
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **August 28, 2020**

AXCELLA HEALTH INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-38901
(Commission
File Number)

26-3321056
(IRS Employer
Identification No.)

840 Memorial Drive
Cambridge, Massachusetts
(Address of principal executive offices)

02139
(Zip Code)

Registrant's telephone number, including area code: **(857) 320-2200**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 Par Value	AXLA	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

On August 28, 2020, Axcella Health Inc. (the “Company”) entered into a Third Amendment to Loan and Security Agreement (the “Loan Amendment”) with Solar Capital Ltd., in its capacity as collateral agent and as a lender (the “Lender”). The Loan Amendment amends the terms of that certain Loan and Security Agreement by and among the Company and the Lender, dated as of January 9, 2018, as amended by that certain First Amendment to Loan and Security Agreement dated as of October 7, 2018, as further amended by that certain Second Amendment to Loan and Security Agreement dated as of November 30, 2018 (as amended, the “Loan Agreement”) to, among other things; (i) extend the date on which repayment of principal commences under the Loan Agreement until November 2021, (ii) provide for further extensions of the date on which repayment of principal commences under the Loan Agreement to January 2022 and May 2022, provided that certain specified regulatory and clinical milestones are satisfied by the Company, (iii) increase the final payment fee by 1.00% to 6.35% and (iv) add a 0.20% floor to the LIBOR rate.

The above description of the Loan Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Loan Amendment, which is filed with this Current Report on Form 8-K as Exhibit 10.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

Exhibit

No.	Description
<u>10.1</u>	<u>Third Amendment to Loan and Security Agreement, dated August 28, 2020, by and between Axcella Health Inc. and Solar Capital Ltd.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AXCELLA HEALTH INC.

Date: August 31, 2020

By: /s/ William R. Hinshaw, Jr.
William R. Hinshaw, Jr.
Chief Executive Officer, President and Director

THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS **THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this “**Amendment**”), dated as of August 28, 2020 (the “**Amendment Effective Date**”), is made among Axcella Health Inc., a Delaware corporation (the “**Axcella**”), and Acora Nutrition LLC, a Delaware limited liability company (“**Acora**” and, individually and collectively, jointly and severally with Axcella, the “**Borrower**”), Solar Capital Ltd., a Maryland corporation (“**Solar**”), in its capacity as collateral agent (in such capacity, together with its successors and assigns in such capacity, “**Collateral Agent**”) and the Lenders listed on Schedule 1.1 of the Loan and Security Agreement (as defined below) or otherwise a party hereto from time to time including Solar in its capacity as a Lender (each a

“**Lender**” and collectively, the “**Lenders**”).

The Borrower, the Lenders and Collateral Agent are parties to a Loan and Security Agreement dated as of January 9, 2018 (as amended by that certain First Amendment to Loan and Security Agreement, dated as of October 5, 2018, and that certain Second Amendment to Loan and Security Agreement, dated as of November 30, 2018, and as further amended, restated or modified from time to time, the “**Loan and Security Agreement**”). The Borrower has requested that the Lenders agree to certain amendments to the Loan and Security Agreement. The Lenders have agreed to such request, subject to the terms and conditions hereof.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Loan and Security Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Loan and Security Agreement.

(b) **Interpretation.** The rules of interpretation set forth in Section 1.1 of the Loan and Security Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to the Loan and Security Agreement.

(a) The Loan and Security Agreement shall be amended as follows effective as of the Amendment Effective Date:

(i) New Definitions. The following definitions are added to Section 1.3 in their proper alphabetical order:

“**Fifth Interest Only Extension Conditions**” shall mean satisfaction of each of the following: (a) no Default or Event of Default shall have occurred and be continuing and Borrower has achieved First Interest Only Extension Conditions, Second Interest Only Conditions, Third Interest Only Extension Conditions and Fourth Interest Only Extension Conditions; and (b) after the Third Amendment Effective Date and on or before September 30, 2021, Borrower shall have provided Collateral Agent evidence satisfactory to Collateral Agent of achievement of each of the following: (i) Borrower shall have submitted an IND for AXA-1665, (ii) Borrower shall have submitted an IND for AXA-1125 in adult Nonalcoholic Steatohepatitis and (iii) a patient has completed enrollment in a Borrower-sponsored Phase 2b clinical trial for adult Nonalcoholic Steatohepatitis.

“**Fourth Interest Only Extension Conditions**” shall mean satisfaction of each of the following: (a) no Default or Event of Default shall have occurred and be continuing and Borrower has achieved First Interest Only Extension Conditions, Second Interest Only Conditions and Third Interest Only Extension Conditions; and (b) after the Third Amendment Effective Date and on or before September 30, 2021, Borrower shall have provided Collateral Agent evidence satisfactory to Collateral Agent of achievement of any two of the following: (i) Borrower shall have submitted an IND for AXA-1665, (ii) Borrower shall have submitted an IND for AXA-1125 in adult Nonalcoholic Steatohepatitis and (iii) a patient has completed enrollment in a Borrower-sponsored Phase 2b clinical trial for adult Nonalcoholic Steatohepatitis.

“**IND**” means an Investigational New Drug Application submitted to the FDA pursuant to 21 C.F.R. § 312 (or its successor regulation) requesting authorization to initiate clinical trials in human subjects.

“**Third Amendment Effective Date**” means August 28, 2020.

(ii) Amended and Restated Definitions. The following definitions are hereby amended and restated as follows:

“**Amortization Date**” is November 1, 2021; *provided* that, (i) if the Fourth Interest Only Extension Conditions are satisfied and Borrower so elects, then February 1, 2022; and (ii) if the Fifth Interest Only Extension Conditions are satisfied and Borrower so elects, then May 1, 2022.

“**Final Fee**” is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the earliest to occur of (a) the Maturity Date, or (b) the acceleration of any Term Loan, or (c) the prepayment of a Term Loan by Borrower pursuant to Section 2.2(c) or (d), equal to 6.35% of the Term Loans funded under this Agreement.

“**LIBOR Rate**” means the greater of (a) 0.20% per annum, and (b) the rate per annum rate published by the Intercontinental Exchange Benchmark Administration Ltd. (the “**Service**”) (or on any successor or substitute page of such Service, or any successor to or substitute for such Service) for a term of one month, which determination by Collateral Agent shall be conclusive in the absence of manifest error.

(b) **References Within Loan and Security Agreement.** Each reference in the Loan and Security

Agreement to “this Agreement” and the words “hereof,” “herein,” “hereunder,” or words of like import, shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment.

SECTION 3 Conditions of Effectiveness. The effectiveness of Section 2 of this Amendment shall be subject to the satisfaction of each of the following conditions precedent:

(a) **Fees and Expenses.** The Borrower shall have paid (i) an amendment fee of \$39,000, (ii) all invoiced costs and expenses then due in accordance with Section 5(e), and (iii) all other fees, costs and expenses, if any, due and payable as of the Amendment Effective Date under the Loan and Security Agreement.

(b) **This Amendment.** Collateral Agent shall have received this Amendment, executed by Collateral Agent, the Lenders and the Borrower.

(c) **Representations and Warranties; No Default.** On the Amendment Effective Date, after giving effect to the amendment of the Loan and Security Agreement contemplated hereby:

(i) The representations and warranties contained in Section 4 shall be true and correct on and as of the Amendment Effective Date as though made on and as of such date; and

(ii) There exist no Events of Default or events that with the passage of time would result in an Event of Default.

SECTION 4 Representations and Warranties. To induce the Lenders to enter into this Amendment, the Borrower hereby confirms, as of the date hereof, (a) that the representations and warranties made by it in Section 5 of the Loan and Security Agreement and in the other Loan Documents are true and correct in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; (b) that there has not been and there does not exist a Material Adverse Change; and (c) that the information included in the Perfection Certificate delivered to Collateral Agent on the Effective Date is true and correct in all material respects as of the Amendment Effective Date, subject to changes reflected in Borrower's monthly Compliance Certificates. For the purposes of this Section 4, (i) each reference in Section 5 of the Loan and Security Agreement to "this Agreement," and the words "hereof," "herein," "hereunder," or words of like import in such Section, shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment, and (ii) any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (provided that such representations and warranties shall be true, correct and complete in all material respects as of such earlier date).

SECTION 5 Miscellaneous.

(a) **Loan Documents Otherwise Not Affected; Reaffirmation.** Except as expressly amended pursuant hereto or referenced herein, the Loan and Security Agreement and the other Loan Documents shall remain unchanged and in full force and effect and are hereby ratified and confirmed in all respects. The Lenders' and Collateral Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future. The Borrower hereby reaffirms the grant of security under Section

4.1 of the Loan and Security Agreement and hereby reaffirms that such grant of security in the Collateral secures all Obligations under the Loan and Security Agreement, including without limitation any Term Loans funded on or after the Amendment Effective Date, as of the date hereof.

(b) **Conditions.** For purposes of determining compliance with the conditions specified in Section 3, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless Collateral Agent shall have received notice from such Lender prior to the Amendment Effective Date specifying its objection thereto.

(c) **Release.** In consideration of the agreements of Collateral Agent and each Lender contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby fully, absolutely, unconditionally and irrevocably releases, remises and forever discharges Collateral Agent and each Lender, and its successors and assigns, and its present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Collateral Agent, the Lenders and all such other persons being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower, or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment, including, without limitation, for or on account of, or in relation to, or in any way in connection with the Loan Agreement, or any of the other Loan Documents or transactions thereunder or related thereto. Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release. Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

(d) **No Reliance.** The Borrower hereby acknowledges and confirms to Collateral Agent and the Lenders that the Borrower is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(e) **Costs and Expenses.** The Borrower agrees to pay to Collateral Agent within thirty (30) days of its receipt of an invoice (or on the Amendment Effective Date to the extent invoiced on or prior to the Amendment Effective Date), the out-of-pocket costs and expenses of Collateral Agent and the Lenders party hereto, and the reasonable documented fees and disbursements of counsel to Collateral Agent and the Lenders party hereto (including allocated costs of internal counsel), in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith on the Amendment Effective Date or after such date.

(f) **Binding Effect.** This Amendment binds and is for the benefit of the successors and permitted assigns of each party.

(g) **Governing Law.** THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAWS OTHER THAN THE LAWS OF THE STATE OF NEW YORK), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL.

(h) **Complete Agreement; Amendments; Exit Fee Agreement.** This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents. For the avoidance of doubt and notwithstanding anything to the contrary in this Amendment, Borrower (a) reaffirms its obligations under the Exit Fee Agreement, including without limitation its obligation to pay the Exit Fee (as defined in the Exit Fee Agreement) if and when due thereunder, and (b) agrees that the defined term "Loan Agreement" as defined in the Exit Fee Agreement shall on and after the Amendment Effective Date mean the Loan and Security Agreement as amended by this Amendment and as may be amended, restated or modified from time to time on or after the Amendment Effective Date.

(i) **Severability of Provisions.** Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

(j) **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Amendment. Delivery of an executed counterpart of a signature page of this Amendment by facsimile, portable document format (.pdf) or other electronic transmission will be as effective as delivery of a manually executed counterpart hereof.

(k) **Loan Documents.** This Amendment and the documents related thereto shall constitute Loan Documents.

(l) **Electronic Execution of Certain Other Documents.** The words "execution," "execute," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby (including without limitation assignments, assumptions, amendments, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by Collateral Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

BORROWER:

AXCELLA HEALTH INC.,
as Borrower

By: /s/ Laurent Chardonnet

Name: Laurent Chardonnet

Title: Chief Financial Officer

ACORA NUTRITION LLC,
as Borrower

By: Axcella Health Inc., its sole member

By: /s/ Laurent Chardonnet

Name: Laurent Chardonnet

Title: Chief Financial Officer

[Signature Page to Third Amendment to Loan and Security Agreement]

COLLATERAL AGENT AND LENDER:

SOLAR CAPITAL LTD.,

as Collateral Agent and a Lender

By: /s/ Anthony Storino

Name: Anthony Storino

Title: Authorized Signatory

[Signature Page to Third Amendment to Loan and Security Agreement]
