



Lifecore Biomedical Signs Term Sheet with Existing Long-Term Customer to Expand CDMO Relationship

March 16, 2023

Provides \$10 million upfront cash commitment to Lifecore for infrastructure preparation and production capacity preparation

Customer to provide reimbursement for up to \$15 million in capital expenditures to expand capacity

Contemplates negotiation of multi-year amendment to extend and expand existing relationship

CHASKA, Minn., March 16, 2023 (GLOBE NEWSWIRE) -- Lifecore Biomedical, Inc. ("Lifecore" or the "Company"), a fully integrated contract development and manufacturing organization ("CDMO"), today announced that it has entered into a term sheet ("Term Sheet") to seek to expand its existing CDMO relationship with one of its long-term commercial Hyaluronic Acid and CDMO customers, including obtaining certain up-front cash payments and capital reimbursement obligations from the customer and entering into a non-binding agreement to amend the current contract manufacturing agreement ("CMA") with the customer to extend and expand the existing relationship.

James G. Hall, President and Chief Executive Officer of Lifecore Biomedical, stated, "We're pleased to be given the opportunity to help impact the lives of more patients worldwide with the potential opportunity to deepen and expand our valuable relationship with a longstanding commercial partner. We believe this Term Sheet and the amendment, if finalized, will lead to increased capital efficiency for Lifecore and enhance our ability to better support this customer's portfolio of products in the future. This positive development and opportunity speaks to our deep expertise working with complex products for customers who are global leaders in their respective industries."

With the signing of the Term Sheet, the customer agreed to a one-time, non-refundable \$10 million cash commitment to Lifecore, payable in installments over the next seven months, to prepare infrastructure and manufacturing capacity. The customer also agreed to reimburse Lifecore, subject to certain conditions, for up to approximately \$15 million in capital expenditures to purchase equipment related to the expansion of our relationship with this customer, which equipment would be installed at Lifecore's facility and owned by the customer. The upfront cash and reimbursement commitments are binding obligations under the Term Sheet, subject to certain limitations. The Term Sheet also contemplates, on a non-binding basis, the negotiation of a long-term extension to the existing CMA. The Company expects to proceed with negotiating and drafting the amendment to the CMA over the next several months.

About Lifecore Biomedical

Lifecore Biomedical, Inc. is a fully integrated contract development and manufacturing organization (CDMO) that offers highly differentiated capabilities in the development, fill and finish of complex sterile injectable pharmaceutical products in syringes and vials. As a leading manufacturer of premium, injectable grade Hyaluronic Acid, Lifecore brings more than 40 years of expertise as a partner for global and emerging biopharmaceutical and biotechnology companies across multiple therapeutic categories to bring their innovations to market. For more information about the Company, visit Lifecore's website at www.lifecore.com.

Important Cautions Regarding Forward-Looking Statements

This press release contains forward-looking statements regarding future events and our future results that are subject to the safe harbor created under the Private Securities Litigation Reform Act of 1995 and other safe harbors under the Securities Act of 1933 and the Securities Exchange Act of 1934. Words such as "anticipate", "estimate", "expect", "project", "plan", "intend", "believe", "may", "might", "will", "should", "can have", "likely" and similar expressions are used to identify forward-looking statements. All forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially, including such factors among others, as the outcome of any evaluation of the Company's strategic alternatives or any discussions with any potential bidders related thereto, the Company's ability to negotiate a favorable forbearance arrangement with the lenders, or at all, and the potential exercise by the lenders of their available remedies under our credit agreements, including the acceleration of all outstanding borrowings thereunder, the ability of the Company to continue as a going concern, the ability of the Company to conduct its strategic review process in a timely manner or at all, the Company's ability to successfully complete the transition of the Company's business and operations to focus on Lifecore, the timing and needs related to capital expenditures, the timing and expenses associated with operations, the ability to achieve acceptance of the Company's new products in the market place, government regulations affecting our business, the timing of regulatory approvals, uncertainties related to COVID-19 and the impact of our responses to it, and the mix between domestic and international sales. For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please refer to our filings with the Securities and Exchange Commission, including the risk factors contained in our most recent Quarterly Report on Form 10-Q and Annual Report on Form 10-K/A. Forward-looking statements represent management's current expectations and are inherently uncertain. Except as required by law, we do not undertake any obligation to update forward-looking statements made by us to reflect subsequent events or circumstances.

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