Contents

Liquidity and Capital Resources

We have incurred net losses each year since our inception. For the nine three months ended September 30, 2023 March 31, 2024, we had a net loss of $356.8 million $67.6 million, and we expect to continue to incur losses in future periods as we continue to devote a substantial portion of our resources to our research and development and commercialization efforts for our existing and new products. As of September 30, 2023 March 31, 2024, we had an accumulated deficit of $2.3 $2.4 billion. We As of March 31, 2024, we had $668.7 $813.8 million in cash and cash equivalents and restricted cash, $267.8 million $69.1 million in marketable securities, 80.4 million $80.4 million of outstanding balance of under the Credit Line including accrued interest, and $287.5 million outstanding principal balance on the Convertible Notes. As of September 30, 2023 March 31, 2024, we had $20.0 million remaining and available on the Credit Line.

While we have introduced multiple products that are generating revenues, these revenues have not been sufficient to fund all operations. Accordingly, we have funded the portion of operating costs that exceeds revenues through a

Table of Contents

combination of equity issuances and debt and other financings. We expect to develop and commercialize future products and continue to invest in the growth of our business and, consequently, we will need to generate additional revenues to achieve future profitability and may need to raise additional equity or incur additional debt. If we raise additional funds by issuing equity securities, our stockholders would experience dilution. Additional debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any additional debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders and requires significant debt service payments, which diverts resources from other activities. Additional financing may not be available at all, or in amounts or on terms acceptable to us. If we are unable to obtain additional financing, we may be required to delay the development and commercialization of our products and significantly scale back our business and operations.

In September 2023, we completed an underwritten equity offering and sold 4,550,000 shares of our common stock at a price of $55 per share to the public. Before estimated offering expenses of approximately $0.4 million, we received proceeds of approximately $235.8 million net of the underwriting discount. In November 2022, we completed an underwritten equity offering and sold 13,144,500 shares of our common stock at a price of $35 per share to the public. Before estimated offering expenses of $0.5 million, we received proceeds of approximately $433.2 million net of the underwriting discount. As cash flows from our operations are currently negative, our Our contractual obligations and other commitments are have been satisfied by the equity offering described above, our convertible note financing conducted in April 2020 described below, the Credit Line described below, and our product, licensing, and other sales. For our commitments, refer to the "Contractual Obligations and Other Commitments" section below.

Refer to additional disclosures associated with risks and our ability to generate and obtain adequate amounts of cash to meet capital requirements for both short-term and long-term obligations.

Based on our current business plan, we believe that our existing cash and marketable securities will be sufficient to meet our anticipated cash requirements for at least 12 months after November 8, 2023 May 9, 2024.

Credit Line Agreement

In September 2015, we entered into a Credit Line with UBS, (" or the Credit Line") Line, providing for a $50.0 million revolving line of credit which could be drawn in increments at any time. The Credit Line was amended in July 2017 and bears interest at 30-day LIBOR plus 1.10%, and it is secured by a first priority lien and security interest in our money market and marketable securities held in our managed investment account with UBS. The interest rate was subsequently changed to the 30-day Secured Overnight Financing Rate ("SOFR") average, plus 1.21%. The SOFR rate is variable. UBS has the right to demand full or partial payment of the Credit Line obligations and terminate it, in its discretion and without cause, at any time. The interest rate was subsequently changed to the 30-day Secured Overnight Financing Rate, or SOFR, average, plus 1.21%. The SOFR rate is variable. The Credit Line was subsequently increased from $50.0 million to $150.0 million. In June 2023, the Credit Line decreased to $100.0 million. As of September 30, 2023, the total principal amount outstanding with accrued interest was $80.4 million. In October 2023, the interest rate for the Credit Line was subsequently changed to the 30-day SOFR average, plus 0.5%.

Table As of ContentsMarch 31, 2024, the total principal amount outstanding with accrued interest was $80.4 million and $20.0 million is remaining as available under the Credit Line.

Convertible Notes

In April 2020, we issued $287.5 million aggregate principal amount of Convertible Notes in a private placement offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended.

The Convertible Notes are senior, unsecured obligations of the Company and bear interest at a rate of 2.25% per year, payable in cash semi-annually in arrears in May and November of each year, beginning in November 2020. The Convertible Notes mature in May 2027, unless earlier converted, repurchased or redeemed in accordance with their terms. Upon conversion, the Convertible Notes are convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election.

We received net proceeds from the Convertible Notes of $278.3 million, after deducting the initial purchasers' discounts and debt issuance costs. We used approximately $79.2 million of the net proceeds from the Convertible Notes offering to repay our obligations under our 2017 Term Loan credit agreement with OrbiMed. OrbiMed Royalty Opportunities II, LP.

Table of Contents

Cash Flows

The following table summarizes our condensed consolidated cash flows for the periods indicated:

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
(in thousands)				
Cash used in operating activities	$ (188,830)	$ (350,374)		
			(in thousands)	
Cash provided by (used in) operating activities			$ 27,001	$ (81,108)
Cash provided by investing activities	143,833	308,421	138,255	15,870
Cash provided by financing activities	247,616	14,467	6,466	2,301
Net change in cash, cash equivalents and restricted cash	202,619	(27,486)	171,722	(62,937)
Cash, cash equivalents and restricted cash, beginning of period	466,091	84,614	642,095	466,091
Cash, cash equivalents and restricted cash, end of period	$ 668,710	$ 57,128	$813,817	$403,154

Cash Used in Provided by (Used in) Operating Activities

Cash provided by operating activities during the three months ended March 31, 2024 was $27.0 million. The net loss of $67.6 million includes $75.3 million in non-cash charges resulting from $7.1 million of depreciation and amortization, $64.4 million of stock-based compensation expense, $3.6 million of non-cash lease expense, $0.3 million for amortization of debt discount and issuance cost, $0.4 million for foreign exchange adjustment, offset by $0.5 million premium amortization and discount accretion on investment securities. Operating assets had cash inflows of $1.7 million resulting from a $14.4 million decrease in prepaid expenses and other assets, offset by a $10.5 million increase in accounts receivable, a $2.2 million increase in inventory. Operating liabilities resulted in cash inflows of $17.6 million resulting from a $10.7 million increase in accounts payable, a $17.8 million increase in accrued compensation, and a $0.8 million increase in deferred revenue, offset by a $4.1 million decrease in lease liabilities and a $7.6 million decrease in other accrued liabilities.

Cash used in operating activities during the nine three months ended September 30, 2023 March 31, 2023 was $188.8 million $81.1 million. The net loss of $356.8 million $136.9 million includes $177.1 million $53.5 million in non-cash charges resulting from $17.2 million $5.1 million of depreciation and amortization, $2.7 million in-process research and development, $1.9 million $0.8 million premium amortization and

discount accretion on investment securities, $142.9 million $40.5 million of stock-based compensation expense, $11.0 million $3.8 million of non-cash lease expense, $1.0 million $0.3 million for amortization of debt discount and issuance cost, and $0.3 million for foreign exchange adjustment, and $0.1 million in non-cash interest expense. adjustment. Operating assets had cash outflows of $10.1 million $5.4 million resulting from a $10.8 million $2.4 million increase in accounts receivable, a $6.7 million $5.3 million increase in inventory, offset by a $7.4 million $2.3 million decrease in prepaid expenses and other assets. Operating liabilities resulted in cash inflows of $1.0 million $7.7 million resulting from $15.2 million a $15.0 million increase in accrued compensation, and a $5.3 million $7.3 million increase in deferred revenue and a $5.8 million increase in accounts payable offset by a $9.0 million decrease in accounts payable, a $2.1 million $18.2 million decrease in other accrued liabilities and a $8.4 million $2.2 million decrease in lease liabilities.

Cash used in operating activities during the nine months ended September 30, 2022 was $350.4 million. The net loss of $405.2 million includes $144.6 million in non-cash charges resulting from $12.7 million of depreciation and amortization, $4.0 million premium amortization and discount accretion on investment securities, $116.4 million of stock-based compensation expense, $10.0 million of non-cash lease expense, $0.9 million for amortization of debt discount and issuance cost, $0.5 million for realized loss from sales of investments, and $0.1 million in non-cash interest expense. Operating assets had cash outflows of $127.3 million resulting from a $114.3 million increase in accounts receivable, a $13.5 million increase in inventory, offset by a $0.5 million decrease in prepaid expenses and other assets. Operating liabilities resulted in cash inflows of $37.5 million resulting from a $35.4 million increase in other accrued liabilities, a $8.4 million increase in accounts payable, and a $1.3 million increase in accrued compensation offset by a $7.2 million decrease in lease liabilities and a $0.4 million decrease in deferred revenue.

Table of Contents

Cash Provided by Investing Activities

Cash provided by investing activities for the nine three months ended September 30, 2023 March 31, 2024 totaled $143.8 million $138.3 million, which was comprised of $173.5 million $169.1 million from proceeds of investments maturities, offset by $29.7 million $20.3 million in acquisitions of property and equipment. equipment and $10.5 million in asset acquisition.

Cash provided by investing activities for the nine three months ended September 30, 2022 March 31, 2023 totaled $308.4 million $15.9 million, which was comprised of $214.7 million from proceeds from sale of investments, $216.5 million $27.3 million from proceeds of investments maturities, offset by $86.9 million in purchasing of new investments, and $35.9 million a $11.4 million in acquisitions of property and equipment.

Cash Provided by Financing Activities

Cash provided by financing activities for the nine three months ended September 30, 2023 March 31, 2024, totaled $247.6 million $6.5 million which was comprised of $235.4 million net proceeds from our equity offering completed in the third quarter of 2023, $3.5 million $6.5 million from proceeds from the exercise of stock options and $8.7 million from the issuance options.

Table of common stock under the employee stock purchase plan. Contents

Cash provided by financing activities for the nine three months ended September 30, 2022 March 31, 2023, totaled $14.5 million $2.3 million which was comprised of $6.0 million of proceeds from the exercise of stock options and $8.5 million from issuance of common stock

under the employee stock purchase plan. options.

Contractual Obligations and Other Commitments

We have entered into arrangements that contractually obligate us to make payments that will affect our liquidity and cash flows in future periods. Such arrangements include those related to our lease commitments, Credit Line, (as defined below), Convertible Notes, commercial supply agreements and other agreements.

Credit Line

The short-term debt obligations consist of the $80.4 million principal amount drawn from the UBS Credit Line (the "Credit Line') with UBS and applicable interest. The Credit Line was amended in July 2017 and bears interest at 30-day LIBOR plus 1.10%, and it is secured by a first priority lien and security interest in our money market and marketable securities held in our managed investment account with UBS. The interest rate was subsequently changed to the 30-day SOFR average, plus 1.21%. The SOFR rate is variable. UBS has the right to demand full or partial payment of the Credit Line obligations and terminate it, in its discretion and without cause, at any time. In October 2023, the interest rate was subsequently changed to the 30-day SOFR average, plus 0.5%. Please refer to Note 10, *Debt*, for further details.

Convertible Notes

The long-term debt obligations consist of the $287.5 million principal amount from a private placement offering to qualified institutional buyers and applicable interest. The Convertible Notes are senior, unsecured obligations of the Company and bear interest at a rate of 2.25% per year, payable in cash semi-annually in arrears in May and November of each year, beginning in November 2020. The Convertible Notes mature in May 2027, unless earlier converted, repurchased or redeemed in accordance with their terms. Upon conversion, the Convertible Notes are convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. Please refer to Note 10, *Debt*, for further details.

Table of Contents

Inventory purchase and other contractual obligations

We enter into contracts in the normal course of business with various third parties for clinical trials, preclinical research studies, testing, manufacturing, and other services for operational purposes. Payments due upon cancellation generally consist only of payments for services provided or expenses incurred, including non-cancellable obligations of our service providers, up to the date of cancellation. These payments have not been included separately within these contractual and other obligations disclosures. Please refer to Note 8, *Commitments and Contingencies* in the Notes to Unaudited Interim Condensed Consolidated Financial Statements for further details.

Operating leases

Our lease commitments consist of $0.3 million of payments, which will be paid over the terms of the leases. The leases have not commenced under Accounting Standards Codification, or ASC, Topic 842, *Leases* (ASC 842), as of March 31, 2024. As a result, these leases are not reflected within the consolidated balance sheets.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements during the periods presented.

Table of Contents

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily relate to interest rates. Our Credit Line has had an interest rate of 30-day LIBOR plus 1.10%. The interest rate was subsequently changed to the 30-day Secured Overnight Financing Rate ("SOFR") SOFR average, plus 1.21%. The SOFR rate is variable. In October 2023, the interest rate for the Credit Line was subsequently changed to the 30-day SOFR average, plus 0.5%. An incremental change in the borrowing rate of 100 basis points would increase our annual interest expense by $0.8 million based on our $80.4 million gross debt outstanding on our Credit Line, including principal and accrued interest as of September 30, 2023 March 31, 2024. The interest rate for our Convertible Notes is fixed at 2.25% and not exposed market risk related to interest rates. Our investment portfolio is exposed to market risk from changes in interest rates. This risk is mitigated as we have maintained a relatively short average maturity for our investment portfolio. An incremental change in the investment yield of 100 basis points would increase our annual interest income by approximately $2.7 million $0.7 million annually in relation to amounts we would expect to earn, based on our short-term investments as of September 30, 2023. In October 2023, the interest rate for the Credit Line was subsequently changed to the 30-day SOFR average, plus 0.5% March 31, 2024.

Foreign Currency Exchange Rate Fluctuations

Our operations are currently conducted primarily in the United States. As we expand internationally, our results of operations and cash flows may become subject to fluctuations due to changes in foreign currency exchange rates. In periods when the U.S. dollar declines in value as compared to the foreign currencies in which we incur expenses, our foreign currency-based expenses will increase when translated into U.S. dollars. In addition, future fluctuations in the value of the U.S. dollar may affect the price at which we sell our tests outside the United States. To date, our foreign currency risk has been minimal, and we have not historically hedged our foreign currency risk; however, we may consider doing so in the future.

Inflation Risk

As of the date of filing of this Quarterly Report on Form 10-Q, we do not believe that inflation has had a material effect on our business, financial condition, or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through increases in revenue as increases in core inflation rates may also negatively affect demand for our product offerings. Our inability or failure to do so could harm our business, financial condition, and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2023 March 31, 2024. The term "disclosure controls and procedures," as defined in Rule 13a-15(e) under the Exchange Act, means controls and other procedures of a company

Table of Contents

that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules

and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on the evaluation of our disclosure controls and procedures as of September 30, 2023 March 31, 2024, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Table of Contents

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period ended September 30, 2023 March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings. The results of such legal proceedings and claims cannot be predicted with certainty, and regardless of the outcome, legal proceedings could have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors.

For information regarding certain current legal proceedings, see “Note 8—Commitments and Contingencies—Legal Proceedings” in the Notes to Unaudited Interim Condensed Consolidated Financial Statements, which is incorporated herein by reference.

Table of Contents

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. In addition to the information set forth in this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, you should consider carefully the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the Securities and Exchange Commission on March 1, 2023 February 29, 2024. The occurrence of any of the risks and uncertainties described in such Annual Report could materially and adversely affect our business, financial condition, results of operations and prospects. In that event, the price of our common stock could decline and you could lose part or all of your investment. Furthermore, such risks are not the only ones we face; additional risks and uncertainties not currently known or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) *Recent Sales of Unregistered Securities*

None.

(b) *Use of Proceeds*

Not applicable.

(c) *Purchases of Equity Securities by the Issuer and Affiliated Purchasers*

None.

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

ITEM5OTHERINFORMATION

On October 11, 2023**Securities Trading Plans of Directors and Executive Officers**

During the quarter ended March 31, 2024, Steve Chapman, none of our chief executive officer, terminated officers or directors, as defined in Rule 16a-1(f), informed us of the adoption or termination of a Rule 10b5-1 trading arrangement for the sale of the Company's common stock. Such or a non-Rule 10b5-1 trading arrangement, was not intended to satisfy the affirmative defense conditions of Securities Exchange Act Rule 10b5-1(c), but complied with the then-applicable requirements of Rule 10b5-1(c) when adopted each as defined in September 2021. Such trading arrangement provided for the sale of up to 50,910 shares between April 1, 2022 and May 1, 2022. Regulation S-K Item 408.

Table of Contents

ITEM 6 EXHIBITS

INDEX TO EXHIBITS

		Incorporated by Reference				
Exhibit No.	**Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
10.1	Executive Severance Plan.					X
10.2	Amendment 2 to Amended and Restated Employment Agreement, by and between Registrant and Steve Chapman, dated April 22, 2024.					X
31.1	Certification of Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1†	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2†	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X

Table of Contents

		Incorporated by Reference

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X

† The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Natera, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, regardless of any general incorporation language contained in any filing.

Table of Contents

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 thereunto duly authorized.

NATERA, INC.

Date: November 8, 2023 May 9, 2024

By: /s/ *Steve Chapman*
Name: **Steve Chapman**
Title: **Chief Executive Officer, President, and Director**
(Principal Executive Officer)

By: /s/ *Michael Brophy*
Name: **Michael Brophy**
Title: **Chief Financial Officer**
(Principal Financial and Accounting Officer)

Exhibit 10.1

EXECUTIVE SEVERANCE PLAN

1. Purpose of the Plan

The purpose of the Executive Severance Plan (the "**Plan**") is to provide for the payment of severance benefits to certain eligible employees of the Company in the event such employees are subject to certain qualifying employment terminations. This Plan shall supersede any and all prior separation, severance and salary continuation arrangements, programs and plans that were previously offered by the Company, either orally or in writing, for which a Participant was eligible. Capitalized terms used in the Plan are defined in Section 11, except as otherwise specified.

2. Effective Date

The Plan is effective as of February 1, 2024 (the "**Effective Date**").

3. Administration

The Committee shall act as the plan administrator of the Plan and shall have the exclusive discretion and authority to establish rules, forms, and procedures for the administration of the Plan and to construe and interpret the Plan and to decide any and all questions of fact, interpretation, definition, computation or administration arising in connection with the operation of the Plan, including, but not limited to, the eligibility to participate in the Plan and amount of benefits to be offered and paid under the Plan. The rules, interpretations, computations and other actions of the Committee as plan administrator of the Plan shall be in its sole discretion and shall be final, binding and conclusive on all persons.

4. Participation

Eligibility under the Plan is limited to those Company employees who (i) are designated by the Committee from time to time to participate in the Plan and (ii) execute a Plan Participation Agreement, in the form attached hereto as Exhibit A (a "**Participation Agreement**"). In connection with the Participant's execution of a Participation Agreement, each Participant who is covered by an existing employment or severance agreement with the Company on the Effective Date will be required to agree that his/her existing rights under all such agreements are terminated and replaced with the provisions of this Plan.

5. Severance Benefits

(a) ***Termination not in Connection with a Change in Control***. Subject to the terms of the Plan, if a Participant is subject to an Involuntary Termination, then the Participant will be entitled to receive such Participant's Accrued Benefits (if any) and, subject to the Participant's satisfaction of the requirements of Section 6, the Company shall provide the Participant with the following Severance Benefits:

(i) ***Cash Severance***. The Company shall pay the Participant a lump-sum cash severance amount, as follows:

Participant Tier	Cash Severance Amount
Tier 1	An amount equal to six (6) months of the Participant's Base Salary
Tier 2	An amount equal to three (3) months of the Participant's Base Salary plus one (1) month of such Base Salary for every year of continuous service with the Company, up to a maximum of six (6) months in total
Tier 3	An amount equal to one (1) month of the Participant's Base Salary plus one (1) month of such Base Salary for every year of continuous service with the Company, up to a maximum of six (6) months in total

Any cash severance payable under this Section 5(a)(i) shall be paid in a lump sum within sixty (60) days after the Participant's Separation; *provided*, *however*, that the Release (as defined in Section 6 of this Plan) becomes effective by such 60th day after the Participant's Separation. Notwithstanding the foregoing, if such 60-day period spans two calendar years, then such severance payment will in any event be made in the second calendar year, regardless of which calendar year the Participant actually delivers the executed Release to the Company.

(ii) ***Accelerated Vesting of Equity Awards***. Effective as of the date of the Participant's Separation, the Participant shall become vested in the portion of his or her then-outstanding and unvested option shares, shares granted pursuant to stock or other equity awards, or other equity-based awards ("**Equity Awards**") as set forth below:

Award Type	Participant Tier	Accelerated Vesting
Time-Based Equity Awards	**Tiers 1, 2 & 3**	Greater of (1) 50% of the Participant's then-unvested time-based Equity Awards ("**Time-Based Equity Awards**") and (2) the Time-Based Equity Awards that would have vested had the Participant completed an additional twelve (12) months of continuous service with the Company
Performance-Based Equity Awards	**Tiers 1, 2 & 3**	(1) The total number of shares eligible for vesting based on the actual achievement of the performance conditions set forth in the Participant's then-unvested performance-based Equity Awards ("**Performance-Based Equity Awards**") as determined at the end of the measurement period set forth in such award multiplied by (2) the greater of (A) 0.50 and (B) the portion of the measurement period of such Performance-Based Equity Award during which the Participant provided service to the Company as if the Participant had completed an additional twelve (12) months of continuous service measured from the date

		of the Involuntary Termination.[1]

1 For purposes of clarity, the Participant shall not vest in any portion of a Performance-Based Equity Award unless the minimum performance condition thereunder is achieved in accordance with the terms of such award.

Notwithstanding the foregoing, (i) if the terms of an Existing Equity Award (excluding any such terms triggered by a termination related to or in connection with a Change in Control) held by a Participant provides for more favorable vesting in the event of an Involuntary Termination than the vesting terms set forth in this Section 5(a)(ii), the terms of such Existing Equity Award shall govern the accelerated vesting of such Existing Equity Award upon the Participant's Involuntary Termination; and (ii) Performance-Based Equity Awards outstanding as of the Effective Date that are subject to milestones based on the Company's market capitalization, if any, shall vest in accordance with the terms of such awards.

(iii) ***Health Benefit Continuation***. If the Participant (x) was a participant in the Company's group health insurance plans on the date of such Participant's Involuntary Termination and (y) timely elects continued coverage under COBRA, then upon the Company's receipt of confirmation of such COBRA enrollment, the Company shall pay the Participant's COBRA premiums on behalf of the Participant as set forth in this Section 5(a)(iii) (the "COBRA Benefit"). The COBRA Benefit will be for the same level of coverage that the Participant and, if applicable, the Participant's eligible dependents, had at the time of the Involuntary Termination. Such amounts may be reported as taxable income to the Participant to the extent necessary or advisable to avoid adverse tax

consequences to the Participant, the Company or the Company's other employees, in the Company's sole discretion.

The COBRA Benefit shall commence as of the first day of the month immediately following the Participant's Involuntary Termination, and shall end upon the earliest to occur of (A) the end of the number of months set forth in the table below for the Participant, as applicable, (B) the date when the Participant becomes eligible for group health insurance coverage in connection with new employment or self-employment, and (C) the expiration of the Participant's eligibility for the continuation coverage under COBRA for any reason, including plan termination or non-payment (such period from the Involuntary Termination through the earliest to occur of the dates set forth in clause (A) through (C), the "**COBRA Payment Period**").

Participant Tier	COBRA Benefit Continuation Period
Tier 1	Twelve (12) months
Tiers 2 & 3	Three (3) months plus one (1) month for every year of continuous service with the Company, up to a maximum of six (6) months in total

The COBRA Benefit will be subject to applicable tax withholdings, including as necessary to avoid a violation of, or penalties under, the nondiscrimination rules of Section 105(h)(2) of the Code or any statute or regulation of similar effect (including, without limitation, the 2010 Patient

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Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act). In all cases, if the Participant becomes eligible for coverage under another employer's group health plan or otherwise ceases to be eligible for COBRA during the COBRA Payment Period, the Participant must immediately notify the Company and the COBRA vendor of such event, and all payments and obligations under this Section 5(a)(iii) will cease. For purposes of this Section 5(a)(iii), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by a Participant under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of the Participant. If the Participant chooses to continue COBRA coverage after the COBRA Benefits set forth in this Section 5(a)(iii) ends, the monthly COBRA premiums will be the sole responsibility of the Participant, and non-payment of such premiums will result in automatic termination of such COBRA coverage.

(b) ***Change in Control Termination***. Notwithstanding Section 5(a), subject to the terms of the Plan, if a Participant's employment with the Company is terminated as a result of a Change in Control Termination, then the Participant shall be entitled to receive the severance benefits set forth under this Section 5(b) (and shall not be entitled to receive the severance benefits set forth under Section 5(a)). Following a Participant's Change in Control Termination, the Participant shall be entitled to receive the Participant's Accrued Benefits (if any) and, subject to such Participant's satisfaction of the requirements of Section 6, the Company shall provide the Participant with the following Severance Benefits:

(i) ***Cash Severance***. The Company shall pay the Participant a lump-sum cash severance amount, as follows:

Participant Tier	Cash Severance Amount
Tier 1	An amount equal to twelve (12) months of the Participant's Base Salary

Tiers 2 & 3	An amount equal to three (3) months of the Participant's Base Salary plus one (1) month of such Base Salary for every year of continuous service with the Company, up to a maximum of six (6) months in total

Any cash severance payable under this Section 5(b)(i) shall be paid in a lump sum within sixty (60) days after the Participant's Separation; *provided*, *however*, that the Release (as defined in Section 6 of this Plan) becomes effective by such 60th day after the Participant's Separation. Notwithstanding the foregoing, if such 60-day period spans two calendar years, then such severance payment will in any event be made in the second calendar year, regardless of which calendar year the Participant actually delivers the executed Release to the Company.

(ii) ***Accelerated Vesting of Equity Awards***. Effective as of the date of the Participant's Separation as a result of a Change in Control Termination, the Participant shall become vested in his or her then-outstanding and unvested equity awards as set forth below:

Award Type	Participant Tier	Accelerated Vesting
Time-Based Equity Awards	**Tier 1**	100% of the Participant's then-unvested Time-Based Equity Awards
	Tiers 2 & 3	75% of the Participant's then-unvested Time-Based Equity Awards
Performance-Based Equity Awards	**Tiers 1, 2 & 3**	• Revenue milestone: achievement shall be determined, and vesting shall accelerate accordingly, based on the Company's revenue forecasts approved by the Board at the time of such Change in Control • Market capitalization milestone: achievement shall be determined, and vesting shall accelerate accordingly, using the valuation of the Company in connection with such Change in Control • Other milestones: 100% of the Performance-Based Equity Awards subject to such milestones

(iii) ***Health Benefit Continuation***. The provisions of Section 5(a)(iii) shall apply, except that the health benefit continuation periods set forth in the table below for the Participant, as applicable, shall be substituted.

Participant Tier	COBRA Benefit Continuation Period
Tier 1	Twelve (12) months
Tiers 2 & 3	Three (3) months plus one (1) month for every year of continuous service with the Company, up to a maximum of six (6) months in total

(c) ***Employment with Successor***. Notwithstanding anything to the contrary under the Plan, no Severance Benefits shall be paid to a Participant who (i) is terminated as a result of such Participant failing to accept an offer of continuing employment with the Company in a comparable position, or (ii) is terminated in connection with a Change in Control or the sale or conveyance of such Participant's business unit or division as a result of such Participant failing to accept a comparable offer of employment made by the acquirer or successor to the Company in such transaction. A Participant who accepts comparable employment with an acquirer or

successor to the Company following a Change in Control remains entitled to receive Severance Benefits if such Participant's employment is terminated as specified under Section 5(b).

(d) ***Code Section 280G Cutback***. If the Severance Benefits provided by this Plan or other benefits otherwise payable to a Participant (a) constitute "parachute payments" within the meaning of Code Section 280G, and (b) but for this Section 5(d), would be subject to the excise tax imposed by Code Section 4999 ("**Excise Tax**"), then such Severance Benefits or other benefits shall be payable either in full or in such lesser amount which would result in no portion of such Severance Benefits or other benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the Excise Tax, results in the receipt by the Participant, on an after-tax basis, of the greatest amount of such Severance Benefits and other benefits under this Plan or otherwise, notwithstanding that all or some portion of such Severance Benefits or other benefits may be taxable under Code Section 4999. Any reduction in the Severance Benefits and other benefits required by this Section 5(d) shall be made in the following order: (i) cancellation of accelerated vesting of options with no intrinsic value; (ii) reduction of cash payments; (iii) cancellation of accelerated vesting of Equity Awards other than options; (iv) cancellation of accelerated vesting of options with intrinsic value; and (v) (iv) reduction of other benefits paid or provided to the Participant. In the event that acceleration of vesting is reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of the Participant's Equity Awards. In the event that cash payments or other benefits are reduced, such reduction shall occur in reverse order beginning with payments or benefits which are to be paid farthest in time from date of such determination. For avoidance of doubt, an option will be considered to have no intrinsic value if the exercise price of the shares subject to the option exceeds the fair market value of such shares. All determinations required to be made under this Section 5(d) (including whether any of the Severance Benefits or other benefits are parachute payments and subject to the Excise Tax, or whether such benefits shall be reduced) will be made by an independent accounting firm selected by the Company. For purposes of making the calculations required by this Section 5(d), the accounting firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonably, good faith interpretations concerning the application of Code Sections 280G and 4999. The Company will bear the costs that the accounting firm may reasonably incur in connection with the calculations contemplated by this Section 5(d). The accounting firm's determination will be binding on both the Participant and the Company absent manifest error.

6. Terms and Conditions for Receipt of Severance Benefits

In consideration of and as a condition to receiving Severance Benefits under the Plan, each Participant shall be required to sign and deliver to the Company, and not revoke or violate the terms of, a separation agreement (the "**Separation Agreement**"), which will, at a minimum, provide for: (i) a general release of all claims (the "**Release**"), (ii) the return, without copying or reproducing, to the Company all property that belongs to the Company, and (iii) an acknowledgement that the Participant will comply with all other agreements between the Company and the Participant and other restrictions set forth in the Separation Agreement, such as those relating to confidentiality, non-competition, non-solicitation and non-disparagement, as applicable. The Company shall deliver the Separation Agreement to the Participant within 30 days after the Participant's Separation. The Separation Agreement will specify how much time the Participant has to review, consider and decide whether to execute the Release, as well as any applicable revocation period; provided, however, that the deadline for execution of the Separation Agreement will in no event be later than 50 days after the Participant's Separation

and the Release must become effective by the 60th day after the Participant's Separation. If the Separation Agreement has not been signed by the Participant and become effective by the 60th day after the Participant's

Separation, then the Participant will cease to be eligible for benefits under this Plan.

7. Benefit Claims

(a) ***Initial Claim***. The Participant must submit any claims concerning eligibility, participation, benefits or other aspects of the Plan in writing and directed to the Committee, within thirty (30) days after the occurrence of the basis of the claim. Within thirty (30) days after receiving a claim, the Committee will notify the Participant in writing of the Committee's acceptance or denial, in whole or in part, of the claim. If a claim is partially or wholly denied, such notice shall include the basis for the denial and whether any additional material or information may enable the Committee to reconsider a claim.

(b) ***Appeals***. A Participant may request in writing to the Committee a review of a denied claim within thirty (30) days after receipt of such denial. Such written request must contain an explanation as to why the Participant is seeking a review. For purposes of the review, a Participant has the right to (i) submit written comments, documents, records and other information relating to the claim for benefits; (ii) request, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits; and (iii) a review that takes into account all comments, documents, records, and other information the Participant submitted relating to the claim, regardless of whether the information was submitted or considered in the initial decision. Within thirty (30) days after receiving an appeal, the Committee will notify the Participant in writing of the Committee's decision. If the claim is denied, such notice will set forth the specific reasons for the decision. No claim may be brought before or submitted to a court of law or other governmental entity unless and until the claims process under this Section 7 has been exhausted.

8. Recoupment

(a) ***Right of Recoupment***. If, at any time, the Board or the Committee, as the case may be, determines that any action or omission by a Participant constituted a violation of the conditions set forth in Section 6 to the material detriment of the Company, then such Participant's participation in the Plan shall be immediately terminated and such Participant shall repay to the Company, immediately upon demand by the Company to such Participant, up to 100% of the pre-tax amount paid to such Participant pursuant to this Plan. The Board or the Committee, as the case may be, shall determine in its sole discretion the date of occurrence of such violation and the percentage of the pre-tax amount received pursuant to this Plan that must be repaid to the Company.

(b) ***Method of Recoupment***. To the extent permitted by applicable law, the Company may enforce the recoupment of any or all amounts due under this Section 8 by withholding future payment of any Severance Benefits, seeking reimbursement of previously paid Severance Benefits, demanding direct cash payment, reducing any amount of compensation owed by the Company to a Participant, and/or such other means determined by the Board or Committee.

(c) ***Nonexclusive Remedy***. The Company's right of recoupment under this Section 8 is in addition to any remedy available to the Company with respect to any Participant, including, but not limited to, the initiation of civil or criminal proceedings and any right to repayment under the Sarbanes-Oxley Act of 2002, Dodd-Frank Wall Street Reform and Consumer Protection Act, and any other applicable law, regulation or exchange listing requirement.

9. General

(a) ***Amendment and Termination of the Plan***. The Board or the Committee may amend or terminate the Plan in any respect (including any change to the Severance Benefits) at any time; *provided* that no such amendment or termination after the Effective Date that has the effect of reducing or diminishing the right of any Participant will be effective without the written consent of such Participant.

(b) ***At-Will Employment***. Each Participant is employed by the Company on an "at will" basis and nothing in this Plan shall give any Participant any right to continue in the employ of the Company. The Plan shall not be deemed (a) to give any employee or other person any right to be retained in the employ of the Company, or (b) to interfere with the right of the Company to discharge any employee or other person at any time, with or without cause, and with or without advance notice, which right is hereby reserved.

(c) ***Non-Duplication of Benefits***. Payments to a Participant under the Plan shall be in lieu of any severance or similar payments that otherwise might be payable under any Company plan, program, policy or agreement that provides severance benefits upon termination of employment. No Participant is eligible to receive benefits under this Plan or pursuant to other contractual obligations more than one time.

(d) ***Unfunded Plan***. The Plan shall be unfunded and all benefits payable under the Plan will be paid only from the general assets of the Company. The Plan does not create any right to, or interest in, any specific assets of the Company and the Participants are general, unsecured creditors of the Company.

(e) ***No Mitigation***. A Participant shall not be obligated to seek other employment in mitigation of the amounts payable under any provision of the Plan, and the obtaining of such other employment shall not result in any reduction of the Company's obligations to pay the Severance Benefits provided under the Plan (other than payments or benefits provided under Sections 5(a)(iii) and 5(b)(iii)).

(f) ***Withholding***. The Company may withhold from any payments made under the Plan all federal, state, local or other taxes required pursuant to any law or governmental regulation or ruling.

(g) ***Right to Offset***. To the extent permitted by law, the Company may offset against any obligation to pay any portion of any severance benefit under the Plan any outstanding amount of whatever nature that a Participant then owes to the Company in his or her capacity as an employee. However, no amount of "deferred compensation" (as defined under Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury

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Regulation sections 1.409A-1(b)(3) through (b)(12)) that is payable to a Participant under the Plan may be used to offset any amount that the Participant then owes to the Company.

(h) ***Successors***. The rights and obligations of a Participant under this Plan may not be transferred or assigned without the prior written consent of the Company. This Plan shall be binding upon any surviving entity resulting from a change in control of the Company and upon any other person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by the Company without regard to whether or not such person or entity actively assumes the obligations hereunder.

(i) ***Governing Law***. Except as may otherwise be required pursuant to state laws applicable to a Participant, the Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware or by United States federal law.

(j) ***Severability***. If any provision of the Plan is declared illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, the provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of the terms of the Plan shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

(k) ***Notices***. Notices and all other communications provided for under the Plan shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Participant, mailed notices shall be addressed to such Participant at the home address most recently communicated by the Participant to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of the Committee, with a copy to the Company's Corporate

Secretary. Notices may also be sent by electronic mail or facsimile and will be effective upon transmission or confirmation of transmission, as the case may be, to the address of the party to be noticed as set forth herein or to such other address as such party last provided to the other by written notice.

10. 409A Compliance.

(a) The Plan is intended to comply with, or otherwise be exempt from, Section 409A of the Code ("**Section 409A**"). The preceding provision, however, shall not be construed as a guarantee by the Company of any particular tax effect to a Participant under the Plan. The Company shall not be liable to a Participant for any payment made under the Plan, at the direction or with the consent of a Participant, which is determined to result in an additional tax, penalty or interest under Section 409A, nor for reporting in good faith any payment made under the Plan as an amount includible in gross income under Section 409A.

(b) "Termination of employment," or words of similar import, as used in this Plan means, for purposes of any payments under this Plan that are payments of deferred compensation subject to Section 409A, a Participant's "separation from service" as defined in

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Section 409A. For purposes of Section 409A, the right to a series of installment payments under this Plan shall be treated as a right to a series of separate payments.

(c) With respect to any reimbursement of expenses of, or any provision of in-kind benefits to, a Participant, as specified under this Plan: (1) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Code Section 105(b); (2) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(d) If a payment obligation under the Plan arises on account of a Participant's termination of employment while a "specified employee" (as defined under Section 409A and the regulations thereunder and determined in good faith by the Committee), any payment of "deferred compensation" (as defined under Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation sections 1.409A-1(b)(3) through (b)(12)) shall be made on the first business day following the earlier of (i) the Participant's Separation or (ii) the date of the Participant's death.

11. Definitions

The following definitions apply to the Plan:

"**Accrued Benefits**" means, with respect to a Participant, the Participant's (i) earned but unpaid Base Salary through the date of Separation, (ii) accrued but unused paid time off, and (iii) unreimbursed business expenses. The Company will pay the Accrued Benefits to a Participant in a cash lump sum within a timeframe compliant with relevant state laws.

"**Affiliate**" means any other entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, the Company (including, but not limited to, joint ventures, limited liability companies, and partnerships).

"**Base Salary**" means, with respect to a Participant, the Participant's annual rate of base salary in effect as of the date of the Participant's Separation.

"**Board**" means the Board of Directors of Natera, Inc.

"**Cause**" means a Participant's: (i) unauthorized use or disclosure of the Company's confidential information or trade secrets; (ii) material breach of any agreement between the Participant and the Company; (iii) material failure to comply with the Company's written policies or rules; (iv) commission of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any state thereof; (v) gross negligence, willful misconduct or commission of an act of fraud in the Participant's dealings with the Company; (vi) failure to perform, or apply the requisite effort to, the Participant's assigned duties; (vii) (a) inability to perform the essential functions of the Participant's position, with or without reasonable accommodation, for a period of at least 120 consecutive days because of a physical or mental

impairment or (b) death; or (viii) failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or executives, if the Company has requested such cooperation. Any determination of Cause by the Company shall be made by the CEO or the Board; *provided*, however, that no such determination may be made with respect to (ii), (iii), (vi), and (viii) above until the Participant has been given written notice detailing the specific Cause event and such event remains uncured (if susceptible to cure) to the reasonable satisfaction of the CEO or the Board for a period of thirty (30) days following the receipt of such notice.

"**Change in Control**" means:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then-outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) The consummation of a merger or consolidation of the Company with or into any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation, or

(iv) individuals who are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board over a period of 12 months; *provided*, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing, a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.In addition, if a Change in Control constitutes a payment event with respect to any equity award which provides for a deferral of compensation and is subject to Code Section 409A, then notwithstanding anything to the contrary in the Plan or applicable equity award agreement the transaction with respect to such equity award must also constitute a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

"**Change in Control Termination**" means a Participant's Involuntary Termination which occurs within (a) with respect to a Tier 1 Participant, the twelve (12) months following a

Change in Control; or (b) with respect to a Tier 2 or Tier 3 Participant, the six (6) months following a Change in Control.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations and Treasury guidance promulgated thereunder.

"**Committee**" means the Compensation Committee of the Board. The Committee may delegate some or all of its authority under the Plan to any person, persons or subcommittee, in which event, the term "Committee" includes such person, persons or subcommittee to the extent of such delegation.

"**Company**" means Natera, Inc. and any Affiliate.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Existing Equity Award**" means any outstanding equity award granted to a Participant prior to the Effective Date, including Time-Based Equity Awards and Performance-Based Equity Awards.

"**Involuntary Termination**" means a Participant's Separation as a result of either (i) the involuntary discharge of the Participant by the Company (or the parent or subsidiary employing the Participant) for reasons other than Cause, provided that the Participant is willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1) or (ii) the Participant's Resignation for Good Reason.

"**Participant**" means a person employed by the Company who has been designated by the Committee to participate in the Plan and has executed and delivered a Participation Agreement.

"**Resignation for Good Reason**" means a Participant's voluntary resignation following (a) a material reduction in the Participant's level of authority, position or responsibilities, taken as a whole, without the Participant's consent, other than by virtue of the Company being acquired and made part of a larger entity; (b) a reduction in the Participant's then-current Base Salary other than as part of a similar reduction for substantially all employees, substantially all senior officers or similarly situated employees; or (c) receipt of notice that the Participant's principal workplace will be relocated more than thirty (30) miles away, *provided* that such relocation also materially increases the Participant's commuting distance, and *provided further* that no relocation will constitute a Resignation for Good Reason if the Participant is allowed to provide services remotely (e.g., through telecommuting) at the time of, or following, the relocation. In order to constitute a Resignation for Good Reason, other than in connection with or following a Change in Control, (x) the Participant must provide the Company with written notice of the applicable condition coming into existence within ninety (90) days after its occurrence, (y) the Company must fail to remedy the condition within thirty (30) days after receiving the Participant's written notice, and (z) such resignation by the Participant is effective within six (6) months after the applicable condition first comes into existence. For the avoidance of doubt, an acquisition of the Company without a corresponding change in the Participant's authority, duties or responsibilities shall not constitute grounds for a "Resignation for Good Reason."

"**Separation**" means a "separation from service," as defined in the regulations under Section 409A.

"**Severance Benefits**" means the benefits specified in Section 5 of this Plan.

"**Tier 1 Participant**" means a Participant who the Committee has designated as a Tier 1 Participant.

"**Tier 2 Participant**" means a Participant who the Committee has designated as a Tier 2 Participant.

"**Tier 3 Participant**" means a Participant who the Committee has designated as a Tier 3 Participant.

Exhibit 10.1

EXHIBIT A

NATERA, INC.
EXECUTIVE SEVERANCE PLAN
PARTICIPATION AGREEMENT

This Participation Agreement ("**Participation Agreement**") is entered into by and between _____ (the "**Participant**") and Natera, Inc. (the "**Company**") pursuant to the Natera, Inc., Executive Severance Plan (the "**Plan**"). The Plan and this Participation Agreement are effective as of February 1, 2024 (the "**Effective Date**"). All capitalized terms used in this Participation Agreement not otherwise defined herein shall have the meanings set forth in Section 11 of the Plan.

Pursuant to the Plan, the Participant is eligible to receive the following Severance Benefits as described in the Plan, provided the Participant agrees to comply with all of the terms and conditions of the Plan (including Section 6) and enters into this Participation Agreement:

Benefit	Involuntary Termination	Termination in connection with a change in control
Cash	_____	_____
Accelerated Vesting of Time-Based Equity Awards	_____	_____
Accelerated Vesting of Performance-Based Equity Awards		
COBRA	_____	_____

Accordingly, the Participant hereby agrees that the Participant has received a copy of the Plan and has reviewed and understands all of the terms and conditions of the Plan, and hereby agrees to comply with and be bound by all of the terms and conditions of the Plan.

The Participant also agrees and understands that if the Participant was eligible for severance or other vesting acceleration benefits pursuant to an existing offer letter, employment or severance agreement dated on or prior to the Effective Date, the Participant's rights to such severance benefits under such agreement(s) are hereby terminated and replaced with the rights set forth in the Plan; *provided*, however, that for the avoidance of doubt, all other terms and conditions unrelated to severance benefits in such agreements shall remain in full force and effect.

The Participant also agrees that, by execution of this Participation Agreement, the award agreements for all outstanding equity awards held by the Participant as of the Effective Date (the "**Existing Equity Awards**") are hereby amended to (i) provide that the terms "Cause," "Change in Control," and "Involuntary Termination" as used in those Existing Equity Awards shall have the meanings set forth in Section 11 of the Plan and (ii) replace any accelerated vesting provisions in such Existing Equity Awards with the accelerated vesting provisions set forth in Section 5 of the Plan; *provided*, however, that any Performance-Based Equity Awards outstanding as of the Effective Date that are subject to milestones based on the Company's market capitalization, if any, shall vest in accordance with the terms of such awards.

IN WITNESS WHEREOF, the Participant hereby agrees to the requirements for participation in the Plan as set forth in this Participation Agreement and the Plan.

_____

[PARTICIPANT]

_____

Date

Exhibit 10.2

AMENDMENT NO. 2 TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDMENT NO. 2 (THE "AMENDMENT") TO THE AMENDED AND RESTATED EMPLOYMENT AGREEMENT, effective as of April 22, 2024 (the "Effective Date"), by and between **STEVE CHAPMAN** (the "***Executive***") and **NATERA, INC.**, a Delaware corporation (the "***Company***").

RECITALS

WHEREAS, the Employee and the Company are parties to an Amended and Restated Employment Agreement, dated January 2, 2019 and amended on May 4, 2022 (as amended, the "***Agreement***").

WHEREAS, the parties hereto desire to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties agree as follows.

A. Amendment to Section 6. Section 6 of the Agreement is hereby amended and restated in its entirety as follows:

"6. Termination Benefits.

(a) **Conditions**. If the Executive is subject to an Involuntary Termination as described below in this Section 6, then the Executive will be entitled to the benefits described in this Section 6, *provided* that the Executive has (i) completed three years of continuous service with the Company (except in the event of a CIC Involuntary Termination (as defined below), (ii) returned all Company property in the Executive's possession, (iii) resigned as a member of the boards of directors of the Company and all of its subsidiaries, to the extent applicable, and (iv) executed a general release of all claims,

in a reasonable form prescribed by the Company (the "***Release***"). The Executive must execute and return the Release on or before the date specified by the Company in the prescribed form (the "***Release Deadline***"). The Release Deadline will in no event be later than fifty days after the Executive's Separation. For the avoidance of doubt, if the Executive fails to return the Release on or before the Release Deadline, or if the Executive revokes the Release, then the Executive will not be entitled to the benefits described in this Section 6.

(b) **Severance Pay**. If the Executive is subject to an Involuntary Termination, then the Company shall pay the Executive a lump sum equal to twelve months of Base Salary (or if an Involuntary Termination occurs at the time of or within eighteen months following such Change in Control (a "***CIC Involuntary Termination***"), then the Company shall pay the Executive a lump sum equal to the sum of (A) eighteen months of Base Salary plus (B) the Eligible Bonus (calculated, for the avoidance of doubt, as if all performance criteria had been satisfied at 100% of the target level (where applicable)). Such amount will be referred to as the "***Severance***" payment.

The cash Severance payment will be made within sixty days after the Executive's Separation; however, if such sixty-day period spans two calendar years, then the payment will in any event be made in the second calendar year.

If the Executive is subject to an Involuntary Termination and if the Executive elects to continue health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("***COBRA***") following Separation, then the Company will pay the Executive's monthly premium under COBRA until the earliest of (i) twelve months after Separation (eighteen months after Separation in the event of a CIC Involuntary Termination), (ii) the expiration of the Executive's continuation coverage under

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COBRA or (iii) the date when the Executive receives substantially equivalent health insurance coverage in connection with new employment or self-employment. Such amounts may be reported as taxable income to the Executive to the extent necessary or advisable to avoid adverse tax consequences to the Executive, the Company or the Company's other employees, in the Company's sole discretion.

(c) **Vesting of Equity Awards**.

(i) Time-Based Equity Awards. If the Executive is subject to an Involuntary Termination (that does not qualify as a CIC Involuntary Termination), then the Executive will become vested in the greater of (i) an additional 50% of the unvested and outstanding option shares and shares granted pursuant to other equity-based awards that vest solely based on Executive's continuous Service to the Company (collectively, the "***Time-Based Equity Awards***") measured as of the date of the Involuntary Termination or (ii) a number of shares subject to the outstanding Time-Based Equity Awards determined as if the Executive had completed an additional eighteen months of continuous Service measured from the date of the Involuntary Termination.

(ii) Performance-Based Equity Awards. If the Executive is subject to an Involuntary Termination (that does not qualify as a CIC Involuntary Termination), then the Executive will become vested in that number of shares issuable under the Executive's then-unvested performance-based equity awards (each a "***Performance-Based Equity Award***" and collectively, the "***Performance-Based Equity Awards***") calculated as follows: (1) the total number of shares eligible for vesting based on the actual achievement of the performance conditions set forth in the applicable Performance-Based Equity Award as determined at the end of the measurement period set forth in such award (the "***Eligible Shares***") multiplied by (2) the greater of (A) 0.50 and (B) the portion of the measurement period of such Performance-Based Equity Award during which the Executive provided service to the Company as if the Executive had completed an additional eighteen (18) months of continuous service measured from the date of the Involuntary Termination. For purposes of clarity, the Executive shall vest in 100% of the Eligible Shares under a Performance-Based Equity Award if such award vests during such eighteen-month period of continuous service; and the Executive shall not vest in any portion of a Performance-Based Equity Award unless the minimum performance condition thereunder is achieved in accordance with the terms of such award.

Notwithstanding the foregoing, with respect to Performance-Based Equity Awards outstanding as of the date of this Amendment No. 2 that are subject to milestones based on the Company's market capitalization ("***Market Valuation Equity Awards***"), if the Executive is subject to an Involuntary Termination (that does not qualify as a CIC Involuntary Termination), then the Executive will become vested in such portion(s) of any unvested and outstanding Market Valuation Equity Awards for each performance milestone(s) set forth therein that are achieved within eighteen (18) months following the date Executive ceases providing Services to the Company.

Further, if an Involuntary Termination occurs after a market capitalization performance milestone has been achieved but prior to completion of the continuous service requirements for subsequent vesting (if any), the remaining portions of the Market Valuation Equity Awards shall be eligible for accelerated vesting in accordance with this Section (c)(ii) if and only if the Stock Value equals or exceeds the First Milestone Stock Value or Second Milestone Stock Value (as such terms are defined in the Market Valuation Equity Awards), as applicable, on either (1) the date of such Involuntary Termination or (2) when averaged during the three-month period ending on the date of such Involuntary Termination.

(iii) CIC Involuntary Termination. If the Executive is subject to a CIC Involuntary Termination, then the Executive shall become fully vested in all of the then-unvested and outstanding Time-Based and Performance-Based Equity Awards.

(iv) Application. For the avoidance of doubt, and notwithstanding anything in this Agreement to the contrary, any greater benefits granted to the Executive pursuant to the terms of an existing equity award shall not be superseded hereby. Further, this Section 6 shall apply to all future Time-Based and Performance-Based Equity Awards, unless the terms of such future award agreements expressly provide otherwise.

(d) **Consulting Agreement.** If the Executive is subject to an Involuntary Termination (that does not qualify as a CIC Involuntary Termination), the Company will consider in good faith a consulting agreement with the Executive (the "***Consulting Agreement***"). The terms of any such Consulting Agreement will be subject to approval by the Company's Board of Directors in its sole discretion.

(e) **Definition of "*Involuntary Termination*."** For all purposes under this Agreement, "***Involuntary Termination***" shall mean a Separation as a result of either (i) the involuntary discharge of the Executive by the Company (or the parent or subsidiary employing him) for reasons other than Cause or (ii) a voluntary resignation by the Executive for Good Reason.

(f) **Definition of "*Cause.*"** For all purposes under this Agreement, "***Cause***" shall mean: (i) the unauthorized use or disclosure by the Executive of the Company's confidential information or trade secrets; (ii) a material breach by the Executive of any agreement between the Executive and the Company; (iii) a material failure by the Executive to comply with the Company's written policies or rules; (iv) the Executive's commission of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any state thereof; (v) the Executive's gross negligence, willful misconduct or commission of an act of fraud in his dealings with the Company; (vi) failure by the Executive to perform, or apply the requisite effort to, his assigned duties; (vii) the Executive's (1) inability to perform the essential functions of the Executive's position, with or without reasonable accommodation, for a period of at least 120 consecutive days because of a physical or mental impairment or (2) death; or (viii) failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or executives, if the Company has requested such cooperation. Any determination of Cause by the Company shall be made by the Board; *provided*, however, that no such determination may be made with respect to (ii), (iii), (vi), and (viii) above until the Executive has been given written notice detailing the specific Cause event and such event remains uncured (if susceptible to cure) to the reasonable satisfaction of the Board for a period of thirty (30) days following the receipt of such notice.

(g) **Definition of "*Change in Control*."** For all purposes under this Agreement, "***Change in Control***"means (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total voting power represented by the Company's then-outstanding voting securities; (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; (iii) the consummation of a merger or consolidation of the Company with or into another entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or (iv) individuals who are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board over a period of 12 months; *provided*, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board. The foregoing

notwithstanding, a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that

will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.In addition, if a Change in Control constitutes a payment event with respect to any equity award which provides for a deferral of compensation and is subject to Code Section 409A, then notwithstanding anything to the contrary in the Plan or applicable equity award agreement the transaction with respect to such equity award must also constitute a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

(h) **Definition of "*Good Reason*."** For all purposes of this Agreement, "***Good Reason***" shall mean any action by the Company, in each case without the Executive's prior written consent, that (i) results in a material diminution in the Executive's duties, authority or responsibilities or a diminution in the Executive's title or position (other than for Cause); provided, that, for the avoidance of doubt, (x) modifying the Executive's title and (y) the failure to nominate or maintain the Executive on the Board (other than for Cause) shall each constitute Good Reason; (ii) requires the Executive to report to any person other than the Board; (iii) reduces the Base Salary, annual incentive bonus opportunity, grant date fair value of annual long-term incentive equity awards in forms including Options, RSUs and Performance Awards, or benefits under employee benefit or retirement plans, policies, practices, or arrangements in which the Executive participates; (iv) relocates the Executive's principal place of employment to a location more than 25 miles from the Company's office in San Carlos, California; provided, that if the Executive agrees in writing to establish another location as his principal place of employment, then for purposes of this clause (iv), such other location shall be substituted for San Carlos, California; or (v) constitutes a material breach by the Company of this Agreement (including, without limitation, failure to timely pay or award the Base Salary, annual incentive bonus or the annual long-term incentive equity awards or provide benefits under any material agreement between the Executive and the Company); provided, in all cases, that, in no event shall the occurrence of any such condition constitute Good Reason unless (1) the Executive gives notice to the Company of the condition giving rise to Good Reason within 120 days following its initial existence, (2) the Company fails to cure such condition within 30 days following the date such notice is given and (3) the Executive terminates his employment with the Company within 120 days following the expiration of such cure period. The existence of Good Reason will not be affected by the Executive's temporary incapacity due to physical or mental illness not constituting a "disability" as defined in the regulations under Section 409A of the Code and the Treasury Regulations promulgated thereunder.

(i) **Definition of "*Separation.*"** For all purposes under this Agreement, "***Separation***" shall mean a "separation from service," as defined in the regulations under Section 409A of the Code and the Treasury regulations promulgated thereunder.

(j) **Definition of "*Code*."** For all purposes under this Agreement, "***Code***" shall mean the U.S. Internal Revenue Code of 1986, as amended.

(k) **Definition of "*Service.*"** For all purposes under this Agreement, "***Service***" shall mean service as an employee or consultant of the Company.

(l) **Golden Parachute Tax Limitation**.

(i) In the event that it is determined that any payment or distribution of any type (cash, equity or otherwise) to or for the Executive's benefit made by the Company, by any of its affiliates, by any person who acquires ownership or effective control of the Company or ownership of a substantial portion of the Company's assets (within the meaning of Code Section 280G and the regulations thereunder) or by any affiliate of such person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or under any other agreement including the Executive's equity award agreements (the "***Total Payments***"), would be subject to the excise tax imposed by Code Section 4999 or any interest or penalties with respect to such excise tax (such excise tax, together with any such

interest or penalties, are collectively referred to as the "***Excise Tax***"), then the Total Payments shall be made to the Executive either (i) in full or (ii) as to such lesser amount as would result in no portion of the Total Payments being subject to Excise Tax (a "***Reduced Payment***"), whichever of the foregoing results in the Executive's receipt, on an after-tax basis, of benefits of the greatest value, notwithstanding that all or some portion of the Total Payments may be subject to the Excise Tax.

(ii) For avoidance of doubt, the Total Payments shall include acceleration of vesting of equity awards granted by the Company that accelerate in connection with a Change in Control of the Company, but only to the extent such acceleration of vesting is deemed a parachute payment with respect to a Change in Control of the Company.

(iii) The determination (the "***Determination***") as to whether any of the Total Payments are "parachute payments" (within the meaning of Code Section 280G) and whether to make a Reduced Payment shall be made by an independent accounting firm selected by the Company (the "***Accounting Firm***"), which shall provide such Determination, together with detailed supporting calculations both to the Company and to the Executive within seven business days of the Executive's Separation, if applicable, or such earlier time as is requested by the Company or by the Executive (if the Executive reasonably believes that any of the Total Payments may be subject to the Excise Tax). In any event, as promptly as practicable following the Accounting Firm's Determination, the Company shall pay or transfer to or for the Executive's benefit such amounts as are then due to the Executive and shall promptly pay or transfer to or for the Executive's benefit in the future such amounts as become due to the Executive. Any determination by the Accounting Firm shall be binding upon the Executive and the Company, absent manifest error.

(iv) For purposes of determining whether to make a Reduced Payment, if applicable, the Company shall cause to be taken into account all federal, state and local income and employment taxes and excise taxes applicable to the Executive (including the Excise Tax). If a Reduced Payment is made, the Company shall reduce or eliminate the Total Payments in the following order: (1) cancellation of accelerated vesting of options with no intrinsic value, (2) reduction of cash payments, (3) cancellation of accelerated vesting of equity awards other than options, (4) cancellation of accelerated vesting of options with intrinsic value and (5) reduction of other benefits paid to the Executive. In the event that acceleration of vesting is reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of the Executive's equity awards. In the event that cash payments or other benefits are reduced, such reduction shall occur in reverse order beginning with payments or benefits which are to be paid farthest in time from the date of the Determination. For avoidance of doubt, an option will be considered to have no intrinsic value if the exercise price of the shares subject to the option exceeds the fair market value of such shares.

(v) As a result of uncertainty in the application of Code Sections 4999 and 280G of at the time of the initial Determination by the Accounting Firm hereunder, it is possible that payments will have been made by the Company that should not have been made (an "***Overpayment***") or that additional payments that will not have been made by the Company could have been made (an "***Underpayment***"), consistent in each case with the calculation of whether and to what extent a Reduced Payment shall be made hereunder. In either event, the Accounting Firm shall determine the amount of the Underpayment or Overpayment that has occurred. In the event that the Accounting Firm determines that an Overpayment has occurred, such Overpayment shall be treated for all purposes as a loan to the Executive that the Executive shall repay to the Company, together with interest at the applicable federal rate provided in Code Section 7872(f)(2); provided, however, that no amount shall be payable by the Executive to the Company if and to the extent that such payment would not reduce the amount that is subject to taxation under Code Section 4999. In the event that the Accounting Firm determines that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the

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Executive's benefit, together with interest at the applicable federal rate provided in Code Section 7872(f)(2).

(vi) If this Section 6(l) is applicable with respect to the Executive's receipt of a Reduced Payment, it shall supersede any contrary provision of any plan, arrangement or agreement governing the Executive's rights to the Total Payments."

B. No Other Changes. This Amendment does not alter any term or condition of the Agreement other than as expressly set forth herein. If there is any conflict between this Amendment and the Agreement, the terms of this Amendment will prevail.

C. **References**. All references herein to this "Agreement" shall be deemed to refer to such Agreement as amended by this Amendment.

D. **Counterparts**. This Amendment may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the parties has executed this Amendment, in the case of the Company by its duly authorized officer, as of the day and year first above written.

EMPLOYEE

By: /s/ Steve Chapman

Name: Steve Chapman

NATERA, INC.

By: /s/ Rowan Chapman

Name: Rowan Chapman

Title: Compensation Committee Chair

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steve Chapman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 of Natera, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 9, 2024

By: */s/ Steve Chapman*

Name: **Steve Chapman**

Title: **Chief Executive Officer and President**
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Brophy, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 of Natera, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and

15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2023 May 9, 2024

By: */ s / Michael Brophy*

Name: **Michael Brophy**
Title: **Chief Financial Officer**
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Steve Chapman, Chief Executive Officer and President of Natera, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The quarterly report on Form 10-Q for the Company for the quarter ended September 30, 2023 March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023 May 9, 2024

By: */ s / Steve Chapman*

Name: **Steve Chapman**
Title: **Chief Executive Officer and President**
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Brophy, Chief Financial Officer of Natera, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The quarterly report on Form 10-Q for the Company for the quarter ended September 30, 2023 March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023 May 9, 2024

By: */ s / Michael Brophy*

Name: **Michael Brophy**
Title: **Chief Financial Officer**
(Principal Financial and Accounting Officer)

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