

December 16, 2022



Societal CDMO Completes Strategic Recast of Capital Structure Highlighted by Reduction and Refinancing of Outstanding Debt

Closing of Three Separate Transformative Capital Financings, Including Two Significant Non-Dilutive Transactions, Generates Combined Gross Proceeds of More than \$100 Million Which Reduce Outstanding Debt from \$100 Million to \$36.9 Million

Remaining Debt Successfully Refinanced with Royal Bank of Canada, Improving Net Debt Leverage Ratio and Saving Approximately \$6 Million in Anticipated Annual Interest Costs while Extending Maturity Date and Removing Athyrium from Capital Structure

SAN DIEGO and GAINESVILLE, Ga., Dec. 16, 2022 (GLOBE NEWSWIRE) -- Societal CDMO, Inc. ("Societal CDMO"; NASD: [SCTL](#)), a contract development and manufacturing organization (CDMO) dedicated to solving complex formulation and manufacturing challenges primarily in small molecule therapeutic development, today announced the successful completion of its multi-step strategy designed to recast the company's capital structure and strengthen its balance sheet. The company has closed three separate transactions, two of which were non-dilutive in nature, generating combined gross proceeds to Societal CDMO in excess of \$100 million. The proceeds were immediately used to repay in full and retire the outstanding debt facility with Athyrium Capital Management, LP (Athyrium), removing Athyrium from its capital structure. In the process, the company also secured a new \$36.9 million debt facility from Royal Bank of Canada with more favorable terms than those of its previous debt facility with Athyrium. In addition to significantly reducing the company's total debt, the transactions helped improve the company's net debt leverage ratio from greater than six times EBITDA to just over two times EBITDA, immediately reducing Societal CDMO's annual interest burden by an estimated \$6 million with the potential to increase that number to approximately \$7 million annually.

Details of the three completed transactions are as follows:

- The company executed a sale and leaseback transaction for its Gainesville, Georgia, manufacturing site and campus with Tenet Equity, yielding \$39 million in non-dilutive gross proceeds. Upon closing, Societal CDMO entered into a 20-year lease agreement with Tenet Equity, with multiple renewal options. This transaction does not impact Societal CDMO's other facilities, including its development, high potency and clinical packaging site also located in Gainesville, Georgia, and its development and sterile vial fill/finish & lyophilization facility in San Diego, California.

- The company closed concurrent public offerings of common stock and preferred stock, generating gross proceeds of approximately \$35.6 million, prior to deducting the underwriting discounts and estimated offering expenses. RBC Capital Markets acted as sole book-running manager for the offerings.
- The company secured a new debt facility for \$36.9 million from Royal Bank of Canada. The facility is in the form of a three-year Term A Loan bearing interest at the floating Secured Overnight Financing Rate (SOFR) plus an initial base rate of 4.5% per annum. The terms of the new debt facility significantly improve upon the terms of the company's previous credit facility with Athyrium, which carried an interest rate of approximately 13% and held a near-term maturity date of December 31, 2023.

"This has been a transformational week as it relates to the composition of Societal CDMO's capital structure and the financial strength from which we are now positioned to execute against our ambitious corporate growth strategy," said David Enloe, chief executive officer of Societal CDMO. "The carefully orchestrated execution of these three financial transactions provided the opportunity to completely repay and retire our \$100 million debt facility with Athyrium and replace it with a \$36.9 million Term A Loan with Royal Bank of Canada that carries terms that are significantly more advantageous to Societal CDMO in the areas of debt leverage, maturity date and interest obligation."

"The execution and completion of these complicated interconnected transactions required significant effort from a broad number of individuals, both internal to Societal CDMO, as well as external parties. We are grateful to all those who played a role in helping our company realize the vision we had for recasting our capital structure, particularly the continued support of many of our largest investors," said Ryan Lake, chief financial officer of Societal CDMO. "By virtue of these transactions, we will move forward as a much different company than we were previously, highlighted by significantly enhanced financial freedom and flexibility that will support the advancement of our mission of 'Bringing Science to Society.'"

About Societal CDMO

Societal CDMO (NASDAQ: [SCTL](#)) is a bi-coastal contract development and manufacturing organization (CDMO) with capabilities spanning pre-Investigational New Drug (IND) development to commercial manufacturing and packaging for a wide range of therapeutic dosage forms with a primary focus in the area of small molecules. With an expertise in solving complex manufacturing problems, Societal CDMO is a leading CDMO providing therapeutic development, end-to-end regulatory support, clinical and commercial manufacturing, aseptic fill/finish, lyophilization, packaging and logistics services to the global pharmaceutical market.

In addition to our experience in handling DEA controlled substances and developing and manufacturing modified-release dosage forms, Societal CDMO has the expertise to deliver on our clients' pharmaceutical development and manufacturing projects, regardless of complexity level. We do all of this in our best-in-class facilities, which total 145,000 square feet, in Gainesville, Georgia and San Diego, California.

Societal CDMO: Bringing Science to Society. For more information about Societal CDMO's customer solutions, visit societalcdmo.com.

Forward-Looking Statements

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements, among other things, relate to the completion of the transactions contemplated by the debt refinancing, purchase and sale agreement, the anticipated benefits of the completion of the transactions described herein and the company's anticipated use of proceeds therefrom. The words "anticipate", "believe", "could", "estimate", "upcoming", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases may be used to identify forward-looking statements in this press release. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Factors that could cause the company's actual outcomes to differ materially from those expressed in or underlying these forward-looking statements include the effect of the announcement of the transactions on the company's business relationships, operating results and business generally; risks and uncertainties associated with the ongoing economic and social consequences of the COVID-19 pandemic, including any adverse impact on the customer ordering patterns or inventory rebalancing or disruption in raw materials or supply chain; the company's ability to maintain compliance with Nasdaq's continued listing standards; demand for the company's services, which depends in part on customers' research and development and the clinical plans and market success of their products; customers' changing inventory requirements and manufacturing plans; customers and prospective customers decisions to move forward with the company's manufacturing services; the average profitability, or mix, of the products the company manufactures; the company's ability to enhance existing or introduce new services in a timely manner; fluctuations in the costs, availability, and suitability of the components of the products the company manufactures, including active pharmaceutical ingredients, excipients, purchased components and raw materials, or the company's customers facing increasing or new competition; the company's ability to collect on customers' receivable balances; and risks that the results of the combination of IriSys LLC's business with the company's business or the results of the transactions described herein may not be as anticipated. These forward-looking statements should be considered together with the risks and uncertainties that may affect our business and future results presented herein along with those risks and uncertainties discussed in our filings with the Securities and Exchange Commission at www.sec.gov. These forward-looking statements are based on information currently available to us, and we assume no obligation to update any forward-looking statements except as required by applicable law.

Contacts:

Stephanie Diaz (Investors)
Vida Strategic Partners
415-675-7401
sdiaz@vidasp.com

Tim Brons (Media)
Vida Strategic Partners
415-675-7402
tbrons@vidasp.com

Ryan D. Lake (CFO)
Societal CDMO

770-531-8365
ryan.lake@societalcdmo.com



Source: Societal CDMO, Inc.