



Surmodics Announces New Credit Facilities Providing up to \$125 Million in Financing

October 17, 2022

EDEN PRAIRIE, Minn.--(BUSINESS WIRE)--Oct. 17, 2022-- Surmodics, Inc. (Nasdaq: SRDX), a leading provider of medical device and in vitro diagnostic technologies to the healthcare industry, today announced that it has entered into a new, five-year credit agreement with MidCap Financial ("MidCap"), comprised of up to \$100 million in term loans and a \$25 million revolving credit facility.

"We are pleased to significantly improve our access to capital on favorable, non-dilutive terms with credit facilities that provide increased borrowing capacity and financial flexibility," said Gary Maharaj, President and CEO of Surmodics, Inc. "Our initial borrowings, coupled with the expected milestone payment from our partner, Abbott, following the anticipated premarket approval from the Food and Drug Administration for our SurVeil™ drug-coated balloon, will provide important capital to strengthen our balance sheet and support our long-term growth strategy."

The Company drew \$25 million on the term loan and \$5 million on the revolving credit facility at close. These proceeds were partially used to retire the Company's existing \$25 million revolving credit facility with Bridgewater Bank, of which \$10 million was outstanding. Upon closing, the Company's cash balance increased by \$19.5 million.

Additional draws on the term loan may be made in \$10 million minimum increments, up to a total of \$75 million through December 31, 2024. A second tranche of up to \$25 million may be available through December 31, 2024 at MidCap's option. Availability to draw on the five-year, \$25 million revolving credit facility is based primarily on the Company's inventory and receivable balances.

The credit agreement calls for interest-only payments on the term loan over the first four years, which can be extended to five years if certain criteria are met. The revolving credit facility matures in five years. The credit agreement calls for interest to be paid based on a base rate of Term SOFR⁽¹⁾ plus an applicable margin. In connection with the term loan, the Company has also entered into an interest rate swap arrangement with Wells Fargo, whereby the initial borrowing on term loan's variable base rate will be fixed for the five-year loan term. The Company expects total interest expense and fees under the credit agreement to be approximately \$3.4 million in fiscal 2023.

The Company has filed a Current Report on Form 8-K with the Securities and Exchange Commission that includes additional details about the credit agreement.

About Surmodics, Inc.

Surmodics is a leading provider of surface modification technologies for intravascular medical devices and chemical components for in vitro diagnostic immunoassay tests and microarrays. Surmodics is pursuing development and commercialization of highly differentiated medical devices that are designed to address unmet clinical needs and engineered to the most demanding requirements. This key growth strategy leverages the combination of the Company's expertise in proprietary surface technologies, along with enhanced device design, development, and manufacturing capabilities. The Company mission remains to improve the detection and treatment of disease. Surmodics is headquartered in Eden Prairie, Minnesota. For more information, visit www.surmodics.com. The content of Surmodics' website is not part of this press release or part of any filings that the Company makes with the Securities and Exchange Commission ("SEC").

Safe Harbor for Forward-Looking Statements

This press release, and disclosures related to it, contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical or current facts, including statements regarding expectations of a milestone payment from Abbott Vascular, Inc.; statements regarding anticipated premarket approval from the Food and Drug Administration ("FDA") for the Company's SurVeil drug-coated balloon ("DCB"); statements regarding the potential to make additional draws on the term loan; and the expected total interest expense and fees under the credit in fiscal 2023, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including, without limitation: (1) our ability to successfully develop and commercialize our SurVeil DCB (including realization of the full potential benefits of our agreement with Abbott), Avess™ DCB, Sundance™ DCB, and other proprietary products; (2) whether and when the FDA accepts our responses, including results of laboratory testing, to a deficiency letter the agency has issued to the Company, and grants premarket approval to the SurVeil DCB; (3) our reliance on third parties (including our customers and licensees) and their failure to successfully develop, obtain regulatory approval for, market, and sell products incorporating our technologies; (4) possible adverse market conditions and possible adverse impacts on our cash flows; (5) compliance with the terms of the credit agreement with MidCap and discretion MidCap retains under the agreement; (6) our ability to integrate the acquisition of Vetex Medical Limited successfully and realize the anticipated benefits of the acquisition; (7) current and future supply chain constraints; (8) whether anticipated increases in our operating expenses are effective in generating profitable revenues; and (9) the factors identified under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2021 and subsequent SEC filings. These reports are available in the Investors section of our website at <https://surmodics.gcs-web.com> and at the SEC website at www.sec.gov. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

1 "Term SOFR" means the per annum rate equal to the sum of 30-day forward-looking secured overnight financing rate, as published by CME Group Benchmark Administration Limited (CBA) from time to time, plus 0.10%, reset monthly.

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