Phathom Pharmaceuticals Announces Expansion of Existing Loan and Security Agreement with Hercules Capital

December 14, 2023

- *Amendment provides more favorable terms including a 14-month extension of the interest-only period and maturity date until December 2027*
- *Up to an additional $100 million in non-dilutive capital available subject to the achievement of certain revenue milestones*
- *Cash runway now expected through the end of 2026*

FLORHAM PARK, N.J., Dec. 14, 2023 (GLOBE NEWSWIRE) -- Phathom Pharmaceuticals, Inc. (Nasdaq: PHAT), a biopharmaceutical company focused on developing and commercializing novel treatments for gastrointestinal diseases, today announced an amendment to its term loan facility from Hercules Capital, Inc. (NYSE: HTGC), a leader in customized debt financing for companies in life sciences and technology-related markets. Sagard Healthcare is also participating in the term loan facility.

The amendment increases the total term loan facility up to $300 million with more favorable terms, including the extension of the interest-only period and maturity date from October 1, 2026, to December 1, 2027. Phathom has drawn $40 million upon the closing of the amendment, aggregating to $140 million currently outstanding under the expanded loan facility. Phathom has estimated the amended terms result in cash savings of approximately $20 million based upon the original maturity date of the loan and $200 million in advances.

“We appreciate our partnership with Hercules Capital and Sagard Healthcare and believe the economics under this loan agreement, including the potential to receive up to an additional $100 million in non-dilutive financing, provides Phathom the financial flexibility necessary to execute the ongoing launch of VOQUEZNA® and help fund future clinical development programs,” said Molly Henderson, Chief Financial and Business Officer at Phathom. “These potential additional debt proceeds, when added to our current financial resources and projected product revenues, we believe will be sufficient to fund our projected level of operations through 2026.”

“Hercules is excited to expand and extend our financing partnership with Phathom at this important stage as they advance the commercial launch of VOQUEZNA in the U.S. The new increased commitment from Hercules reflects our dedication to Phathom and is intended to support their efforts to make their novel treatments available to patients,” said Michael Dutra, Managing Director at Hercules Capital. “Today’s announcement exemplifies our ability to be long-term capital partners and reflects our commitment to financing promising life science companies through development and into commercialization,” added Lake McGuire, Managing Director at Hercules Capital.

Under the terms of the amendment, the remaining $160 million of the aggregate $300 million loan facility is potentially available in five tranches. A tranche of $10 million is available through March 15, 2024, and the following two tranches of $25 million each are available to be drawn through June 15, 2024, and December 15, 2024, respectively. The final two tranches of $50 million each will be available, subject to the achievement of certain revenue milestones through June 30, 2025, and December 31, 2025, respectively.

Additional details of the loan agreement will be filed with the Securities and Exchange Commission on a Current Report on Form 8-K.

About VOQUEZNA®
VOQUEZNA® (vonoprazan) tablets contain vonoprazan, an oral small molecule potassium-competitive acid blocker (PCAB), approved in the U.S. for the treatment of adults with Erosive Esophagitis, also known as Erosive GERD, and the relief of heartburn associated with Erosive GERD. PCABs are a novel class of medicines that block acid secretion in the stomach. Phathom in-licensed the U.S., European, and Canadian rights to vonoprazan from Takeda, which markets the product in Japan and numerous other countries in Asia and Latin America.

About Phathom Pharmaceuticals, Inc.
Phathom Pharmaceuticals is a biopharmaceutical company focused on the development and commercialization of novel treatments for gastrointestinal diseases. Phathom has in-licensed the exclusive rights in the U.S., Europe, and Canada to vonoprazan, a first-in-class potassium-competitive acid blocker (PCAB). For more information about Phathom, visit the Company’s website at www.phathompharma.com and follow the Company on LinkedIn and X (formerly Twitter).

Forward-Looking Statement
Phathom cautions you that statements contained in this press release regarding matters that are not historical facts are forward-looking statements. These statements are based on the Company’s current beliefs and expectations. Such forward-looking statements include, but are not limited to, statements regarding the Company’s ability to finance the ongoing product launches and future clinical development and the Company’s anticipated cash runway. The inclusion of forward-looking statements should not be regarded as a representation by Phathom that any of its plans will be achieved. Actual results may differ from those set forth in this press release due to the risks and uncertainties inherent in Phathom’s business, including, without limitation: we may not be able to successfully commercialize VOQUEZNA which will depend on a number of factors including coverage and reimbursement levels from governmental authorities and health insurers as well as market acceptance by healthcare providers; future data generated from our stability program may be different from the data submitted to the FDA to date and may not demonstrate that our mitigation efforts will continue to maintain the level of the nitrosamine impurity below the acceptable intake (AI) level throughout the shelf life of products containing vonoprazan, which could result in market action or shelf life reduction; risks associated with product manufacturing or formulation changes required to be made in connection with achieving the AI; the inherent risks of clinical development of vonoprazan; Phathom’s dependence on third parties in connection with product manufacturing, research and preclinical and clinical testing; regulatory developments in the United States and

foreign countries; unexpected adverse side effects or inadequate efficacy of vonoprazan that may limit its development, regulatory approval and/or commercialization, or may result in recalls or product liability claims; Phathom's ability to access additional capital under its term loan facility and royalty interest finance agreements is subject to certain conditions; Phathom's ability to obtain and maintain intellectual property protection for vonoprazan; Phathom's ability to comply with its license agreement with Takeda; and other risks described in the Company's prior press releases and the Company's filings with the Securities and Exchange Commission (SEC), including under the heading "Risk Factors" in the Company's Annual Report on Form 10-K and any subsequent filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof, and Phathom undertakes no obligation to update such statements to reflect events that occur or circumstances that exist after the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

MEDIA CONTACT
Nick Benedetto
1-877-742-8466
media@phathompharma.com

INVESTOR CONTACT
Eric Sciorilli
1-877-742-8466
ir@phathompharma.com