Sarepta Therapeutics Announces Proposed Offering of $1.0 Billion of Convertible Senior Notes Due 2027

9/12/22

– With current cash and projected revenue, offering is expected to fund operations to profitability

CAMBRIDGE, Mass., Sept. 12, 2022 (GLOBE NEWSWIRE) -- Sarepta Therapeutics, Inc. (NASDAQ:SRPT), the leader in precision genetic medicine for rare diseases, today announced that it intends to offer, subject to market and other conditions, $1.0 billion aggregate principal amount of convertible senior unsecured notes that will mature on September 15, 2027, unless earlier redeemed, repurchased or converted. The notes will be offered and sold only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Rule 144A offering"). Sarepta also expects to grant the initial purchasers of the notes an option to purchase up to an additional $150 million aggregate principal amount of notes.

Sarepta intends to use a portion of the net proceeds from the offerings to pay the cost of certain capped call transactions (described below) and to repurchase a portion of its 1.50% Convertible Senior Notes due 2024 (the "2024 Notes"), inclusive of any applicable premium and accrued interest (described below). In addition, Sarepta intends to use a portion of the net proceeds from the offerings to repay borrowings and accrued and unpaid interest, to pay the prepayment premium under, and terminate, its credit agreement and the remaining net proceeds to fund general corporate purposes. Sarepta believes that, along with current cash and projected revenue, this offering is sufficient to fund operations to profitability.

The notes will be senior, unsecured obligations of Sarepta and bear cash interest, payable on March 15 and September 15 of each year, beginning on March 15, 2023. The notes will be convertible, only during certain periods and subject to certain circumstances, into cash, shares of Sarepta common stock, or a combination of cash and shares of Sarepta common stock, at Sarepta's election. Prior to September 20, 2025, the notes will not be redeemable. On or after September 20, 2025 and on or before the 41st scheduled trading day immediately preceding the maturity date, Sarepta may redeem for cash all or part of the notes (subject to certain conditions), at its option, if the last reported sale price of Sarepta's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which Sarepta provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which Sarepta provides notice of redemption. Final terms of the notes, including interest rate, conversion rate, conversion price, and certain other terms of the offerings, will be determined at the time of pricing.

In connection with the pricing of the notes, Sarepta expects to enter into privately negotiated capped call transactions with one or more of the initial purchasers or their respective affiliates or other financial institutions (the "option counterparties"). The capped call transactions are expected generally to reduce the potential dilution to Sarepta's common stock upon conversion of any notes and/or offset any potential cash payments Sarepta is required to make in excess of the principal amount of converted notes, as the case may be, subject to a cap. If the initial purchasers of the notes exercise their option to purchase additional notes, Sarepta expects to enter into additional capped call transactions with the option counterparties.

Sarepta has been advised that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to purchase shares of Sarepta's common stock and/or enter into various derivative transactions with respect to Sarepta's common stock concurrently with or shortly after the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of Sarepta's common stock or the notes at that time. In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Sarepta's common stock and/or by purchasing or selling Sarepta's common stock or other securities of Sarepta's in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period related to a conversion of notes). This activity could also cause or avoid an increase or a decrease in the market price of Sarepta's common stock or the notes, which could affect the ability of holders to convert the notes and, to the extent the activity occurs following conversion or during any observation period related to a conversion of the notes, it could affect the number of shares of Sarepta's common stock and value of the consideration that holders will receive upon conversion of the notes.

Contemporaneously with the pricing of the notes in this offering, Sarepta expects to enter into separate, privately negotiated transactions with certain holders of its 2024 Notes to repurchase for cash a portion of the 2024 Notes on terms to be negotiated with such holders (the "concurrent note repurchases"). The terms of the concurrent note repurchases are anticipated to be individually negotiated and will depend on several factors, including the market price of Sarepta's common stock and the trading price of the 2024 Notes at the time of each such concurrent note repurchase. No assurance can be given as to how much, if any, of the 2024 Notes will be repurchased or the terms on which they will be repurchased.

Sarepta expects that holders of any 2024 Notes that Sarepta agrees to repurchase that have hedged their equity price risk with respect to such notes (the "hedged holders") will, concurrently with the pricing of the notes, unwind their hedge positions by buying Sarepta's common stock and/or entering into or unwinding various derivative transactions with respect to Sarepta's common stock.

In connection with the issuance of the 2024 Notes, Sarepta entered into capped call transactions (the "existing capped call transactions") with certain financial institutions (the "existing option counterparties"). In connection with the concurrent note repurchases, Sarepta expects to enter into agreements with the existing option counterparties to terminate a portion of the existing capped call transactions in a notional amount corresponding to the principal amount of the 2024 Notes repurchased in the concurrent note repurchases. In connection with any such termination of a corresponding portion of the existing capped call transactions, Sarepta expects that such existing option counterparties and/or their respective affiliates will sell shares of Sarepta's common stock in secondary market transactions, and/or unwind various derivative transactions with respect to Sarepta's common stock. In connection with such terminations, Sarepta anticipate that it will receive proceeds from the existing counterparties, which it intends to use for general corporate purposes.

Any repurchase of the 2024 Notes and the termination of a corresponding portion of the existing capped call transactions described above, and the

potential related market activities by holders of the 2024 Notes participating in the concurrent note repurchases and the existing counterparties, as applicable, could increase (or reduce the size of any decrease in) or decrease (or reduce the size of any increase in) the market price of Sarepta's common stock, which may affect the trading price of the notes at that time and the initial conversion price of the notes. Sarepta cannot predict the magnitude of such market activity or the overall effect it will have on the price of the notes or Sarepta's common stock.

The offer and sale of the notes are not being registered under the Securities Act, or any state securities laws. The notes may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and any applicable state securities laws.

This news release does not constitute an offer to sell or a solicitation of an offer to buy the securities described herein, nor shall there be any sale of these securities, in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of such jurisdiction.

About Sarepta Therapeutics
Sarepta is on an urgent mission: engineer precision genetic medicine for rare diseases that devastate lives and cut futures short. Sarepta holds leadership positions in Duchenne muscular dystrophy (DMD) and limb-girdle muscular dystrophies (LGMDs), and currently has more than 40 programs in various stages of development. Sarepta's pipeline is driven by its multi-platform Precision Genetic Medicine Engine in gene therapy, RNA and gene editing.

Forward-Looking Statements
This press release contains forward-looking statements, including but not limited to statements about the expected terms, timing and size of the proposed offerings, and capped call transactions, the concurrent note repurchases, the existing capped call transactions and that the offering will be sufficient to fund operations to profitability. These forward-looking statements involve risks and uncertainties, many of which are beyond Sarepta's control, including risks and uncertainties related to market conditions, the expected terms and timing of the proposed offerings, the notes and the capped call transactions, the satisfaction of customary closing conditions related to the proposed offerings and the risk that Sarepta may not be able to consummate the proposed offerings on the anticipated terms, or at all. Applicable risks also include those that are included in the "Risk Factors" section of Sarepta's Quarterly Report on Form 10-Q for the three months ended June 30, 2022, in addition to the risk factors that are included from time to time in Sarepta's subsequent SEC filings. Investors are cautioned not to rely on these forward-looking statements when making an investment decision. Any forward-looking statement in this press release represents Sarepta's views only as of the date of this press release and should not be relied upon as representing its views as of any subsequent date. Sarepta does not undertake any obligation to publicly update its forward-looking statements based on events or circumstances after the date hereof, except as required by applicable law. The affiliated investor has no obligation to purchase any notes.

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