

**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 15, 2022

KRYSTAL BIOTECH, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-38210
(Commission
File Number)

82-1080209
(IRS Employer
Identification Number)

**2100 Wharton Street, Suite 701
Pittsburgh, Pennsylvania 15203**
(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: (412) 586-5830

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	KRYS	Nasdaq Capital 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 7.01 Regulation FD Disclosure.

Krystal Biotech, Inc. (the “Company”) today announced that it has reached a binding term sheet with PeriphaGen, Inc. (“PeriphaGen”) to resolve all claims in the trade secret litigation filed by PeriphaGen on May 20, 2020. The settlement contains no admission of liability or wrongdoing and includes a full release of the claims made against the Company, Krish Krishnan, Suma Krishnan, PeriphaGen, James Wechuck and David Krisky.

Pursuant to the term sheet, which is legally binding, PeriphaGen will transfer to the Company all of PeriphaGen’s biological materials and skin assets, and the Company will pay PeriphaGen a one-time payment of \$25 million. In addition, upon approval of the Company’s first product by the U.S. Food and Drug Administration (FDA), it will pay PeriphaGen an additional \$12.5 million in milestone payment, followed by three additional \$12.5 million milestone payments upon the Company reaching \$100 million in total cumulative sales, \$200 million in total cumulative sales, and \$300 million in total cumulative sales, respectively, as reported by the Company in its annual 10-K filings. The parties expect to enter into a final settlement agreement memorializing the terms of the binding term sheet, and the case is expected to be formally dismissed by United States District Court for the Western District of Pennsylvania within a month.

The Company issued a press release regarding this settlement, a copy of which is attached to this Report as Exhibit 99.1 and incorporated by reference herein.

The information in this Item 7.01, including Exhibit 99.1, is 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 liabilities under that section, and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act or the Exchange Act, regardless of any general incorporation language in such filings. This Current Report will not be deemed an admission as to the materiality of any information of the information in this Item 7.01, including Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated March 15, 2022
104	Cover Page Interactive Data file (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 15, 2022

KRYSTAL BIOTECH, INC.

By: /s/ Krish S. Krishnan

Name: Krish S. Krishnan

Title: Chairman and Chief Executive Officer

Krystal Biotech Announces Settlement with PeriphaGen, Inc.

PITTSBURGH, March 15, 2022 – Krystal Biotech, Inc., (“Krystal”) (NASDAQ: KRY5), the leader in redosable gene therapies for rare diseases, today announced it has reached a binding term sheet with PeriphaGen, Inc. (“PeriphaGen”) to resolve all claims in the trade secret litigation filed by PeriphaGen on May 20, 2020.

Under the conditions of the term sheet, which are legally binding, Krystal will receive all of PeriphaGen’s biological materials and skin assets and will pay PeriphaGen \$25 million within 10 days of the completion of a Final Settlement Agreement. The parties are expected to enter into a final settlement agreement within 45 days of March 12, 2022. Upon approval of Krystal’s first product by the U.S. Food and Drug Administration (FDA), Krystal will pay an additional \$12.5 million, followed by three additional \$12.5 million dollar milestone payments upon reaching \$100 million in total cumulative sales, \$200 million in total cumulative sales and \$300 million in total cumulative sales reported by Krystal in its annual 10K filing.

The settlement contains no admission of liability or wrongdoing and includes a full release of the claims made against Krystal Biotech, Inc., Krish Krishnan, Suma Krishnan, PeriphaGen, Inc., James Wechuck and David Krisky. Each party will bear their own costs and fees. The case is expected to be formally dismissed within a month.

“We are pleased with the outcome and with this distraction behind us, we look forward to continued operational progress with our proprietary redosable gene therapy platform and associated technologies,” said Krish S. Krishnan, Chairman & CEO of Krystal Biotech, Inc.

No further details will be discussed until a Final Settlement Agreement is completed.

About Krystal Biotech

Krystal Biotech, Inc. (NASDAQ:KRY5) is a pivotal-stage gene therapy company leveraging its proprietary, redosable gene therapy platform and in-house manufacturing capabilities to potentially bring life-changing treatment options to patients with serious diseases, including rare diseases in skin, lung, and other areas. For more information, please visit <http://www.krystalbio.com>, and follow [@KrystalBiotech](#) on [LinkedIn](#) and [Twitter](#).

Forward-Looking Statements

Any statements in this press release about future expectations, plans and prospects for Krystal Biotech, Inc., including but not limited to statements about the binding term sheet to resolve all claims in the trade secret litigation filed by PeriphaGen on May 20, 2020; and other statements containing the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “likely,” “will,” “would,” “could,” “should,” “continue,” and similar expressions, constitute forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors as are set forth under the caption “Risk Factors” in Krystal’s annual and quarterly reports on file with the U.S. Securities and Exchange Commission. In addition, the forward-looking statements included in this press release represent Krystal’s views as of the date of this release. Krystal anticipates that subsequent events and developments will cause its views to change. However, while Krystal may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Krystal’s views as of any date subsequent to the date of this release.

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Source: Krystal Biotech, Inc.