Boston Scientific

Boston Scientific Announces Agreement to Acquire Apollo Endosurgery, Inc.

Acquisition to expand endoluminal surgery portfolio and add differentiated technologies for endobariatric procedures

MARLBOROUGH, Mass., Nov. 29, 2022 /PRNewswire/ -- Boston Scientific Corporation (NYSE: BSX) today announced it has entered into a definitive agreement to acquire Apollo Endosurgery, Inc. (Nasdaq: APEN) for a cash price of $10 per share, reflecting an enterprise value of approximately $615 million.[1]

The Apollo Endosurgery product portfolio includes devices used during endoluminal surgery (ELS) procedures to close gastrointestinal defects, manage gastrointestinal complications and aid in weight loss for patients suffering from obesity. ELS provides a less-invasive alternative to open and laparoscopic surgery for patients with diseases in the gastrointestinal tract or morbid obesity, while providing the potential for quicker recovery and minimizing the risks of surgical complications.[2,3,4]

"Endoluminal surgery is an emerging field and a core focus for our Endoscopy business," saidMike Jones, senior vice president and president, Endoscopy, Boston Scientific. "We intend to expand our global capabilities in ELS with the differentiated innovation that Apollo Endosurgery offers, and we will continue to focus on procedural adoption as well as professional education in this exciting space. This acquisition also enables us to enter a new adjacency – the endobariatric market – and deliver strong, continued growth across our business."

Apollo Endosurgery is expected to generate net sales of approximately$76 million in 2022,[5] as a result of the expected growth in its endoscopic suturing system franchise, including its OverStitch™ Endoscopic Suturing System, OverStitch Sx™ Endoscopic Suturing System and X-Tack™ Endoscopic HeliX Tacking System.[6]

In July 2022, Apollo Endosurgery received U.S. Food and Drug Administration (FDA) de novo clearance for its Apollo ESG™, Apollo ESG Sx™, Apollo REVISE™ and Apollo REVISE Sx™ Systems, the first devices authorized by the FDA for endoscopic sleeve gastroplasty (ESG) and endoscopic bariatric revision procedures. The company's endobariatric portfolio also includes the Orbera® Intragastric Balloon for endoscopic weight management.

Boston Scientific expects to complete the transaction in the first half of 2023, subject to satisfaction of customary closing conditions. The impact to Boston Scientific's adjusted earnings per share is expected to be immaterial in 2023, and accretive thereafter. The impact to GAAP earnings per share is expected to be less accretive, or more dilutive, as the case may be, due to amortization expense and acquisition-related net charges.

About Boston Scientific
Boston Scientific transforms lives through innovative medical solutions that improve the health of patients around the world. As a global medical technology leader for more than 40 years, we advance science for life by providing a broad range of high performance solutions that address unmet patient needs and reduce the cost of healthcare. For more information, visit www.bostonscientific.com and connect on Twitter and Facebook.

Cautionary Statement Regarding Forward-Looking Statements
This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by words like "anticipate," "expect," "project," "believe," "plan," "estimate," "intend" and similar words. These forward-looking statements are based on our beliefs, assumptions and estimates using information available to us at the time and are not intended to be guarantees of future events or performance. These forward-looking statements include, among other things, statements regarding the financial and business impact of the transaction, product launches and product performance and impact. If our underlying assumptions turn out to be incorrect, or if certain risks or uncertainties materialize, actual results could vary materially from the expectations and projections expressed or implied by our forward-looking statements. These factors, in some cases, have affected and in the future (together with other factors) could affect our ability to implement our business strategy and may cause actual results to differ materially from those contemplated by the statements expressed in this press release. As a result, readers are cautioned not to place undue reliance on any of our forward-looking statements.

Factors that may cause such differences include, among other things: future economic, competitive, reimbursement and regulatory conditions; new product introductions; expected procedural volumes; demographic trends; the closing and integration of acquisitions; intellectual property rights; litigation; financial market conditions; the execution and effect of our business strategy, including cost savings and growth initiatives; and future business decisions made by us and our competitors; the conditions to the completion of the proposed transaction, including the receipt of the required regulatory approvals and clearances, may not be satisfied; closing of the proposed transaction may not occur or may be delayed. All of these factors are difficult or impossible to predict accurately and many of them are beyond our control. For a further list and description of these and other important risks and uncertainties that may affect our future operations, see Part I, Item 1A – *Risk Factors* in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), which we may update in Part II, Item 1A – *Risk Factors* in Quarterly Reports on Form 10-Q we have filed or will file hereafter. We disclaim any intention or

obligation to publicly update or revise any forward-looking statements to reflect any change in our expectations or in events, conditions or circumstances on which those expectations may be based, or that may affect the likelihood that actual results will differ from those contained in the forward-looking statements. This cautionary statement is applicable to all forward-looking statements contained in this press release.

Additional Information and Where to Find It
In connection with the proposed transaction, Apollo intends to file with the SEC preliminary and definitive proxy statements relating to the proposed transaction and other relevant documents. The definitive proxy statement will be mailed to Apollo's stockholders as of a record date to be established for voting on the proposed transaction and any other matters to be voted on at the special meeting. BEFORE MAKING ANY VOTING DECISION, INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENTS, ANY AMENDMENTS OR SUPPLEMENTS THERETO, ANY OTHER SOLICITING MATERIALS AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION OR INCORPORATED BY REFERENCE IN THE PROXY STATEMENTS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT APOLLO, BOSTON SCIENTIFIC AND THE PROPOSED TRANSACTION. Investors and security holders may obtain free copies of these documents (when they are available) on the SEC's web site at www.sec.gov.

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[1] Enterprise value based on 41.7 million common shares outstanding, 12.3 million warrants outstanding, conversion of outstanding convertible debt, and vesting of shares under Apollo's equity incentive plans for a total fully diluted share count of approximately 64.8 million shares, implying $648 million for 100% of the fully diluted equity, minus approximately$33 million net cash as of September 30, 2022.

[2] Liu, Q., Ding, L., Qiu, X., & Meng, F. (2020). Updated evaluation of endoscopic submucosal dissection versus surgery for early gastric cancer: A systematic review and meta-analysis. *International journal of surgery (London, England)*, *73*, 28–41. https://doi.org/10.1016/j.ijsu.2019.11.027.

[3] Jalal, M. A., Cheng, Q., & Edye, M. B. (2020). Systematic Review and Meta-Analysis of Endoscopic Sleeve Gastroplasty with Comparison to Laparoscopic Sleeve Gastrectomy. Obesity surgery, 30(7), 2754–2762. https://doi.org/10.1007/s11695-020-04591-4.

[4] Hedjoudje, A., Abu Dayyeh, B. K., Cheskin, L. J., Adam, A., Neto, M. G., Badurdeen, D., Morales, J. G., Sartoretto, A., Nava, G. L., Vargas, E., Sui, Z., Fayad, L., Farha, J., Khashab, M. A., Kalloo, A. N., Alqahtani, A. R., Thompson, C. C., & Kumbhari, V. (2020). Efficacy and Safety of Endoscopic Sleeve Gastroplasty: A Systematic Review and Meta-Analysis. *Clinical gastroenterology and hepatology : the official clinical practice journal of the American Gastroenterological Association*, *18*(5), 1043–1053.e4. https://doi.org/10.1016/j.cgh.2019.08.022.

[5] Apollo Endosurgery, Inc. (2022). Q3 2022 Financial results.https://irp.cdn-website.com/da0ce818/files/uploaded/APEN%20Q3%202022%20Deck%2011.01.22%20%281%29.pdf.

[6] Apollo Endosurgery, Inc. (2022). Form 10-Q.https://app.quotemedia.com/data/downloadFiling?webmasterId=102691&ref=117026820&type=PDF&symbol=APEN&companyName=Apollo+Endosurgery+Inc.&formType=10-Q&formDescription=General+form+for+quarterly+reports+under+Section+13+or+15%28d%29&dateFiled=2022-11-01&CK=1251769.

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