Verrica Pharmaceuticals Announces Option Agreement with Torii Pharmaceutical to Develop & Commercialize VP-102 in Japan

August 5, 2020

WEST CHESTER, Pa., Aug. 05, 2020 (GLOBE NEWSWIRE) -- Verrica Pharmaceuticals Inc. (“Verrica”) (Nasdaq: VRCA), a dermatology therapeutics company developing medications for viral skin diseases requiring medical interventions, today announced it has entered into an Option Agreement with Torii Pharmaceutical Co., Ltd. (Torii) granting Torii an exclusive option to acquire an exclusive license to develop and commercialize Verrica’s product candidates for the treatment of molluscum contagiosum and common warts in Japan, including VP-102.

“We are extremely pleased to take this initial step of entering into an option agreement with Torii, as we seek to address the global burden of molluscum by creating an opportunity for VP-102 to be available for people in Japan who are affected by this viral skin disease,” said Ted White, Verrica’s President and Chief Executive Officer. “Torii is an ideal partner, as they have an established position in the Japanese dermatology market, and have the resources and infrastructure to develop and commercialize VP-102 and any other cantharidin-based product candidates we seek to develop to treat molluscum or common warts. We look forward to working with Torii as they evaluate the option to exclusively license VP-102 in Japan.”

Under the terms of the Option Agreement, Torii will pay Verrica USD $500,000 to secure the exclusive option. Torii may exercise the option to obtain exclusive license rights until the later of six months after the effective date of the Option Agreement, or ten business days after the Company notifies Torii that the FDA has accepted for filing the Company’s resubmission of the NDA for VP-102. If Torii exercises the option, the license agreement would provide for Torii to make an up-front payment of $11.5 million, up to an additional $58 million in aggregate payments contingent on achievement of specified development, regulatory, and sales milestones, and tiered transfer price payments for supply of product in the percentage range of the mid-30s to the mid-40s of net sales. Torii would be responsible for all development activities and costs in support of obtaining regulatory approval in Japan.

Two double-blind Phase 3 trials (CAMP-1 and CAMP-2), which evaluated VP-102 compared to placebo in patients two years of age and older diagnosed with molluscum, have demonstrated favorable safety, efficacy and tolerability. Specific results from the CAMP-1 and CAMP-2 studies showed that 46 and 54 percent, respectively, of subjects treated with VP-102 achieved complete clearance of all baseline and new molluscum lesions at the end of the trials (Day 84), versus 18 and 13 percent, respectively, of subjects in the vehicle groups ($p<0.0001$). There were no serious adverse events reported in VP-102-treated subjects, and most adverse events reported in subjects receiving VP-102 were local skin reactions and mild to moderate in severity.

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. Verrica submitted an NDA for VP-102 for the treatment of molluscum in September 2019. A Complete Response Letter was received from the FDA regarding the NDA for VP-102 on July 13, 2020. If approved, VP-102 will be marketed in the United States under the conditionally accepted brand name YCANTH™. In addition, Verrica has successfully completed a Phase 2 study of VP-102 for the treatment of common warts and is currently conducting a Phase 2 study of VP-102 for the treatment of external genital warts. The Company is also developing VP-103, its second cantharidin-based product candidate, for the treatment of 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 Company’s expectations with regard to its interactions and communications with the FDA, including its expectation to discuss with the FDA regarding the issues raised in the CRL and the Company’s plans to address them, the potential approval of the NDA for VP-102 following resubmission, the potential benefits and potential approval and commercialization of VP-102 for the treatment of molluscum, the Company’s plans with respect to planned clinical trials of VP-102 for common warts and VP-103 for plantar warts, and Torii’s potential exercise of their option under the Option Agreement and the potential terms and payments under the proposed license agreement. 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, uncertainties related to the COVID-19 pandemic and other risks and uncertainties that are described in Verrica’s Annual Report on Form 10-K for the year ended December 31, 2019, Verrica’s Quarterly Report on Form 10-Q for the quarter ended March 31, 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.

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