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Societal CDMO Advances Multi-Step Strategy to Recast Capital Structure and Strengthen Balance Sheet

Signs Agreement for \$39 Million Sale and Leaseback Transaction with Tenet Equity; Proceeds to be Used to Pay Down Portion of Outstanding Debt

Enters into up to \$37.5 Million Credit Agreement with Royal Bank of Canada

SAN DIEGO and GAINESVILLE, Ga., Dec. 12, 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 key progress in its multi-step strategy designed to recast the company's capital structure and strengthen its balance sheet. The company is working toward the concurrent closing of separate transactions, which are intended to reduce and refinance its outstanding senior debt.

First, Societal CDMO today announced that it has signed an agreement for a sale and leaseback transaction of its Gainesville, Georgia, manufacturing site and campus with Tenet Equity ("Tenet"), a net lease platform. Upon closing, the transaction will yield \$39 million in non-dilutive gross proceeds, which the company intends to use to immediately reduce its outstanding debt balance with Athyrium Capital Management, LP ("Athyrium"). At closing, Societal CDMO will enter into a 20-year lease agreement with Tenet Equity, with multiple renewal options. In connection with the transaction, Tenet has also provided a forward funding commitment of up to an additional \$35 million for future renovations or expansions, subject to customary approvals. 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.

This sale and leaseback agreement follows Societal CDMO's recently announced sale and purchase agreement to sell approximately 121 acres of unused lakefront land adjacent to its primary Gainesville manufacturing facility, which is expected to generate an additional \$9 million in non-dilutive capital upon closing.

Second, the company today announced that it has signed an agreement with Royal Bank of Canada for a new Term A Loan debt facility for up to \$37.5 million to be funded subject to certain terms and conditions therein, including the obligation for the Company to raise no less than \$32.5 million in proceeds from a qualified equity financing (with the principal amount of such debt facility to be reduced on a dollar for dollar basis to the extent the

proceeds of such equity financing by the Company exceed \$32.5 million). 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. Upon closing, proceeds from the Term A Loan will be immediately used to further reduce Societal CDMO's outstanding debt balance with Athyrium, which carries a combined interest rate of approximately 13% and holds a near-term maturity date of December 31, 2023. All amounts outstanding under the Athyrium debt facility will be repaid in full upon the funding of the Royal Bank of Canada facility.

"We have worked diligently to carefully craft these financial transactions to serve the purpose of recasting Societal CDMO's capital structure, helping to strengthen our overall financial position and fortify our balance sheet," said David Enloe, chief executive officer of Societal CDMO. "These transactions are central to the achievement of our near-term strategic and operational goals. We look forward to the closing of these transactions and focusing our efforts on continuing to aggressively execute against our broader corporate growth strategy."

"We believe that the combination of the proceeds from the concurrent non-dilutive \$39 million sale and leaseback agreement and up to \$37.5 million from the debt refinancing transaction provide Societal CDMO with the resources required to immediately reduce and refinance our outstanding senior debt on more favorable terms, extend our maturity date to December 2025 and allows the company to significantly reduce our annual interest payments," said Ryan Lake, chief financial officer of Societal CDMO.

The closing of the sale and leaseback transaction is conditioned on, among other things, a paydown in the outstanding principal amount of our outstanding debt. The funding of the new debt facility with Royal Bank of Canada is contingent upon the completion of the sale and leaseback transaction, the completion of at least a \$32.5 million equity financing and the full repayment of the company's existing debt facilities.

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 timing and benefits thereof and the company's anticipated use of proceeds therefrom, as well as the company's plans to pursue additional real estate transactions. 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 risk that the transactions may not be completed in a timely manner or at all; the risk that the company will be unable to raise at least \$32.5 million in equity financing; the risk of failure to satisfy the conditions to the consummation of the transactions or the occurrence of any event, change or other circumstance that could give rise to the termination of the agreements; the effect of the announcement or pendency 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 the Nasdaq 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 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



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