William Blair

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Industry Report

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Dx Trends: Prenatal Genetics

Proprietary Survey of 169 Ob-Gyns and MFMs

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Portfolio Manager's Summary

Introduction to Prenatal Genetics
About 15 years ago, the first cell-free DNA non-invasive prenatal test (NIPT) was launched in the U.S. Initially used to screen for common fetal aneuploidies (chromosomal abnormalities like Down's syndrome), these tests have seen increased adoption as organizations like the American College of Obstetricians and Gynecologists (ACOG) and the Society for Maternal-Fetal Medicine (SMFM) have expanded guidelines: first recommending NIPT for high-risk pregnancies, and now recommending prenatal genetic screening (like cell-free DNA screening) to be discussed and offered to all pregnant patients, regardless of age or risk.

Carrier screening for inherited conditions (e.g., cystic fibrosis and sickle cell disease) has also increased in adoption. ACOG now recommends that "information about carrier screening should be provided to every pregnant woman" and "if an individual is found to be a carrier for a specific condition, the patient's reproductive partner should be offered testing in order to receive informed genetic counseling about potential reproductive outcomes. If both partners are found to be carriers of a genetic condition, genetic counseling should be offered." In such cases, there is a roughly 25% chance the baby will be affected by the condition.

ACOG has not yet endorsed single-gene non-invasive prenatal testing (sgNIPT). This category of testing uses cell-free technology to assess not just the risk of chromosomal conditions (aneuploidy testing) but also the risk of single-gene disorders (like cystic fibrosis and sickle cell disease). Companies like BillionToOne's UNITY Fetal Risk Screen and Natera's Fetal Focus test are moving this field forward—quickly.

Currently, the U.S. market for aneuploidy and carrier screening testing exceeds $2.5 billion. We estimate that market leader Natera holds over a 50% share, while BillionToOne has close to 20%—impressive given its commercial launch in 2019 and smaller salesforce. Other providers include Labcorp, Quest Diagnostics, and Myriad Genetics.

Our Proprietary Research
From early December through early January, we conducted an extensive survey of 169 U.S. obstetrician-gynecologists (ob-gyns) and maternal-fetal medicine specialists (MFMs). We asked questions on practice trends, including test selection criteria, lab usage, anticipated changes in ordering, and interest in new tests such as those that assess fetal risk for inherited conditions without paternal testing. This survey expanded on the research we conducted for our recent initiation of BillionToOne.

Key survey findings among these respondents:

1. BillionToOne and Natera are likely poised to see increasing prenatal testing utilization over the next year, taking share from Labcorp, Quest, and Myriad. This is due to these two players already having strong awareness and share, as well as both being seen as moving the field forward by offering innovative solutions that can remove some friction from the testing workflow.

2. BillionToOne is expected to see the most increases in utilization on a provider level, with 28% of providers in this survey indicating expected increases in orders within the next year. 40% of this same group noted they expect declines in their Labcorp prenatal genetics orders over the next 12 months.

3. Natera should be able to at least maintain its share levels over the coming year—72% of current users in this survey do not anticipate changing ordering patterns in the next year and only 7% said they plan to decrease ordering patterns.

4. There is strong demand for and growing awareness of single-gene NIPTs like BillionToOne's UNITY Fetal Risk Screen and Natera's Fetal Focus, which seek to assess fetal risk of inherited conditions without the need for parental testing.

5. Physicians find it difficult to obtain paternal testing samples when the mother has a positive carrier screening result. Fifty-one percent of respondents noted it was at least somewhat difficult to obtain paternal genetic testing and one in five said it would be "game changing" to have the ability to remove the need for paternal carrier screening when assessing fetal risk of inherited conditions.

6. Guideline inclusion (ACOG and/or SMFM) and additional positive data generation/publication are cited as top reasons for increasing utilization of single-gene NIPT.

7. Awareness of Fetal Focus at the time of this survey was very low (45% of respondents were not familiar at all). Utilization is still expected to increase given the heavy Natera share of this group, but respondents that expect to increase utilization of Fetal Focus also anticipate maintaining or increasing orders of BillionToOne tests.

8. What we also found interesting was what we did not hear: any concerns over false negative results when using UNITY.

Stock Thoughts for Covered Companies:

BillionToOne: These survey results highlight a view we had at the time of our initiation— BillionToOne has a long growth runway ahead of it for durable and profitable growth. There is demand for the type of tests it offers, respondents are becoming increasingly familiar with UNITY, product feedback is strong, and this is being done when only roughly 40% of respondents having been contacted by a BillionToOne rep in the last 12 months (compared with 61% of respondents being contacted by Natera in the last 12 months).

We believe there is likely upside to 2026 revenue guidance (+43% growth implied) driven by both prenatal and oncology testing. And while shares command a heightened multiple of 11 times 2026 revenue, this is warranted given the heightened growth, profitability profile, and potential upside to estimates. We rate shares Outperform.

Labcorp and Quest Diagnostics: While both Labcorp and Quest are seen as share donors in parental genetics among these respondents, we struggle to see this as a material negative to either company's investment thesis. Prenatal genetics likely represent a very-low-single-digit percentage of total revenue for both. Additionally, we see several structural tailwinds impacting large diagnostic lab businesses: heightened utilization trends, stable unit pricing, mix benefits, M&A, new test launches, and growth in the consumer channel.

Those trends are not impacted by what we discuss in this report. As such, we continue to believe these two businesses are on solid footing and the premium multiple both trade at versus historical averages are warranted. We rate shares of Labcorp (17 times 2026 adjusted EPS) at Outperform. We rate shares of Quest (20 times 2026 adjusted EPS) at Outperform.

Survey Methodology and Respondent Profile

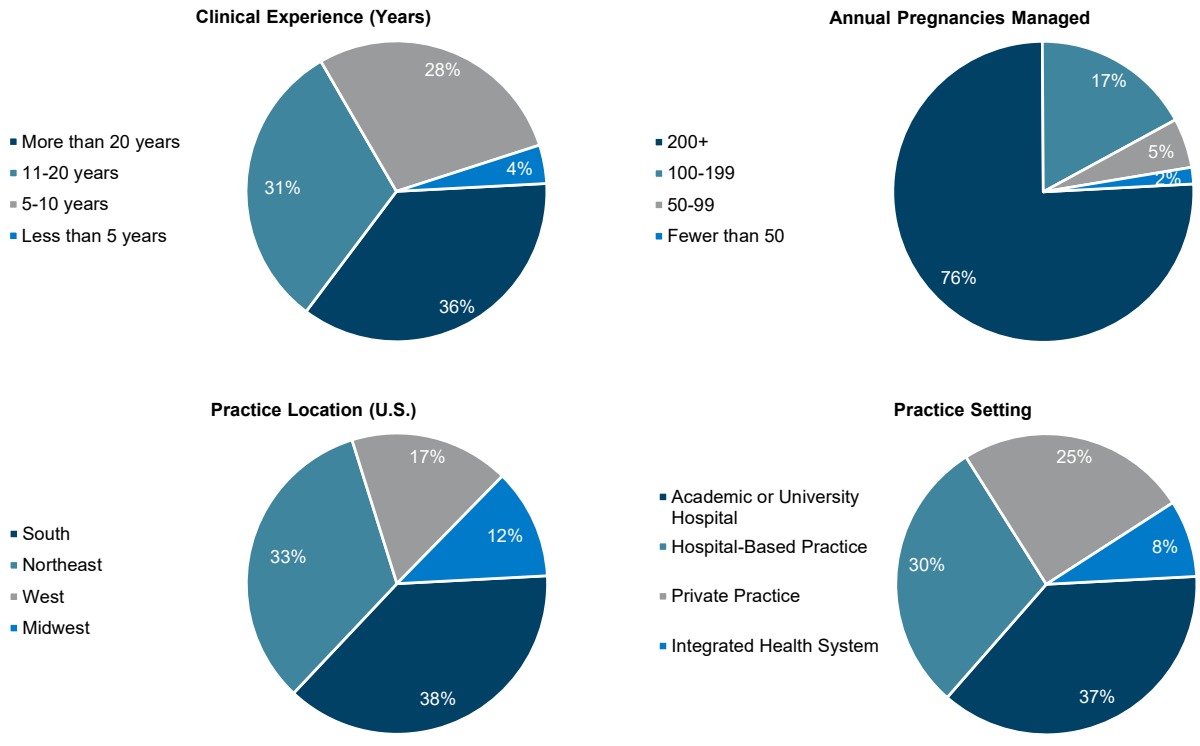
Our survey was sent to a broad list of ob-gyns and MFMs who practice across the United States. We targeted physicians with ranging levels of tenure, practice size, affiliation, and geography. The survey was opened for responses on December 3, 2025, and closed for responses on January 5, 2026.

In total, 169 respondents completed the full survey, with the majority having more than five years of clinical experience, operating in hospital-based settings, and assisting in managing more than 200 pregnancies per year. In addition, 95% of respondents noted they offer noninvasive tests for chromosomal conditions universally to all pregnancies, whereas 89% of respondents noted offering carrier screening tests universally to all pregnancies (when this testing had not already been completed prior to the pregnancy).

Nearly three-quarters of respondents were MFMs and nearly one-third of respondents were from the Northeast. Both of these characteristics admittedly represent *potential* sources of bias to results, given 1) MFMs typically manage higher-risk pregnancies, and 2) a lower percentage of total annual U.S. pregnancies are in the Northeast. That said, we believe overall takeaways are accurate given other factors such as practice type, the number of pregnancies managed, and years of experience. We also note our analysis of underlying data showed no material shifts in trends between MFMs and ob-gyns, or the Northeast and other regions.

Exhibit 1 on the following page summarizes the makeup of respondents.

Exhibit 1
Respondent Profile



n = 169
Source: William Blair Equity Research

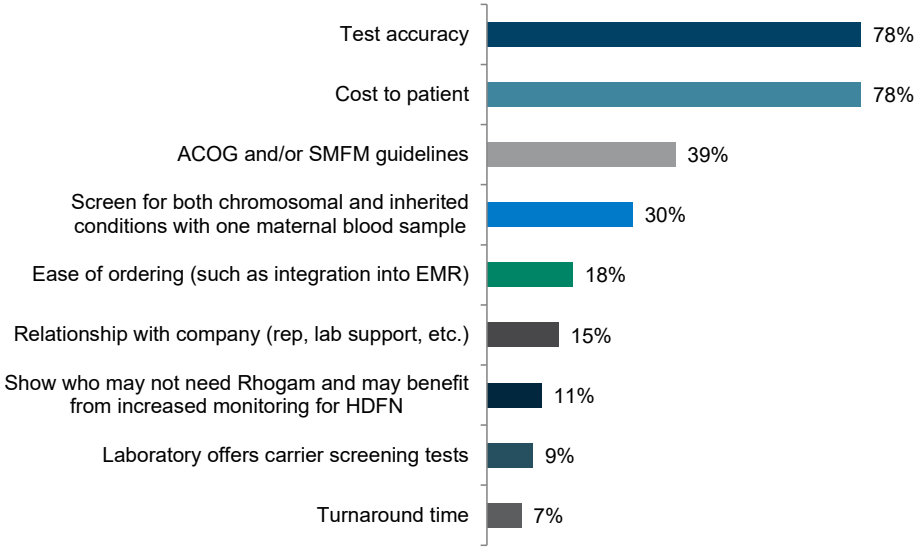
Ordering Behavior: What Drives Decision-Making

In our many years of researching diagnostic testing markets, we have found that the reasons one physician chooses a certain test or provider over another test or provider vary widely. Generally, these reasons are not as clear-cut as some investors may think, factoring in service or workflow differentiators in addition to scientific evidence. Results in this survey showed that as well.

Test accuracy and broad insurance coverage were tagged as the top reasons for why a specific test or lab provider is chosen. This is not surprising: test results should be correct and have low no-call rates, and patients should not have to pay a large bill (or anything out of pocket) for standard-of-care and guideline-recommended testing. In addition, 40% of respondents noted tests that are included in or covered by guidelines (ACOG and/or SMFM) as the third most important factor when deciding which test or provider to use.

Beyond this, there was a wide range of answers on what drives decision-making, including many service elements like EMR integration, relationships with company representatives, and turnaround time. And while important (reasons we define as "service elements" made up roughly 20% of total responses cited), they were admittedly lower on the list of "most important" factors—likely as physicians have come to expect these attributes.

Exhibit 2
Most Important Factors for Test Selection



n = 169
Note: Results do not include "Other (please specify)" selections, which were 2% of responses. Respondents could choose up to three factors.
Source: William Blair Equity Research

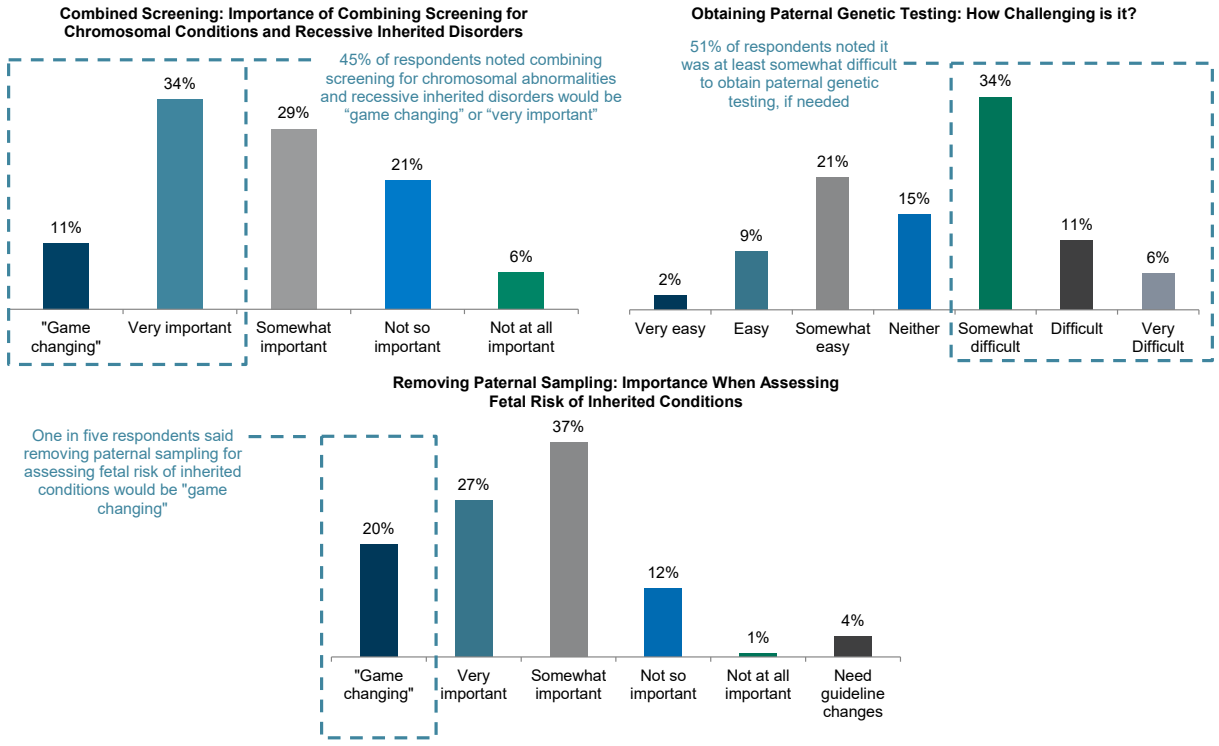
Thirty percent of respondents stated that the ability to screen for multiple genetic conditions (both chromosomal and inherited conditions; or aneuploidy screening and carrier screening), without the need for paternal testing, and being able to do this from one maternal blood draw, is a key consideration. This highlights the potential long runway for single-gene NIPTs like BillionToOne's UNITY Fetal Risk Screen, Natera's Fetal Focus, and perhaps even Myriad's FirstGene test when that test is more broadly launched.

We asked several more questions about this potential advantage to better understand demand for these types of tests. Here, 45% of respondents noted that the ability to combine screening for chromosomal abnormalities and recessive inherited disorders would be "game changing" or "very important," whereas only 27% said it was "not so important" or "not at all important."

Moreover, 51% of respondents noted it was at least somewhat difficult to obtain paternal genetic testing, if needed (e.g., if the mother is a carrier for a certain genetic condition). This was cited in our prior diligence as a critical roadblock to completing current standard-of-care carrier screening (mother completes screening and if the mother is found to be a carrier, father must be tested for the same genes to determine whether the baby is affected). And when asked how important it would be to have the ability to remove the need for paternal carrier screening when assessing fetal risk of inherited conditions, one in five respondents called it "game changing" and 27% called it "very important."

These results bode well for tests like UNITY Complete (Aneuploidy Screen + Fetal Risk Screen) and Natera's Panorama and Horizon with Fetal Focus. We believe this shows clear market demand for tests that can assess fetal risk of chromosomal conditions and inherited conditions at once without the need for a paternal blood draw.

Exhibit 3
Large Opportunity Exists in Simplified Workflow

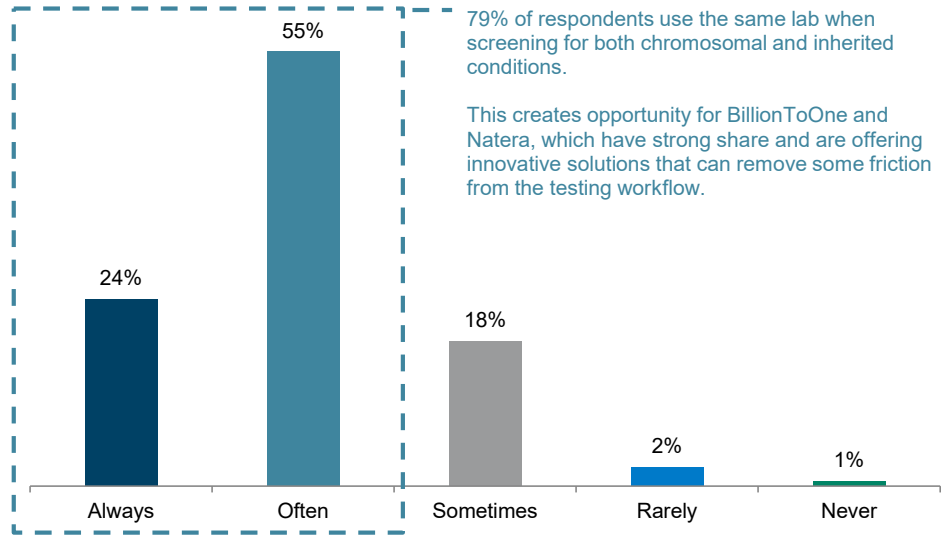


n = 169
Source: William Blair Equity Research

Lastly, we highlight that physicians do not tend to use multiple labs to screen for chromosomal conditions and inherited conditions. This means, in our view, that if one provider is able to win one aspect of prenatal genetic testing (i.e., carrier screening or screening for chromosomal conditions), then it should be able to win the testing business for both.

Again, this benefits BillionToOne and Natera, which already have strong share and are moving the field forward by offering innovative solutions that can remove some friction from the testing workflow. Other companies offer both aneuploidy testing and carrier screening testing but still require multiple blood draws or paternal sampling.

Exhibit 4
One-Stop Shop: How Often Respondents Use Same Lab for Both Screens



n = 169
Source: William Blair Equity Research

Prenatal Genetics: State of the Union

In this section of the survey, we asked more product- and laboratory-specific questions to tease out current ordering trends and how ordering patterns may change over the coming year(s).

Current Trends Among Respondents
Respondents indicated Natera, Labcorp, and BillionToOne as the three most common labs used when ordering prenatal genetic testing.

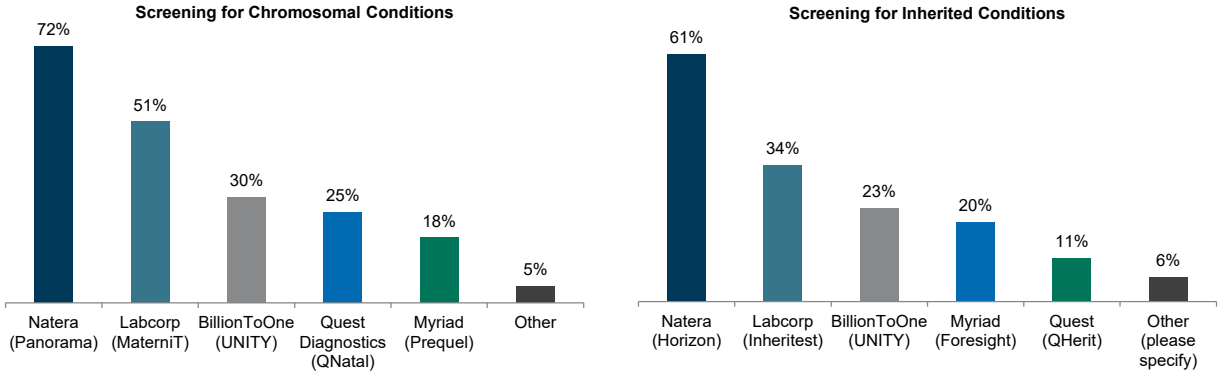
Natera led the way here with 72% of respondents noting they use Natera's Panorama test for chromosomal conditions and 61% noting they use Horizon for carrier screening. With an estimated prenatal genetics market share of likely over 50% for the broader market, it is not surprising that Natera has such high usage among this large group. Moreover, Natera is viewed by most physicians as having differentiated technology (single-nucleotide polymorphisms, or SNPs), which enable it to distinguish fetal DNA from the maternal DNA, offering high levels of customer service, and having a very large sales team.

Similarly, we were not surprised by BillionToOne's use among respondents given UNITY Fetal Risk Screen offers workflow advantages versus standard-of-care testing. In addition, the company's UNITY Fetal Antigen NIPT and associated publications contributed to recent clinical guideline changes, something our respondents also seemed familiar with.

We were somewhat surprised by the percentage of physicians who cited using Labcorp's testing solutions; 51% and 34% of respondents noted Labcorp as a commonly used laboratory for chromosomal conditions (MateriT21) and inherited conditions (Inheritest), respectively. That company's offering, specifically MateriT21, was mentioned more as a "commodity" test in our prior diligence.

Still, even with what appears to be strong use among this group, we do not necessarily believe these findings change the narrative for Labcorp on a go-forward basis and discuss this more below, as Labcorp is actually viewed among this group as a share donor. Rather, we believe these current use statistics exhibit the stickiness when using diagnostic tests, particularly given MateriT21 was one of the first NIPT tests launched in the U.S.

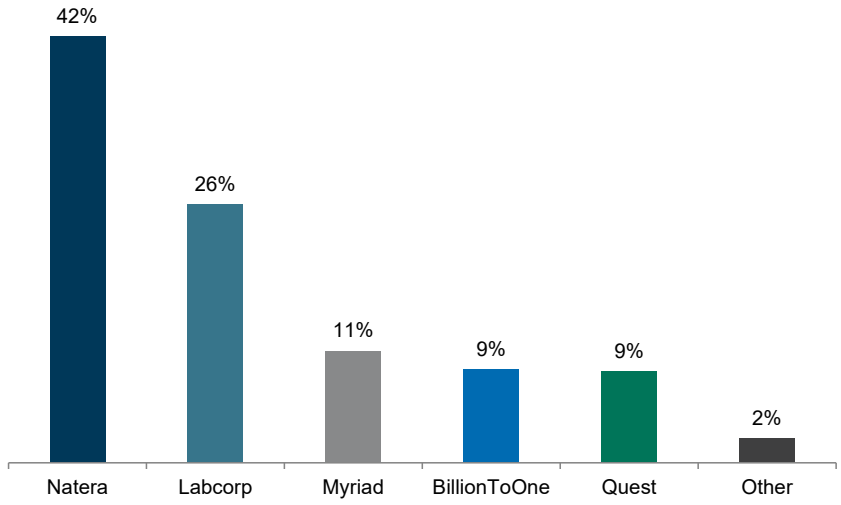
Exhibit 5
Laboratories/Tests Used Most Often



n = 169
Note: Percentages do not tally to 100%; respondents could select multiple labs.
Source: William Blair Equity Research

When asked to approximate what percentage of prenatal genetic screening tests are ordered through these labs however, BillionToOne did not fare as well as the above. As shown in exhibit 6, average estimated market share amongst these respondents weighed heavily to Natera and Labcorp, and Myriad actually was estimated to have a higher share than BillionToOne. We do not believe this is representative of market share across the entire population.

Exhibit 6
Average Orders by Lab Among Respondents



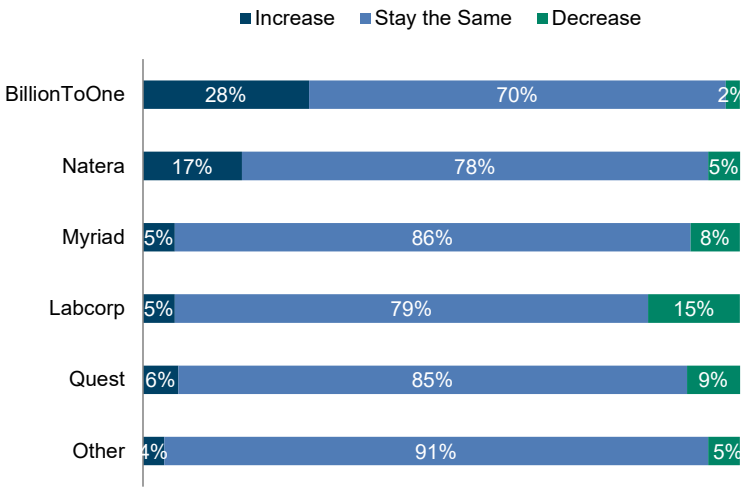
n = 169
Source: William Blair Equity Research

Given we saw discrepancies in this estimated share versus what we believe is the market share across the entire U.S., we dug into the results a bit more. We discuss this in the "Looking Ahead: Winners and Losers" section below.

Looking Ahead: Winners and Losers

We believe BillionToOne and Natera are poised to see increasing utilization over the next year, taking share from Labcorp, Quest, and Myriad. This is based on respondents being asked which labs they expect test orders to see increases, decreases, or stay the same.

Exhibit 7
Expectations of Test Orders for the Next Year



n = 169
Source: William Blair Equity Research

BillionToOne is expected to see the most increases on a provider level, with 28% of providers (n=47) indicating expected increases in orders to BillionToOne within the next year. This group of respondents order roughly 18% of their tests from BillionToOne currently, with 39% from Natera, 31% from Labcorp, and 7% from Myriad.

Interestingly, 40% of this group noted that they expect declines in their Labcorp orders over the next 12 months. Roughly 20% of these respondents indicated declines for Myriad and 17% indicated declines for Quest as well. We see this as a clear signal that BillionToOne's market share increases are likely to come from these three players.

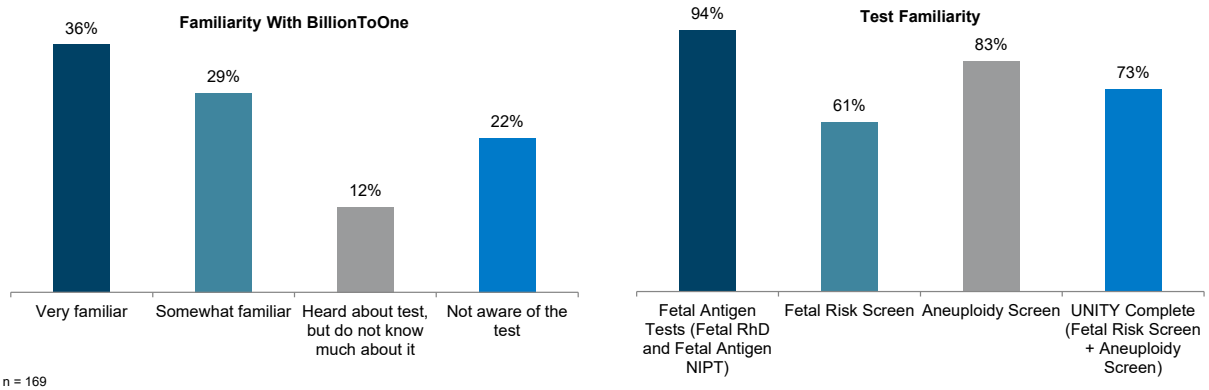
In addition to the positive indicators for BillionToOne, we found that of the current Natera users (79% of respondents indicated at least 1% of their order share came from Natera), 72% do not anticipate changing ordering patterns in the next year. However, 24% of these providers who do not plan to change the level of orders from Natera said that they would still increase orders from BillionToOne, and of the 7% of Natera users who said they plan to decrease their ordering patterns, two-thirds would increase their BillionToOne orders.

BillionToOne UNITY: Long Runway Ahead

In addition to asking questions about the prenatal genetics market as a whole, we also asked respondents about their specific thoughts on BillionToOne. Of the 169 respondents in total, 110 (65%) noted they were either very familiar (36%; n=61) or somewhat familiar (29%; n=49) with the UNITY test.

Among these 110 respondents, the test that they were most familiar with was the UNITY Fetal Antigen Tests, which includes Fetal RhD and Fetal Antigen NIPT. After these tests, respondents were most familiar with the UNITY Aneuploidy Screen and UNITY Complete, which includes both the Fetal Risk Screen and Aneuploidy Screen.

Exhibit 8
Familiarity With BillionToOne

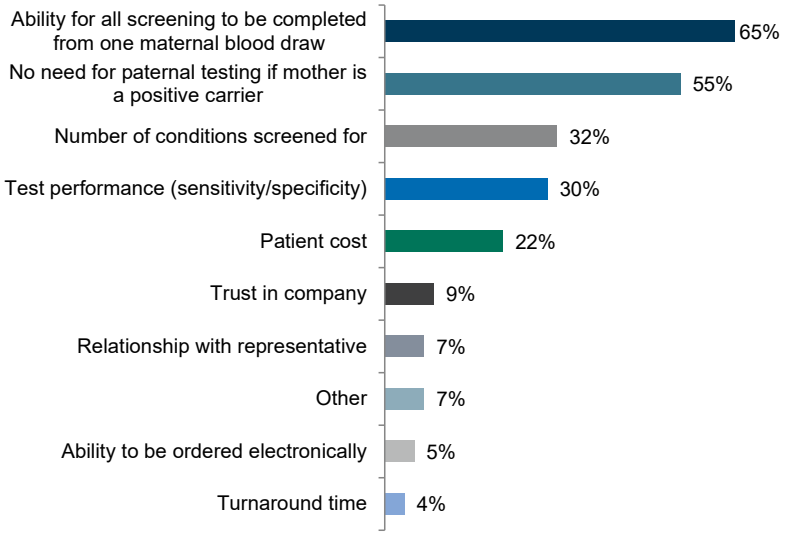


n = 169
For BillionToOne test familiarity, percentages do not tally to 100%; respondents could select multiple tests.
Source: William Blair Equity Research

This level of awareness represents a large opportunity—especially as product-level feedback is quite positive. As we show in exhibit 9, respondents noted that the most differentiating aspect of UNITY was the ability to conduct all prenatal genetic screening from one maternal blood draw. In

a similar vein, the test lacking a need for paternal testing if the mother is a positive carrier for key conditions was the second most differentiating aspect. This marries well with replies shown in exhibit 3 where 51% of respondents noted it was at least somewhat difficult to get paternal samples.

Exhibit 9
Most Differentiating Aspects of UNITY



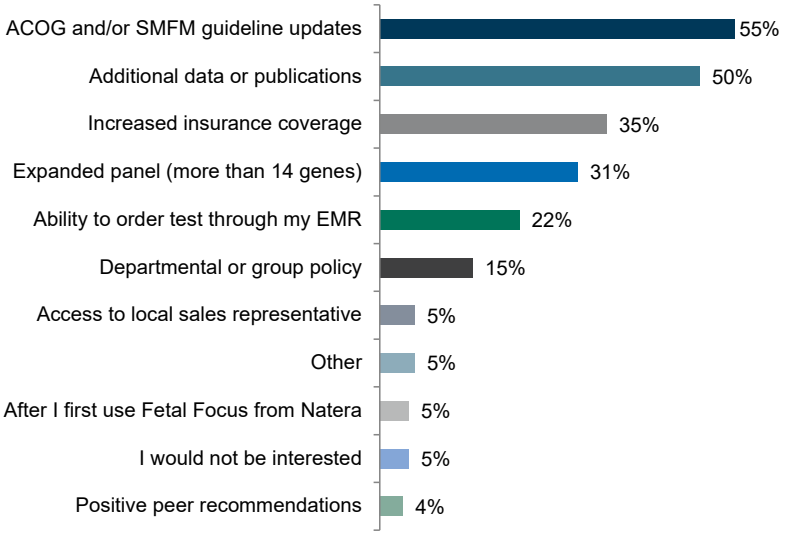
n = 110
Note: Percentages do not tally to 100%; respondents could choose up to three choices.
Source: William Blair Equity Research

Looking ahead, there are several dynamics that could drive increased usage. Most notably is if single-gene tests like UNITY Fetal Risk Screen would be added to ACOG and/or SMFM guidelines. Recall that current guidelines recommend all pregnant patients be offered cell-free DNA testing for common aneuploidies regardless of risk. Guidelines also recommend carrier screening for five common conditions (cystic fibrosis, spinal muscular atrophy, and hemoglobinopathies such as sickle cell disease and thalassemias) with certain conditions recommended for those with ethnic or family history. However, single-gene cell-free DNA is not currently recommended as the Practice Advisory from ACOG states, "there has not been sufficient data to provide information regarding accuracy." Relatedly, 50% of respondents noted wanting additional validation data or peer-reviewed publications.

In terms of product- or company-specific drivers, 31% of respondents noted a desire for the company to increase the size of its UNITY Fetal Risk Screen test to screen for more than the 14 recessive genetic conditions that are available in its largest panel. We note that the company expanded the panel in May 2025, going from 5 genes to an additional 14 genes, should physicians desire. Natera (discussed below) also launched an expanded 21-gene panel in early January that incorporates an additional 16 genes that are related to severe or early-onset diseases.

In addition to expanding the product, respondents noted that having the ability to order the test through the EMR (like Epic Aura) is something that could drive utilization higher. BillionToOne has heard this feedback in the field as well, with management telling us that EMR integration was a top "want" from the sales team. The company is in the process of integrating with Epic Aura and upticks in utilization are expected to occur toward the end of the year. We would anticipate more of an impact in 2027.

Exhibit 10
What Would Cause UNITY Test Usage to Increase



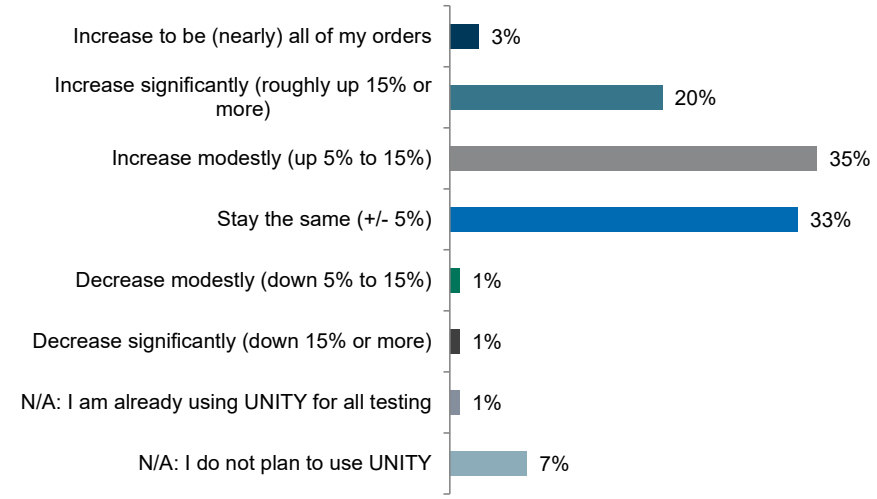
n = 110
Note: Percentages do not tally to 100%; respondents could choose up to three choices.
Source: William Blair Equity Research

What we also found interesting was what we did not hear: any concerns over false negative results. This is important, as an article in *GenomeWeb* in December discussed reports of these results.

Put together, we see a significant runway ahead for BillionToOne. There is demand for the type of tests it offers, respondents are becoming increasingly familiar with UNITY, product feedback is strong, and this is being done when just over 40% of respondents have been contacted by a BillionToOne rep in the last 12 months (compared with 61% of respondents being contacted by Natera in the last 12 months).

We note too that 58% of respondents familiar with the test noted they expect to see their usage of UNITY increase by 5% or more over the coming months. And of those 61 respondents who are "very familiar" with UNITY, the percentage of orders to BillionToOne tallies 22% on average. More than half of these individuals expect their usage of BillionToOne's tests to increase over the next 12 months, with 16 respondents expecting a significant increase (up 15% or more) and 20 expecting a modest increase (+5% to +15%). This tells us that as awareness builds, the value proposition is better understood, and physicians gain experience with the test, BillionToOne should see expanding market share.

Exhibit 11
Expected Usage of UNITY Over the Next 12 Months



n = 110
Source: William Blair Equity Research

Natera's Fetal Focus: Emerging Interest

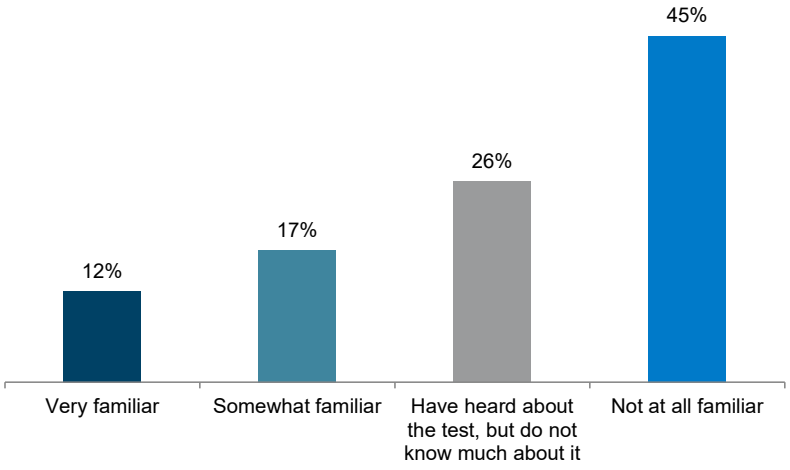
In August, Natera announced the launch of Fetal Focus. This single-gene NIPT can screen for up to 21 recessive and X-linked conditions by directly screening the fetus using cfDNA from the pregnant patient's sample from the Horizon carrier screen. Thus, it provides fetal insights without requiring a paternal sample.

Results from the company's EXPAND study designed to develop and validate Fetal Focus were presented at the ongoing Society of Maternal Fetal Medicine (SMFM) Meeting, with the conclusion of the abstract noting: "This readout suggests this novel sgNIPT approach can accurately assess fetal risk for recessive conditions from a maternal blood sample. The test successfully detected difficult-to-identify homozygous fetuses and variants more common in non-White ethnicities. While carrier screening of both parents remains the ACOG-recommended strategy, sgNIPT can be a useful tool when paternal testing is not feasible."

Natera management noted in January that it believes offering this test should help it not only defend its market share but also take share from those companies who do not have a single-gene NIPT offering. We believe data in this survey supports that logic—again, with share donors likely being Labcorp, Quest, and Myriad.

While we believe Fetal Focus can be an important product for Natera, at the time this survey was run, awareness was still very low. Only 12% of respondents stated that they were very familiar with the test, and 17% said they were "somewhat familiar." Notably, 45% said they were "not at all familiar."

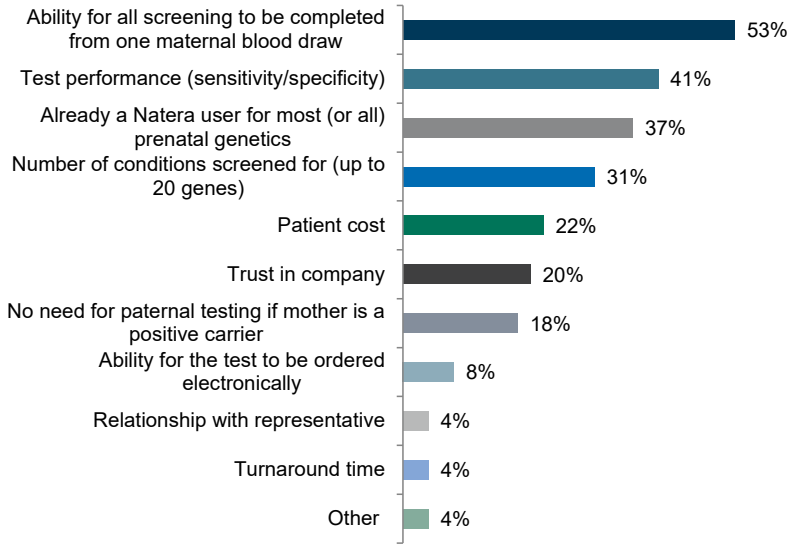
Exhibit 12
Familiarity With Natera's Fetal Focus



n = 169
Source: William Blair Equity Research

Still, among those respondents who were "very familiar" or "somewhat familiar," feedback was similar to that of BillionToOne's UNITY test. As shown in exhibit 13, the top reasons these respondents would increase utilization of Fetal Focus were nearly identical to the answers to the question when asked about UNITY.

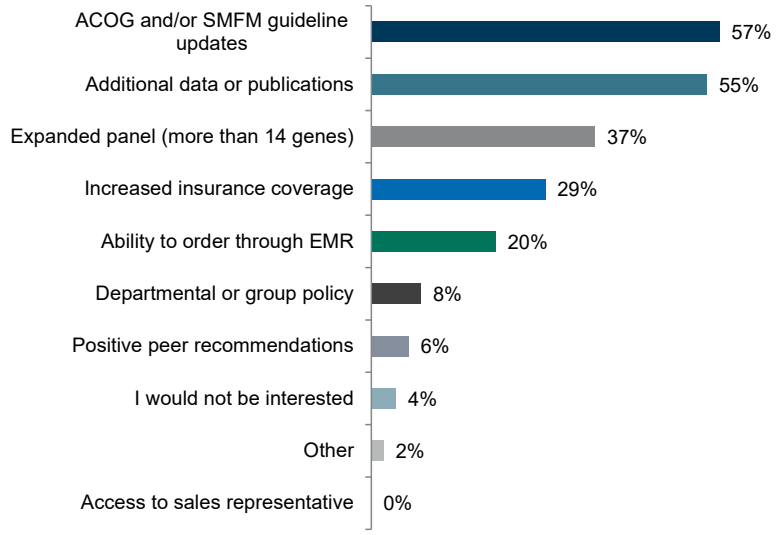
Exhibit 13
Drivers of Increasing Usage of Fetal Focus



n = 49
Note: Percentages do not tally to 100%; respondents could choose up to three choices.
Source: William Blair Equity Research

In addition, similarly to UNITY, physicians want to see guideline inclusion, additional validation and peer-reviewed data, expanded panels, increased coverage, and the ability to order through EMR.

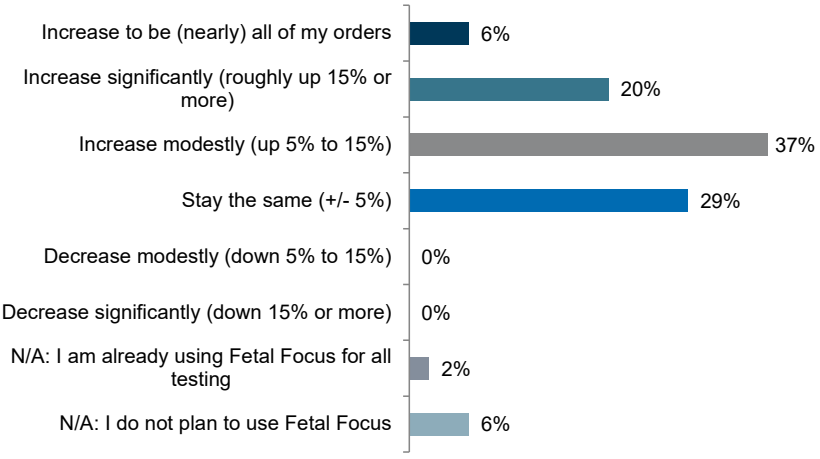
Exhibit 14
What Would Cause Fetal Focus Test Usage to Increase



n = 49
Note: Percentages do not tally to 100%; respondents could choose up to three choices.
Source: William Blair Equity Research

Moreover, utilization is expected to increase for Fetal Focus. This is not surprising given the test is new to the market. However, we do not believe this will come at a cost to BillionToOne. Of those who indicated increasing utilization, none said utilization for BillionToOne is expected to drop. Again, the biggest share losers were consistent here: Labcorp, followed by Myriad and Quest.

Exhibit 15
Expected Usage of Fetal Focus Over the Next 12 Months



n = 49
Source: William Blair Equity Research

Risks for Covered Companies

Risks to BillionToOne: 1) competition from larger players, 2) nascent oncology opportunity, 3) reimbursement timing, and 4) mixed feedback on dual-share class structure.

Risks to Labcorp: 1) potential reimbursement pressures (e.g., future PAMA cuts and contract renewals), 2) M&A execution, 3) Invitae asset integration, and 4) uncertain recovery in biopharma lab services.

Risks to Quest Diagnostics: 1) margin expansion difficulties, 2) re-implementation of PAMA in 2027 and greater than anticipated volume headwinds from ACA subsidies expiring, 3) M&A execution, and 4) Haystack fails to meet targets.

The prices (as of 2/11) of the common stock of other public companies mentioned in this report follow:

BillionToOne (Outperform)	$85.74
Labcorp (Outperform)	$289.89
Myriad Genetics	$4.83
Natera	$212.46
Quest Diagnostics (Outperform)	$209.32

IMPORTANT DISCLOSURES

William Blair or an affiliate was a manager or co-manager of a public offering of equity securities for BillionToOne, Inc. within the prior 12 months.

William Blair or an affiliate is a market maker in the security of BillionToOne, Inc., Labcorp Holdings Inc. and Quest Diagnostics Incorporated.

William Blair or an affiliate expects to receive or intends to seek compensation for investment banking services from BillionToOne, Inc., Labcorp Holdings Inc. and Quest Diagnostics Incorporated or an affiliate within the next three months.

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DOW JONES: 50121.40
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