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Asahi Kasei Group Announces a Recommended Conditional Voluntary Public Offer for Veloxis

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Asahi Kasei Group Announces a Recommended Conditional Voluntary Public Offer for Veloxis

Veloxis Pharmaceuticals A/S (OMX: VELO) ("Veloxis" or the "Company") and Asahi Kasei Pharma Denmark A/S ("Asahi Kasei Pharma Denmark A/S" or the "Offeror") have today entered into a transaction agreement (the "Transaction Agreement") pursuant to which Asahi Kasei Pharma Denmark A/S will make a recommended conditional voluntary public offer to purchase all of the issued and outstanding shares and warrants in Veloxis (except for treasury shares) (the "Offer"). Asahi Kasei Pharma Denmark A/S is a wholly-owned subsidiary of Asahi Kasei Corporation, a Japanese public corporation listed on the Tokyo Stock Exchange. The board of directors of Veloxis has unanimously decided that it will recommend the shareholders and warrant holders of Veloxis to accept the Offer. At the time of this announcement, shareholders and warrant holders representing in total 81.2 percent of the Company's share capital (on a fully diluted basis) have agreed to accept the Offer.

Highlights of the Offer

- The price of the Offer is DKK 6.00 in cash for each share in Veloxis (the "Share Offer Price") except for shares and warrants owned by the two majority shareholders and a group of directors who have accepted to tender their shares at DKK 4.45 in cash for each share in Veloxis (the "Major Shareholders' and Group of Directors' Share Offer Price")
- Warrant holders will be offered a price corresponding to the Share Offer Price or the Major Shareholders' and Group of Directors' Share Offer Price, as applicable, with the deduction of the pre-fixed exercise price for each of the warrants
- The two majority shareholders of Veloxis, Novo Holdings A/S and Lundbeckfond Invest A/S have together with the CEO of Veloxis, Mr. Craig Collard, the CFO of Veloxis, Ms. Ira Duarte, as well as the rest of the group's management team and the members of Veloxis' board of directors, irrevocably undertaken to accept the Offer at the Major Shareholders' and Group of Directors' Share Offer Price, subject to certain customary conditions. Also the Veloxis group's management team and the members of Veloxis' board of directors have irrevocably undertaken to accept the Offer in respect of their warrants in Veloxis, subject to customary conditions. The irrevocable undertakings represent jointly approximately 81.2 percent of the voting rights and share capital in Veloxis.
- The Share Offer Price of DKK 6.00 for all shares held by shareholders other than the major shareholders and the members of the board of directors and the management of Veloxis represents:

Veloxis Pharmaceuticals A/S
c/o Plesner Law Firm
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DK-2100 Copenhagen Ø
CVR no. 26 52 77 67

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- a premium of 6% compared to the 30-trading day volume weighted average share price of DKK 5.68 for the period of October 14, 2019 to November 22, 2019
- a premium of 14% compared to the 60-trading day volume weighted average share price of DKK 5.25 for the period of September 02, 2019 to November 22, 2019
- a premium of 36% compared to the six-month volume weighted average share price of DKK 4.41 for the period of May 23, 2019 to November 22, 2019
- a premium of 75% compared to the one-year volume weighted average share price of DKK 3.43 for the period of November 23, 2018 to November 22, 2019
- The board of directors of Veloxis has unanimously decided that it will recommend that the shareholders of Veloxis accept the Offer
- The Offer will be made subject to a number of customary conditions, as well as a requirement that the total number of tendered shares and warrants in the Offer will amount to more than eighty percent (80.0%) of the voting rights and share capital of Veloxis after conversion of the warrants to Veloxis shares, and that necessary approvals by relevant regulatory authorities are obtained.
- The Offeror will, as soon as possible and no later than 4 weeks from today, publish an offer document with detailed information about the Offer
- The offer period under the Offer is expected to be approximately four weeks, subject to any extension of the offer period by the Offeror in accordance with the terms and conditions of the Offer
- The consideration will be paid in cash out of funds which the Offeror already holds or otherwise have available, ready for settlement

Michael Heffernan, Chairman of the Board of Directors of Veloxis:

"Veloxis has created significant value for all shareholders which we believe is reflected in this tender offer. We are excited about the commitment Asahi Kasei has made to the continued development of Veloxis while also maintaining the Company's focus on improving the lives of transplant patients."

Christoffer Søderberg, Senior Partner & Head of Principal Investments Europe at Novo Holdings A/S:

"The acquisition of Veloxis by Asahi Kasei is a great culmination of more than a decade of research, development, and commercialization of life science innovation, which is now benefitting thousands of patients around the world. We are proud of what the employees of Veloxis have accomplished and are pleased that they will all continue with Asahi Kasei."

Lene Skole, CEO, Lundbeckfond Invest A/S

"Since Veloxis was spun out of H.Lundbeck in 2002 as a very early stage biotech company, it has been on an exciting journey and we have been part of that journey for more than 10 years. We salute the impressive development and the company's results in transferring a unique technology into a valuable product. Now it's time for a new owner to take over the reins and we believe that Asahi Kasei is the ideal owner to lead Veloxis to the next level for the benefit of patients all over the world."



Hideki Kobori, President & Representative Director of Asahi Kasei Corp.

"The Asahi Kasei Group is attracted by the results of Veloxis and will actively support the management team's strategy to drive further value to the business by completing key value creating projects and evaluate potential new strategic options aimed at growing the Veloxis Group's business while utilizing potential synergies within the Asahi Kasei Group. We look forward to the contribution of the Veloxis team to growing our global healthcare business."

Background and Reasons for the Offer

The Asahi Kasei Group is a diversified group of companies led by Asahi Kasei Corporation, with operations in the material, homes, and health care business sectors. Its health care operations include devices and systems for acute critical care, dialysis, therapeutic apheresis, transfusion, and manufacture of biotherapeutics, as well as pharmaceuticals and diagnostic reagents. With more than 40,000 employees around the world, the Asahi Kasei Group serves customers in more than 100 countries. For more information, visit www.asahi-kasei.co.jp/asahi/en/.

Veloxis Pharmaceuticals A/S is a commercial-stage specialty pharmaceutical company committed to improving the lives of transplant patients. A Danish company, Veloxis Pharmaceuticals A/S operates in the U.S. through Veloxis Pharmaceuticals Inc., a wholly-owned subsidiary headquartered in Cary, North Carolina, USA. Veloxis has successfully developed Envarsus XR (tacrolimus extended-release tablets) based upon the Company's unique and patented delivery technology, MeltDose®, which is designed to enhance the absorption and bioavailability of select orally administered drugs. The company is focused on the direct commercialization of Envarsus XR in the U.S., expansion of partnerships for markets around the world, and acquisition of assets utilized in transplant patients and by adjacent medical specialties.

Veloxis today is a fast-growing pharmaceuticals company with its primary focus on the United States market. Envarsus XR, the main product of Veloxis, has proven highly profitable and successful with great potential for further development and growth.

The Asahi Kasei Group is attracted by the results of Veloxis and will actively support the management team's strategy to drive further value to the business by completing key value creating projects and evaluate potential new strategic options aimed at growing the Veloxis Group's business while utilizing potential synergies within the Asahi Kasei Group.

It is the Offeror's belief that Veloxis' activities located in its US subsidiary can best be further developed for the benefit of both customers and employees under private ownership by the Asahi Kasei Group compared to being listed on Nasdaq Copenhagen.

The Offeror agrees with the strategy that has been set out and pursued by the board of directors and the management of Veloxis. The Offeror will actively support the management team and provide business development experience and the broad expertise it can access from the Asahi Kasei Group, as well as the potential to provide the necessary financial resources for the Veloxis group to develop further.

The Board of Directors' Recommendation

The board of directors of Veloxis has today confirmed in the Transaction Agreement entered into with the Offeror that it unanimously will recommend the shareholders and warrant holders of Veloxis to accept the Offer when made in the form of an offer document approved by the Danish Financial Supervisory Authority. The Offer is a result of a strategic review launched by the board of directors of Veloxis. There



has been a competitive process and the board of directors of Veloxis along with its external financial advisor have determined that the Offer reflects the most attractive outcome for all shareholders. The board of directors find that the transaction is in all shareholders' interest. Minority shareholders will have the possibility of selling their shares at the higher, more favourable Share Offer Price compared to the Major Shareholders' and Group of Directors' Share Offer Price. The board of directors will in due course after the Offeror's publication of the official offer document issue its statement provided for in section 22 of the Danish Executive Order no 1171/2017 on takeover offers.

To support its assessment of the Offer, the board of directors of Veloxis has received a fairness opinion from Veloxis' financial advisor MTS Securities, LLC an affiliate of MTS Health Partners, L.P., to the effect that the consideration to be received by shareholders (other than Asahi Kasei Pharma Denmark A/S, Asahi Kasei Corporation, or any of their respective affiliates and certain other holders) is fair, from a financial, point of view, to such holders.

Support from Shareholders in Veloxis

The two majority shareholders of Veloxis, Novo Holdings A/S and Lundbeckfond Invest A/S have together with the CEO of Veloxis, Mr. Craig Collard, the CFO of Veloxis Ms. Ira Duarte as well as the rest of the group's management team and the members of Veloxis' board of directors, subject to certain customary conditions, irrevocably undertaken to accept the Offer at the Major Shareholders' and Group of Directors' Share Offer Price, subject to certain customary conditions. These irrevocable undertakings together account for 1,573,639,614 shares, equal to 81.22 percent of the voting rights and share capital in Veloxis Pharmaceuticals A/S on a fully-diluted basis. The irrevocable undertakings of Novo Holdings A/S and Lundbeckfond Invest A/S and the members of the management team remain in force regardless of any competing proposals being made. In case the Share Offer Price would be increased, these shareholders have waived their entitlement to benefit from any such increase.

Conditions to Completion

The Offer will be made subject to a number of customary conditions, as well as a requirement that the total number of tendered shares and warrants in the Offer will amount to more than eighty percent (80.0%) of the voting rights and share capital of Veloxis after conversion of the warrants to Veloxis shares, and that necessary approvals by relevant regulatory authorities are obtained.

Offer Process and Conditions

The announcement of the Offeror's decision to make the Offer is attached and is hereby published in accordance with Section 4(1) in the Executive Order on Takeover Offers.

The Offer will be conducted in accordance with Danish law and the terms and conditions of the Offer will be set out in an offer document, which will be published by the Offeror upon approval by the Danish Financial Supervisory Authority and no later than 4 weeks from the date of this announcement.

Once the offer document is published, all shareholders in Veloxis will have the possibility to tender their shares to the Offeror. The offer period is expected to be 4 weeks, but can be extended to up to 10 weeks.

No later than 3 days after expiry of the offer period, the Offeror will publish the final result of the Offer.



Veloxis Pharmaceuticals A/S is a commercial-stage specialty pharmaceutical company committed to improving the lives of transplant patients. A Danish company, Veloxis Pharmaceuticals A/S operates in the U.S. through Veloxis Pharmaceuticals Inc., a wholly-owned subsidiary headquartered in Cary, North Carolina, USA. Veloxis has successfully developed Envarsus XR (tacrolimus extended-release tablets) based upon the company's unique and patented delivery technology, MeltDose®, which is designed to enhance the absorption and bioavailability of select orally administered drugs. The company is focused on the direct commercialization of Envarsus XR in the U.S., expansion of partnerships for markets around the world, and acquisition of assets utilized in transplant patients and by adjacent medical specialties. Veloxis is listed on the NASDAQ OMX Copenhagen under the trading symbol OMX: VELO. For further information, please visit <http://www.veloxis.com/>.

Disclaimer

The offer is made neither directly nor indirectly in any jurisdiction where this would constitute a violation of the legislation within the jurisdiction in question. This announcement and other documents regarding the offer must not be sent, forwarded or distributed in any other way within a jurisdiction where this would constitute a violation of legislation within said jurisdiction, including in particular in Canada, Japan, Australia or South Africa. This announcement does not constitute an offer or invitation to sell or buy shares in Veloxis Pharmaceuticals A/S. The offer is made solely on the basis of an offer document prepared and published by Asahi Kasei Pharma Denmark A/S which will contain the complete terms and conditions of the offer. Shareholders and warrant holders in Veloxis Pharmaceuticals A/S are encouraged to read the offer document and any associated documents as these will contain important information on the offer.

The offer is being made in the United States of America in accordance with Section 14(e) of, and Regulation 14E promulgated under, the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), subject to the exemptions provided by Rule 14d-1(d) under the Exchange Act and otherwise in accordance with the requirements of Danish law. Pursuant to one or more exemptions provided in Rule 14e-5(b) of the Exchange Act, Asahi Kasei Pharma Denmark A/S or its nominees, or its brokers (acting as agents of Asahi Kasei Pharma Denmark A/S or in a similar capacity) or their respective affiliates (as defined in Rule 12b-2 of the Exchange Act), may, from time to time, purchase or make arrangements to purchase Veloxis Pharmaceuticals A/S shares and warrants, other than pursuant to the offer during the period where the offer remains open for acceptance.