



BioXcel Therapeutics Announces \$260 Million Strategic Financing with Oaktree and Qatar Investment Authority

April 19, 2022

Investment will support upcoming U.S. commercial launch activities of IGALMI™ and further clinical pipeline development

Extends Company's cash runway into 2025

NEW HAVEN, Conn., April 19, 2022 (GLOBE NEWSWIRE) -- BioXcel Therapeutics, Inc. (Nasdaq: BTAI) (the "Company" or "BioXcel Therapeutics"), a commercial-stage biopharmaceutical company utilizing artificial intelligence approaches to develop transformative medicines in neuroscience and immuno-oncology, today announced strategic financing agreements with funds managed by Oaktree Capital Management, L.P. ("Oaktree") and Qatar Investment Authority ("QIA"). Under the agreements, Oaktree and QIA will provide up to \$260 million in gross funding to support the Company's commercial activities of IGALMI™ (dexmedetomidine) sublingual film. In addition, the financing is intended to support the expansion of clinical development efforts of BXCL501, which includes a pivotal Phase 3 program for the acute treatment of agitation in patients with Alzheimer's Disease (AD), and for the Company's additional neuroscience and immuno-oncology clinical programs.

The long-term strategic financing process was led by Oaktree and is comprised of the following components:

- **Credit Agreement:** Up to \$135 million in a delayed draw term loan¹
- **Revenue Interest Financing Agreement:** Up to \$120 million in a capped revenue interest on net sales of IGALMI and any other future BXCL501 products
- **Equity Investment:** Up to \$5 million purchase of BioXcel Therapeutics common stock

Under the agreement, BioXcel Therapeutics will receive \$100 million in the first tranches of the strategic financing following approval by the U.S. Food and Drug Administration (FDA) of a New Drug Application (NDA) in respect of the use of the Company's BXCL501 product for the acute treatment of agitation associated with schizophrenia or bipolar I or II disorder in adults. This condition was satisfied on April 5, 2022 with the FDA's approval of IGALMI.

Key features of the financing include a credit facility with an interest-only period lasting through the duration of the facility of five years, which can be extended for an additional year at the Company's option upon approval of BXCL501 by the FDA for the acute treatment of agitation associated with Alzheimer's Disease. The credit facility includes substantial flexibility for future business development and monetization events, including BXCL701, the Company's investigational, oral innate immunity activator. Under the terms of the revenue interest financing agreement, Oaktree and QIA will receive tiered revenue interest financing payments on U.S. net sales of IGALMI and any other future BXCL501 products up to a capped return. The revenue interest financing rate ranges from 0.375% to 7.750% of annual net sales of IGALMI and any other future BXCL501 products in the U.S. The total revenue interest financing payable by BioXcel Therapeutics to Oaktree and QIA has a cap at 1.75x of the amount funded, with the ability to redeem the revenue interest financing agreement at lower multiples within the first three years from funding. The strategic financing also includes a potential equity investment of up to \$5 million for shares of the Company's common stock, to be made at the option of Oaktree and QIA, while the credit agreement is outstanding at a price per share equal to a 10% premium over the stock's 30-day volume weighted average price leading up to the exercise by Oaktree and/or QIA of such option.

Upon closing of this transaction, and together with the Company's cash balance and anticipated business plan, BioXcel Therapeutics is expected to have a substantial multi-year working capital runway. Full execution of this financing would result in cash runway into 2025 for the Company.

"Following our recent approval of IGALMI and today's financing announcement, we have never been in a better position to realize our vision of becoming the leading AI-enabled neuroscience company," said Vimal Mehta, Ph.D., CEO of BioXcel Therapeutics. "We are pleased to have strengthened our cash position with primarily non-dilutive capital as we prepare to launch IGALMI and progress our three-pillar portfolio growth strategy for this franchise, which includes pursuing additional indications, extending our geographical reach, and expanding the medical settings where IGALMI is offered. In parallel, we remain committed to advancing our additional neuroscience and immuno-oncology portfolio, including BXCL502 and BXCL701."

"We are delighted to partner with BioXcel Therapeutics during this upcoming period of anticipated growth, highlighted by the recent approval and anticipated commercial launch of IGALMI as an acute treatment of agitation associated with schizophrenia or bipolar I or II disorder in adults," said Aman Kumar, Co-Portfolio Manager of Life Sciences Lending at Oaktree. "The Company has an exciting, AI-driven approach to drug discovery and development, and we look forward to funding the expansion of these efforts and assisting the Company in bringing new, innovative therapies to patients worldwide."

Further information with respect to the strategic financing is set forth in a Form 8-K to be filed by BioXcel Therapeutics with the Securities and Exchange Commission (SEC).

About IGALMI™ (dexmedetomidine) Sublingual Film

IGALMI (dexmedetomidine) sublingual film, previously known as BXCL501, is a proprietary, orally dissolving film formulation of dexmedetomidine indicated for the acute treatment of agitation associated with schizophrenia or bipolar I or II disorder in adults under supervision by a healthcare

provider. The safety and effectiveness of IGALMI has not been established beyond 24 hours from the first dose. The April 5, 2022 U.S. Food and Drug Administration (FDA) approval of IGALMI is based on data from two pivotal randomized, double-blinded, placebo-controlled, parallel group Phase 3 trials evaluating IGALMI for the acute treatment of agitation associated with schizophrenia (SERENITY I) or bipolar I or II disorder (SERENITY II).

About BioXcel Therapeutics, Inc.

BioXcel Therapeutics, Inc. is a biopharmaceutical company utilizing artificial intelligence approaches to develop transformative medicines in neuroscience and immuno-oncology. The Company's drug re-innovation approach leverages existing approved drugs and/or clinically validated product candidates together with big data and proprietary machine learning algorithms to identify new therapeutic indices. The Company's commercial product, IGALMI (developed as BXCL501) is a proprietary, sublingual film formulation of dexmedetomidine approved by the FDA for the acute treatment of agitation associated with schizophrenia or bipolar I or II disorder in adults. BXCL501 is also being evaluated for the acute treatment of Alzheimer's disease, and as an adjunctive treatment for major depressive disorder. The company is also developing BXCL502 as a potential therapy for chronic agitation in dementia, and BXCL701, an investigational, orally administered, systemic innate immunity activator for the treatment of aggressive forms of prostate cancer and advanced solid tumors that are refractory or treatment naïve to checkpoint inhibitors. For more information, please visit www.bioxceltherapeutics.com.

Advisors

BofA Securities acted as sole structuring advisor to BioXcel Therapeutics and Cooley LLP served as legal counsel to BioXcel Therapeutics. Sullivan & Cromwell LLP served as legal counsel to Oaktree and Shearman & Sterling LLP served as legal counsel to QIA.

About Oaktree

Oaktree is a leader among global investment managers specializing in alternative investments, with \$166 billion in assets under management as of December 31, 2021. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities. The firm has over 1,000 employees and offices in 20 cities worldwide. For additional information, please visit Oaktree's website at <http://www.oaktreecapital.com/>.

About QIA

Qatar Investment Authority ("QIA") is the sovereign wealth fund of the State of Qatar. QIA was founded in 2005 to invest and manage the state reserve funds. QIA is among the largest and most active sovereign wealth funds globally. QIA invests across a wide range of asset classes and regions as well as in partnership with leading institutions around the world to build a global and diversified investment portfolio with a long-term perspective that can deliver sustainable returns and contribute to the prosperity of the State of Qatar. For more information on QIA, visit its website at www.qia.qa.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this press release include but are not limited to: the timing of the U.S. commercial launch of IGALMI for the acute treatment of agitation in schizophrenia and bipolar disorder patients; clinical development plans, including the Company's ongoing development of BXCL501 for the treatment of agitation in dementia patients and as an adjunctive treatment for major depressive disorder; the Company's future growth plans; expected financing under the agreements with Oaktree and QIA and the Company's estimated cash runway and the expected sufficiency of the Company's capital resources. When used herein, words including "anticipate," "will," "plan," "potential," "may," "continue," "intend," "designed," "goal" and similar expressions are intended to identify forward-looking statements. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking. All forward-looking statements are based upon the Company's current expectations and various assumptions. The Company believes there is a reasonable basis for its expectations and beliefs, but they are inherently uncertain. The Company may not realize its expectations, and its beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements as a result of various important factors, including, without limitation: the Company's need for substantial additional funding and ability to raise capital when needed; the regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time consuming, expensive and inherently unpredictable; the Company has limited experience in drug discovery and drug development; regulatory agencies, may not accept or agree with the Company's assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate or product and the Company in general; the Company has no experience in marketing and selling drug products and has not entered into arrangements for the sale and marketing of IGALMI or BXCL501; IGALMI or the Company's other product candidates may not be accepted by physicians or the medical community in general; the Company may not be able to obtain marketing approvals for BXCL501 in Europe or other jurisdictions; the Company may need substantial additional funding to develop and conduct clinical trials with respect to its product candidates and support its operations; the Company must comply with extensive regulations applicable to it; and healthcare reform could adversely impact future commercial success. These and other important factors are discussed under the caption "Risk Factors" in its Annual Report on Form 10-K for the year ended December 31, 2021, as such factors may be updated from time to time in its other filings with the SEC, which are accessible on the SEC's website at www.sec.gov. These and other important factors could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. While the Company may elect to update such forward-looking statements at some point in the future, except as required by law, it disclaims any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this press release.

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Source: BioXcel Therapeutics, Inc.

¹ Financing also includes warrants to purchase shares of common stock of the Company and warrants to purchase LLC units in a subsidiary of the Company, as more fully described in the Current Report on Form 8-K to be filed on April 19, 2022.