



Sarepta Therapeutics Prices \$1.0 Billion of Convertible Senior Notes Due 2027

9/14/22

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

CAMBRIDGE, Mass., Sept. 14, 2022 (GLOBE NEWSWIRE) -- Sarepta Therapeutics, Inc. (NASDAQ:SRPT), the leader in precision genetic medicine for rare diseases, today announced the pricing of \$980.0 million aggregate principal amount of convertible senior unsecured notes that will mature on September 15, 2027, unless earlier redeemed, repurchased or converted. The notes are being 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 "Act") (the "Rule 144A offering"). Sarepta has also granted the initial purchasers of the notes an option to purchase up to an additional \$150 million aggregate principal amount of notes. The sale of the notes to the initial purchasers is expected to settle on September 16, 2022, subject to customary closing conditions.

An entity affiliated with a member of Sarepta's Board of Directors has agreed to purchase \$20 million aggregate principal amount of the notes in a separate concurrent private placement under Section 4(a)(2) of the Act (the "concurrent private placement" and together with the Rule 144A offering, the "offerings"). The offering of the notes in the Rule 144A offering is not conditioned upon the closing of the concurrent private placement, but the concurrent private placement is conditioned upon the closing of the Rule 144A offering.

Sarepta estimates that the net proceeds of the offerings will be approximately \$979.4 million (or approximately \$1.1 billion if the initial purchasers' option to purchase additional shares is exercised in full), after deducting the initial purchasers' discounts and commissions and estimated offering expenses payable by Sarepta. Sarepta intends to use \$110.7 million of the net proceeds from the offerings to pay the cost of the capped call transactions described below, and approximately \$248.3 million to repurchase approximately \$150.6 million in aggregate principal amount 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 approximately \$585.5 million of the net proceeds from the offerings to repay borrowings under, to pay accrued and unpaid interest and prepayment fees under, and terminate its credit agreement and the remaining net proceeds to fund general corporate purposes. Sarepta anticipates 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 at a rate of 1.25%, 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's common stock, or a combination of cash and shares of Sarepta's common stock, at Sarepta's election. The initial conversion rate for the notes is 7.0439 shares of Sarepta's common stock per \$1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately \$141.97 per share of Sarepta's common stock, representing an approximately 35.0% conversion premium based on the last reported sale price of Sarepta's common stock on September 13, 2022. 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.

In connection with the pricing of the notes and the concurrent private placement, Sarepta entered into privately negotiated capped call transactions with certain of the initial purchasers or their respective affiliates and certain 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. The cap price of the capped call transactions will initially be \$210.32 per share, which represents a premium of 100.0% over the last reported sale price of Sarepta's common stock of \$105.16 per share on September 13, 2022, and is subject to certain adjustments under the terms of the capped call transactions. 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 entered into separate, privately negotiated transactions with certain holders of its 2024 Notes to repurchase approximately \$150.6 million in aggregate principal amount of the 2024 Notes for approximately \$248.3 million in cash, inclusive of any applicable premium and interest (the "concurrent note repurchases"). The terms of the concurrent note repurchases were individually negotiated with certain holders of the 2024 Notes.

Sarepta expects that holders of any 2024 Notes that Sarepta has agreed to repurchase that have hedged their equity price risk with respect to such notes (the "hedged holders") will, concurrently with or shortly after 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”). Sarepta intends to enter into agreements with the existing option counterparties concurrently with or shortly after the closing of this offering 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 anticipates 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. 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 estimated net proceeds of the offerings and Sarepta’s anticipated use of such net proceeds, 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 the satisfaction of customary closing conditions related to the offerings; the risk that Sarepta may not be able to consummate the proposed offering or the concurrent private placement on the anticipated terms, or at all; and the risk that Sarepta may not achieve profitability on the anticipated timeline or at all due to higher than anticipated expenses or lower than anticipated revenue or the timing of such expenses and revenue. 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; these factors may materially impact the timing and amount of our anticipated expenses and revenue. 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.

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