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): May 3, 2022

Phathom Pharmaceuticals, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-39094**	**82-4151574**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

100 Campus Drive, Suite 102
Florham Park, New Jersey 07932
(Address of principal executive offices) (Zip Code)

(877) 742-8466
(Registrant's telephone number, including area code)

(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:

☐ 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, par value $0.0001 per share	**PHAT**	**The Nasdaq Global Select 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.

Revenue Interest Financing Agreement

On May 3, 2022, Phathom Pharmaceuticals, Inc. (the "Company") entered into a revenue interest financing agreement (the "Revenue Interest Financing Agreement") with entities managed or advised by NovaQuest Capital Management ("NQ"), Sagard Holdings Manager LP ("Sagard"), and Hercules Capital, Inc. ("Hercules," together with NQ and Sagard, the "Initial Investors"), pursuant to which the Company will receive up to $260 million in funding from the Initial Investors. Under the terms of the Revenue Interest Financing Agreement, the Company will receive $100 million at the initial closing and an additional $160 million upon Food & Drug Administration ("FDA") approval of vonoprazan for treatment of erosive esophagitis ("EE") on or before March 31, 2024. At any time prior to December 31, 2022, the Company has the right to obtain a written commitment from a third party for an additional $15,000,000 of funding upon FDA approval of vonoprazan for EE. In addition, the Company has the right at any time prior to June 30, 2024 to obtain a written commitment from a third party for up to $25,000,000 in additional funding for achievement of a sales milestone. The Initial Investors have a right of first offer if the Company seeks to obtain such additional fundings. The funding of the initial $100 million will occur by May 17, 2022. The total amount funded by the Initial Investors and any subsequent investors is referred to herein as the "Investment Amount."

Under the Revenue Interest Financing Agreement, the investors are entitled to receive a 10% royalty on net sales of products containing vonoprazan. The royalty rate is subject to a step-down on net sales exceeding certain annual thresholds and if the Company receives FDA approval for vonoprazan for an indication relating to the treatment of heartburn associated with symptomatic non-erosive gastroesophageal reflux disease, or NERD. The investors' right to receive royalties on net sales will terminate when the investors have aggregate payments equal to 200% of the Investment Amount. In addition, at any time after the earlier of (i) April 30, 2024 and (ii) the date that the payment for EE regulatory approval is made, the Company has the right to make a cap payment equal to 200% of the Investment Amount less any royalties already paid, at which time the agreement will terminate.

If the investors have not received aggregate payments of at least 100% of the Investment Amount by December 31, 2028 and at least 200% of the Investment Amount by December 31, 2037 (each, a "Minimum Amount"), then the Company will be obligated to make a cash payment to the investors in an amount sufficient to gross the investors up to the applicable Minimum Amount.

Upon the occurrence of an event of default or a change of control under the Revenue Interest Financing Agreement, the Company will be required to make certain payments to the investors, in each case as further described in the Revenue Interest Financing Agreement.

Amendment to Loan Agreement

In connection with the Revenue Interest Financing Agreement, the Company entered into an amendment to that certain Loan and Security Agreement, dated as of September 17, 2021, by and among the Company, the lenders thereunder, and Hercules Capital, Inc., in its capacity as administrative agent and collateral agent for itself and the lenders thereunder (the "Loan Amendment") to allow for the consummation of the Revenue Interest Financing Agreement and the transactions thereunder.

The foregoing descriptions of the Revenue Interest Financing Agreement and the Loan Amendment is a summary, is not complete, and is qualified in its entirety by the full text of the Revenue Interest Financing Agreement and Loan Amendment, copies of which the Company intends to file as exhibits to its Quarterly Report on Form 10-Q for the quarter ended June 30, 2022.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure set forth under Item 1.01 is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On May 4, 2022, the Company issued a press release announcing the Revenue Interest Financing Agreement. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information in this Item 7.01, including the exhibits hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the limitations of that section. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by the Company, whether made before, on or after the date hereof, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release, dated May 4, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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.

PHATHOM PHARMACEUTICALS, INC.

Date: May 4, 2022

By: */s/* Larry Miller
Larry Miller
General Counsel and Secretary

Phathom Pharmaceuticals Announces Revenue Interest Financing Agreement for Up to $260 Million in Non-Dilutive Capital

- Upfront payment of $100 million, an additional $160 million available upon FDA approval of vonoprazan for treatment of erosive esophagitis (EE)
- Provides capital for launch of vonoprazan in *H. pylori* and EE, if approved, in addition to Phase 3 program in non-erosive reflux disease (NERD)
- Total royalty payments capped at 2.0x invested capital

FLORHAM PARK, N.J., May 4, 2022 — Phathom Pharmaceuticals, Inc. (Nasdaq: PHAT), a biopharmaceutical company focused on developing and commercializing novel treatments for gastrointestinal diseases, today announced a revenue interest financing of up to $260 million in non-dilutive capital. The agreement provides for an upfront $100 million cash payment and an additional $160 million cash payment upon FDA approval of vonoprazan for treatment of EE.

“The signing of this agreement both validates our belief in the blockbuster opportunity of vonoprazan and provides near-term, non-dilutive funding for our continued development activities and upcoming commercial launch. The next twelve months are pivotal for Phathom as we prepare for the U.S. launch of vonoprazan for *H. pylori* in the third quarter of this year, followed by the potential FDA approval for erosive esophagitis expected in the first quarter of 2023,” said Terrie Curran, President and Chief Executive Officer of Phathom. “Based on our current operating plan, and with the funds from today’s transaction plus our cash on hand and access to capital under our existing loan agreement, we believe we have sufficient capital to fund operations through 2024. This includes supporting the launch of vonoprazan for *H. pylori* and in EE, if approved, in addition to financing our daily dosing Phase 3 trial in NERD. We are thrilled to partner with firms who share our belief in Phathom’s significant opportunity and mission to improve the treatment landscape for acid-related disorders.”

Sagard Healthcare Partners (“Sagard”), NovaQuest Capital Management (“NovaQuest”) and Hercules Capital, Inc. (NYSE: HTGC) (“Hercules”) (collectively, “the Investors”) have committed to providing $260 million, including the first $100 million payment and commitments for an additional $160 million upon EE approval. The agreement provides Phathom with an option, subject to the Investors’ right of first offer, to increase the payments under the agreement to up to $300 million by adding additional investors for up to an additional $40 million.

In exchange for the commitment to provide these cash payments, the Investors will receive a 10% royalty on Phathom’s net sales of products containing vonoprazan. The royalty payment will be reduced to 1% on incremental net sales that exceed certain annual thresholds following regulatory approval of vonoprazan for symptomatic non-erosive reflux disease, or NERD. The total royalties payable by Phathom to the Investors are capped at 2.0x of the total payments received from the investors. Upon achievement of the cap amount, the royalty agreement will terminate.

Morgan Stanley & Co. LLC acted as sole structuring agent on the transaction. Morgan, Lewis & Bockius LLP served as legal counsel to Phathom. Pillsbury Winthrop Shaw Pittman LLP served as legal counsel to the Investors.

About Phathom Pharmaceuticals, Inc.

Phathom Pharmaceuticals is a biopharmaceutical company focused on the development and commercialization of novel treatments for gastrointestinal diseases and disorders. Phathom has in-licensed the exclusive rights in the United States, Europe, and Canada to vonoprazan, a first-in-class potassium-competitive acid blocker (PCAB). Vonoprazan-based regimens are approved in the U.S. as part of a co-packaged product in combination with antibiotics for the treatment of *H. pylori* infection in adults, marketed as VOQUEZNA™ TRIPLE PAK™ (vonoprazan, amoxicillin, clarithromycin) and VOQUEZNA™ DUAL PAK™ (vonoprazan, amoxicillin). Phathom has submitted a New Drug Application to the FDA for vonoprazan in erosive esophagitis (EE) and is studying the use of vonoprazan for the treatment of non-erosive reflux disease (NERD). For more information about Phathom, visit the Company's website at www.phathompharma.com and follow the Company on LinkedIn and Twitter.

Forward Looking Statements

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 commercial potential of vonoprazan, our plans to launch vonoprazan-based therapies for treatment of *H. pylori* infection in the third quarter of 2022, the approval of vonoprazan for erosive esophagitis in the first quarter of 2023, the available of funds from the revenue interest financing transaction and our loan agreement with Hercules Capital, and the sufficiency of our capital to fund our operations through 2024. 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: Phathom's ability to access additional capital under the term loan facility is subject to certain conditions; 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 QIDP designations may not actually lead to extended exclusivity; Phathom's ability to obtain and maintain intellectual property protection for vonoprazan; Phathom's ability to comply with its license agreement with Takeda; Phathom's ability to maintain undisrupted business operations due to the ongoing spread of the COVID-19 coronavirus, including delaying or otherwise disrupting its clinical trials, manufacturing and supply chain, 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.

INVESTOR AND MEDIA CONTACT

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