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): March 10, 2020

Verrica Pharmaceuticals Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**001-38529**	**46-3137900**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

10 North High Street, Suite 200 **West Chester, PA**	**19380**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code: (484) 453-3300

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 Securities Exchange Act of 1934:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock	**VRCA**	**The Nasdaq Stock Market LLC**

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 March 10, 2020 (the "Effective Date"), Verrica Pharmaceuticals Inc. (the "Company") entered into (i) a mezzanine loan and security agreement (the "Mezzanine Loan Agreement") with Silicon Valley Bank, as administrative agent and collateral agent (the "Agent"), and Silicon Valley Bank and WestRiver Innovation Lending Fund VIII, L.P., as lenders (the "Mezzanine Lenders"), pursuant to which the Mezzanine Lenders have agreed to lend the Company up to $50.0 million in a series of term loans, and (ii) a loan and security agreement (the "Senior Loan Agreement", and together with the Mezzanine Loan Agreement, the "Loan Agreements") with Silicon Valley Bank, as lender (the "Senior Lender", and together with the Mezzanine Lenders, the "Lenders"), pursuant to which the Senior Lender has agreed to provide the Company a revolving line of credit of up to $5.0 million. Upon entering into the Loan Agreements, the Company borrowed $35.0 million in term loans from the Mezzanine Lenders (the "Term A Loan").

Under the terms of the Mezzanine Loan Agreement, the Company may, at its sole discretion, borrow from the Mezzanine Lenders up to an additional $15.0 million in term loans (the "Term B Loan", and together with the Term A Loan, the "Term Loans") upon the Company's achievement of (i) a specified amount in trailing six-month net revenue and (ii) a specified amount raised in equity (the foregoing clauses (i) and (ii), collectively, the "Term B Milestone"). The Company may draw the Term B Loan during the period commencing on the date of the occurrence of the Term B Milestone and ending on the earliest of (i) December 31, 2021 and (ii) the occurrence of an event of default.

Under the terms of the Senior Loan Agreement, the Company may, at its sole discretion, borrow from the Senior Lender one or more advances on the revolving credit line (the "Revolving Loans", and together with the Term Loans, the "Loans") in an aggregate amount not to exceed at any time outstanding the lesser of (i) 85% of the aggregate amount then-contained in the Company's eligible accounts receivable and (ii) $5.0 million.

The proceeds from the Loans under the Loan Agreements may be used to satisfy the Company's future working capital needs and to fund its general business requirements. The Company's obligations under the Senior Loan Agreement and the Mezzanine Loan Agreement are secured by, respectively, a first priority perfected security interest and second priority perfected security interest in substantially all of the Company's current and future assets, other than its intellectual property (except rights to payment from the sale, licensing or disposition of such intellectual property). The Company has also agreed not to encumber its intellectual property assets, except as permitted by the Loan Agreements.

All of the Loans mature on March 1, 2024 (the "Maturity Date"). The Term Loans will be interest-only through March 31, 2022, followed by 24 equal monthly payments of principal and interest; *provided* that if the Company draws the Term B Loan, the Term Loans will be interest-only through September 30, 2022, followed by 18 equal monthly payments of principal and interest. The Term Loans will bear interest at a floating per annum rate equal to the greater of (i) 7.25% and (ii) the sum of (a) the prime rate reported in The Wall Street Journal on the last business day of the month that immediately precedes the month in which the interest will accrue, plus (b) 2.50%. The Revolving Loans will bear interest at a floating per annum rate equal to the greater of (i) 6.00% and (ii) the sum of (a) the prime rate reported in The Wall Street Journal on the last business day of the month that immediately precedes the month in which the interest will accrue, plus (b) 1.25%.

The Company will be required to make a final payment of 7.50% of the original principal amount of the Term Loans drawn payable on the earlier of (i) the Maturity Date, (ii) the acceleration of any Term Loans, or (iii) the prepayment of the Term Loans (the "Final Payment"). The Company may prepay all, or any portion (in increments of at least $1.0 million), of the Term Loans upon 5 business days' advance written notice to the Agent, provided that the Company will be obligated to pay a prepayment fee equal to (i) 3.00% of the principal amount of the applicable Term Loan prepaid on or before the first anniversary of the Effective Date, (ii) 2.00% of the principal amount of the applicable Term Loan prepaid between the first and second anniversary of the Effective Date, and (iii) 1.00% of the principal amount of the applicable Term Loan prepaid thereafter, and prior to the third anniversary of the Effective Date (each, a "Prepayment Fee").

The Company may terminate the revolving credit line under the Senior Loan Agreement at any time upon 3 business days' advance written notice to the Senior Lender. If the Company terminates the revolving credit line prior to the Maturity Date, it must pay to the Senior Lender an early termination fee of $50,000 (the "Termination Fee").

The Company is subject to a number of affirmative and restrictive covenants pursuant to the Loan Agreements, including covenants regarding achieving minimum product revenues, delivery of financial statements, maintenance of inventory, payment of taxes, maintenance of insurance, protection of intellectual property rights, dispositions of property, business combinations or acquisitions, incurrence of additional indebtedness or liens, investments and transactions with affiliates, among other customary covenants. The Company is also restricted from paying dividends or making other distributions or payments on its capital stock, subject to limited exceptions.

Upon the occurrence of certain events, including but not limited to the Company's failure to satisfy its payment obligations under the Loan Agreements, the breach of certain of its other covenants under the Loan Agreements, or the occurrence of a material adverse change, cross defaults to other indebtedness or material agreements, judgment defaults and defaults related to failure to maintain governmental approvals failure of which to maintain could result in a material adverse effect, the Agent and the Lenders will have the right, among other remedies, to declare all principal and interest immediately due and payable, to exercise secured party remedies, to receive the Final Payment and Termination Fee and, if the payment of principal and interest is due prior to the Maturity Date, to receive the applicable Prepayment Fee.

The foregoing is only a summary of the material terms of the Loan Agreements, and does not purport to be complete and is qualified in its entirety by reference to the full text of the Loan Agreements, which will be filed as exhibits to the Company's Quarterly Report on Form 10-Q for the quarterly period ending March 31, 2020.

Item 2.02 Results of Operations and Financial Condition.

On March 13, 2020, the Company issued a press release announcing its financial results for the quarter and year ended December 31, 2019. This press release has been furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information in this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section. The information contained herein and in the accompanying exhibit is not incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

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

The information set forth under Item 1.01 above is hereby incorporated by reference into Item 2.03.

Item 7.01 Regulation FD Disclosure.

On March 11, 2020, the Company issued a press release to announce that the Company had entered into a term loan facility with Silicon Valley Bank and WestRiver Innovation Lending Fund. A copy of this press release is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information in this Item 7.01 of this Current Report on Form 8-K (including Exhibit 99.2) is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Exhibit Description
99.1	Press Release, dated March 13, 2020
99.2	Press Release, dated March 11, 2020

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.

Verrica Pharmaceuticals Inc.

Date: March 13, 2020

/s/ A. Brian Davis

A. Brian Davis
Chief Financial Officer

Exhibit 99.1

Verrica Pharmaceuticals Reports Fourth Quarter and Full-Year 2019 Financial Results

- New Drug Application for VP-102 for the treatment of molluscum contagiosum was accepted for filing by the U.S. Food and Drug Administration; assigned PDUFA goal date is July 13, 2020 -

- Recently announced execution of non-dilutive loan facilities totaling $55 million, of which $35 million was borrowed upon closing -

- New data from Phase 3 CAMP studies suggested statistically significantly higher molluscum lesion clearance with VP-102 compared to vehicle across all body regions, including those deemed most sensitive -

WEST CHESTER, Pa., March 13, 2020 (GLOBE NEWSWIRE) — Verrica Pharmaceuticals Inc. (“Verrica”) (Nasdaq: VRCA), a dermatology therapeutics company developing medications for viral skin diseases requiring medical interventions, today announced financial results for the fourth quarter ended December 31, 2019.

“2019 was a pivotal year, as we made critical advancements that support our mission of developing potentially the first FDA-approved treatment for molluscum contagiosum, a highly contagious viral skin disease,” said Ted White, President and Chief Executive Officer of Verrica. “The highlight of the year was the FDA’s acceptance of the New Drug Application for VP-102, and we look forward to the PDUFA goal date of July 13, 2020. We also added to the body of clinical evidence supporting VP-102, and bolstered our leadership team, further readying the organization for the potential commercialization with four recent strategic hires. In the coming year, we anticipate the topline readout of Phase 2 data from our study of VP-102 for external genital warts, and initiating Phase 3 trials of VP-102 in common warts. In addition, we will commence a Phase 2 clinical trial in plantar warts, studying VP-103, which is a new formulation and higher concentration of cantharidin.”

Business Highlights and Recent Developments

- The U.S. Food and Drug Administration (FDA) accepted for filing the New Drug Application (NDA) for VP-102 (cantharidin 0.7% Topical Solution), a proprietary drug-device combination containing a GMP-controlled formulation of cantharidin, being developed for the treatment of molluscum contagiosum, a highly contagious viral skin disease that affects approximately six million people, primarily children, in the United States, and has no FDA-approved treatments available; the Company confirmed that if approved, VP-102 would be marketed in the United States under the conditionally accepted brand name, YCANTH™.

- Verrica recently announced that it has secured $55 million in non-dilutive loan facilities, of which $35.0 million was borrowed upon closing. Verrica believes the $35.0 million in proceeds received at closing in combination with existing cash, cash equivalents, and marketable securities will be sufficient to support planned operations, which include expenses for the commercialization of YCANTH™, if approved, and continued full clinical development of VP-102 for additional indications, including common warts and external genital warts, as well as VP-103 for plantar warts, at least through the second quarter of 2021.
- Significantly strengthened the organization's leadership, and further enhanced its manufacturing and commercial capabilities, through four strategic hires, including the appointments of A. Brian Davis as Chief Financial Officer, Eugene Scavola as Executive Vice President, Technical Operations, Gerard DiGirolamo as Vice President, Sales, and Sheila Kennedy as Vice President, Marketing.
- Presented positive data supporting the safety and efficacy of VP-102 at the Fall and Winter Clinical Dermatology Conferences. At the Fall session, pooled data from the Phase 3 CAMP studies showed VP-102 achieved statistically significant reductions in molluscum lesions and complete clearance of lesions. Results from the primary endpoint for Cohort 2 of the Phase 2 COVE-1 study showed 51% of VP-102 treated subjects achieved complete clearance of all treatable common warts at Day 84. Data presented at the Winter Clinical meeting from a post hoc analysis of the pooled data from the Phase 3 CAMP studies showed a statistically significantly greater percentage of complete lesion clearance in subjects with molluscum contagiosum by the end of the study (Day 84) across all body regions analyzed among patients receiving VP-102, as compared to vehicle.

Financial Results

Fourth Quarter Financial Results

- Verrica reported net losses of $7.6 million for both the fourth quarter of 2019 and the fourth quarter of 2018.
- Research and development expenses were $4.0 million in the fourth quarter of 2019, compared to $4.9 million for the same period in 2018. The decrease was primarily attributable to a decrease in costs associated with the clinical development of VP-102 for the treatment of molluscum, partially offset by an increase in costs associated with the clinical development of VP-102 for additional indications and increased compensation costs.
- General and administrative expenses were $4.0 million in the fourth quarter of 2019, compared to $3.3 million for the same period in 2018. The increase was primarily a result of expenses related to increased headcount, an increase in insurance, professional fees and other operating costs, and an increase in expenses related to pre-commercial activities for VP-102.

Full Year Financial Results

- Verrica reported a net loss of $28.2 million for the year ended December 31, 2019, compared to a net loss of $20.6 million for the year ended December 31, 2018.
- Research and development expenses were $15.4 million for the year ended December 31, 2019, compared to $12.8 million for the same period in 2018. The increase was primarily attributable to costs associated with Phase 2 and Phase 3 clinical activities for VP-102 as well as increased payroll and stock-based compensation expenses associated with increased headcount.
- General and administrative expenses were $14.6 million for the year ended December 31, 2019, compared to $9.1 million for the same period in 2018. The increase was primarily a result of increased payroll and stock-based compensation expenses associated with increased headcount as well as increased insurance, professional fees and other operating expenses.

Cash, Cash Equivalents and Marketable Securities

- As of December 31, 2019, Verrica had aggregate cash, cash equivalents, and marketable securities of $62.0 million.

About Verrica Pharmaceuticals Inc.

Verrica is a dermatology therapeutics company developing medications for viral skin diseases requiring medical interventions. The Company's late-stage product candidate, VP-102, is a potential first-in-class topical therapy for the treatment of molluscum contagiosum and common warts. Molluscum is a highly contagious viral skin infection affecting approximately six million people, primarily children, in the United States, and common warts are contagious skin growths affecting 22 million people. There are currently no FDA-approved treatments for molluscum or common warts. Following positive topline results from two pivotal Phase 3 trials, the Company submitted an NDA on September 13, 2019 for VP-102 for the treatment of molluscum; on November 26, 2019, the Company received notice that the FDA accepted the NDA for filing, with a Prescription Drug User Fee Act (PDUFA) goal date of July 13, 2020. If approved, VP-102 will be marketed in the United States under the conditionally accepted brand name YCANTH™. Verrica intends to commence a Phase 3 program in the first half of 2020 to evaluate VP-102 for common warts. VP-102 is also currently in a Phase 2 trial for the treatment of external genital warts. An additional product candidate, VP-103, is in pre-clinical development for plantar warts. For more information, visit www.verrica.com.

Forward-Looking Statement

Any statements contained in this press release that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements may be identified by words such as "believe," "expect," "may," "plan," "potential," "will," and similar expressions, and are based on Verrica's current

beliefs and expectations. These forward-looking statements include expectations regarding the potential benefits and potential approval of YCANTH™ for the treatment of molluscum and the clinical development of product candidates for additional indications, including common warts, external genital warts and plantar warts. These statements involve risks and uncertainties that could cause actual results to differ materially from those reflected in such statements. Risks and uncertainties that may cause actual results to differ materially include uncertainties inherent in the drug development process and the regulatory approval process, Verrica's reliance on third parties over which it may not always have full control, and other risks and uncertainties that are described in Verrica's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the U.S. Securities and Exchange Commission on March 13, 2020, and other filings Verrica makes with the U.S. Securities and Exchange Commission. Any forward-looking statements speak only as of the date of this press release and are based on information available to Verrica as of the date of this release, and Verrica assumes no obligation to, and does not intend to, update any forward-looking statements, whether as a result of new information, future events or otherwise.

VERRICA PHARMACEUTICALS INC.
Statements of Operations
(unaudited, in thousands except share and per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Operating expenses:				
Research and development	$ 3,972	$ 4,917	$ 15,436	$ 12,826
General and administrative	4,018	3,271	14,644	9,052
Total operating expenses	7,990	8,188	30,080	21,878
Loss from operations	(7,990)	(8,188)	(30,080)	(21,878)
Other income	353	610	1,873	1,230
Net loss	$ (7,637)	$ (7,578)	$ (28,207)	$ (20,648)
Net loss per share, basic and diluted	$ (0.31)	$ (0.30)	$ (1.13)	$ (1.41)
Weighted average common shares outstanding, basic and diluted	24,922,080	24,847,877	24,897,889	14,662,751

VERRICA PHARMACEUTICALS INC.
Selected Balance Sheet Data
(unaudited, in thousands)

	December 31, 2019	December 31, 2018
Cash, cash equivalents and marketable securities	$ 62,017	$ 89,809
Total assets	68,424	91,906
Total liabilities	3,409	2,477
Total stockholders' equity	65,015	89,429

FOR MORE INFORMATION, PLEASE CONTACT:

Investors:

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Exhibit 99.2

Verrica Pharmaceuticals Secures $55 Million in Loan Facilities Led by Silicon Valley Bank

March 11, 2020

WEST CHESTER, Pa., March 11, 2020 (GLOBE NEWSWIRE) — Verrica Pharmaceuticals Inc. (“Verrica”) (Nasdaq: VRCA), a dermatology therapeutics company developing medications for viral skin diseases requiring medical interventions, today announced that it has entered into a mezzanine loan and security agreement with Silicon Valley Bank (“SVB”) and WestRiver Innovation Lending Fund VIII, L.P., pursuant to which the lenders have agreed to lend the Company up to $50.0 million in a series of term loans. In addition, the Company entered into a loan and security agreement with SVB, pursuant to which SVB has agreed to provide the Company a revolving line of credit of up to $5.0 million.

“The capital available under these facilities will support the potential launch and early commercialization activities, if approved, of YCANTH™ (cantharidin 0.7% topical solution), our investigational treatment for molluscum contagiosum for which an NDA is currently under review by the FDA, with a PDUFA goal date of July 13, 2020,” commented A. Brian Davis, Chief Financial Officer of Verrica. “We believe the $35.0 million in proceeds received at closing in combination with existing cash, cash equivalents, and marketable securities will be sufficient to support our planned operations, which include expenses for the commercialization of YCANTH™, if approved, and continued full clinical development of VP-102 for additional indications, including common warts and external genital warts, as well as VP-103 for plantar warts, at least through the second quarter of 2021.”

At closing of the agreement, Verrica borrowed $35.0 million. The Company may borrow an additional $15.0 million prior to December 31, 2021, subject to the achievement of minimum YCANTH™ revenues and certain other conditions.

About Verrica

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molluscum or common warts. Following positive topline results from two pivotal Phase 3 trials, the Company submitted an NDA on September 13, 2019 for VP-102 for the treatment of molluscum; on November 26, 2019, the Company received notice that the FDA accepted the NDA for filing, with a Prescription Drug User Fee Act (PDUFA) goal date of July 13, 2020. If approved, VP-102 will be marketed in the United States under the conditionally accepted brand name YCANTH™. Verrica intends to commence a Phase 3 program in the first half of 2020 to evaluate VP-102 for common warts. VP-102 is also currently in a Phase 2 trial for the treatment of external genital warts. A second product candidate, VP-103, is in pre-clinical development for plantar warts. For more information, visit www.verrica.com.

Forward-Looking Statement

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FOR MORE INFORMATION, PLEASE CONTACT:

Investors:

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