Foamix Reports Financial Results for Third Quarter and Nine Months Ended September 30, 2014

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Rehovot, Israel – November 14, 2014 – Foamix Pharmaceuticals Ltd. (NASDAQ: FOMX), ("Foamix Pharmaceuticals"), a clinical stage specialty pharmaceutical company focused on developing and commercializing proprietary topical foams to address unmet needs in dermatology, announces financial results for the three and nine months ended September 30th, 2014.

Financial highlights of the first nine months of 2014 include:

- Revenues for the nine months ended September 30th, 2014 were $2.4 million compared with $700,000 for the nine months ended September 30th, 2013.
- Operating loss for the nine months ended September 30th, 2014 was $1.5 million compared with $1.6 million for the nine months ended September 30th, 2013.
- Net loss for the nine months ended September 30th, 2014 was $11.3 million compared with $2.2 million for the nine months ended September 30th, 2013. The increase in net loss is due to non-cash finance expenses.

Notable financial developments during the period of June 30th, 2014 through the date of this release:

- We consummated an initial underwritten public offering of our ordinary shares on September 17, 2014, in which we received net proceeds of $35.6 million.
- We became entitled to a contingent payment via a development and license agreement with a large customer and therefore, as per our agreement, we received an amount of $2.5 million.
- The underwriters exercised their 'green shoe' option on October 17, 2014 and purchased an additional 968,200 ordinary shares at a price of $6 per share. The proceeds from the exercise of the option, net of underwriters' commission, were $5.4 million, bringing the total net proceeds from the initial public offering to approximately $41.0 million.

Notable clinical and business developments for the period of June 30th, 2014 through the date of this release:

- We completed a pharmacokinetic trial for FMX101, in which subjects received FMX101 under maximum use condition.
- We initiated a clinical trial to study the ability of FDX-104 to prevent the severe acne-like rash associated with epithelial growth factor receptor inhibitor chemotherapies.
- We initiated scale-up studies with our chosen commercial manufacturer for FMX-101.
- We entered the final stage of selection of the clinical research organization (CRO) for our Phase III clinical trials with FMX-101 for treatment of moderate-to-severe acne.

Management Overview

We are working towards the launch, planned for mid-2015, of a Phase III trial with our lead product candidate FMX 101, a 4% minocycline foam formulation for treatment of moderate-to-severe acne. In 2013, we completed a dose-ranging Phase II clinical trial of FMX101 in Israel, involving 150 patients aged 12 to 25 with moderate-to-severe acne. This trial demonstrated both clinically and statistically significant efficacy versus the control placebo group, with FMX101 reducing inflammatory acne lesions by 71% in only six weeks and non-inflammatory lesions by 73% in 12 weeks. In addition, no drug-related systemic side effects were observed. During the third quarter of 2014 we further expanded and advanced our clinical development programs. This included initiating a pharmacokinetic trial for FMX101 and entering the final stage of selecting the CRO for our Phase III clinical trials for FMX101, as well as initiation of a clinical trial for FDX104.

Third Quarter Financial Results

Revenues

Total revenues for the third quarter of 2014 were $415,000 compared with $410,000 for the third quarter of 2013. No

material changes were noted in revenues.

Operating Expenses
Our operating expenses for the three months ended September 30, 2014 and 2013 were as follows:

	Three months ended September 30,	
	2014	2013
	(in thousands)	
Research and development	$ 1,064	$ 170
Selling, general and administrative	804	277
Total operating expenses	$ 1,868	$ 447

Research and Development Expenses
Research and development expenses increased by $894,000, or 526%, from $170,000 in the three months ended September 30, 2013 to $1.1 million in the three months ended September 30, 2014. The increase in R&D expenses resulted primarily from an increase of $413,000 in costs related to clinical trial development activity for FMX101 and FDX104, and an increase of $426,000 in payroll and related expenses due to an increase in the number of R&D employees and implementation of a bonus scheme.

Selling, General and Administrative Expenses
Selling, general and administrative expenses increased by $527,000, or 190%, from $277,000 in the three months ended September 30, 2013 to $804,000 in the three months ended September 30, 2014. The increase in SG&A expenses resulted primarily from an increase of $236,000 in payroll and related expenses, an increase of $75,000 in legal and financial consulting fees and an increase of $102,000 in investor relations expenses.

Finance Expenses
Finance expenses increased by $5.9 million, or 1714%, from $344,000 in the three months ended September 30, 2013 to $6.2 million in the three months ended September 30, 2014. The finance expenses for the third quarter of 2014 consist primarily of the $6.3 million non-cash expense increase in fair value of warrants whereas the finance expenses for the third quarter of 2013 consists primarily of finance expenses relating to the convertible loans converted in May 2014.

Net Loss
For the third quarter of 2014, the Company reported a loss of $7.8 million or $0.61 per share, basic and diluted, compared with a loss of $472,000 or $0.04 per share, basic and diluted, for the third quarter of 2013.

Nine Months Financial Results

Revenues
Our total revenues increased by $1.7 million, or 246%, from $700,000 in the nine months ended September 30, 2013 to $2.4 million in the nine months ended September 30, 2014, due to income from development and license agreements.

Operating Expenses
Our operating expenses for the nine months ended September 30, 2014 and 2013 were as follows:

	Nine months ended September 30,	
	2014	2013
	(in thousands)	
Research and development	$ 1,766	$ 633
Selling, general and administrative	1,671	1,270

Total operating expenses	$	3,437	$	1,903

Research and Development Expenses
Research and development expenses increased by $1.1 million, or 179%, from $633,000 in the nine months ended September 30, 2013 to $1.8 million in the nine months ended September 30, 2014. The increase in research and development expenses resulted primarily from an increase of $525,000 in costs related to clinical trial development activity for FMX101 and FDX104, and an increase of $615,000 in payroll and related expenses due to an increase in the number of R&D employees and implementation of a bonus scheme.

Selling, General and Administrative Expenses
Selling, general and administrative expenses increased by $401,000, or 32%, from $1.3 million in the nine months ended September 30, 2013 to $1.7 million in the nine months ended September 30, 2014. The increase in selling, general and administrative expenses resulted primarily from an increase of $90,000 in payroll and related expenses, an increase of $115,000 in legal and financial consulting fees and an increase of $145,000 in investor relations expenses.

Finance Expenses
Finance expenses increased by $9.2 million, or 1320%, from $694,000 in the nine months ended September 30, 2013 to $9.9 million in the nine months ended September 30, 2014. The finance expenses for the nine months ended September 30, 2014 consist primarily of $6.4 million non-cash expenses from increase in fair value of warrants and non-cash finance expenses of $3.5 million on convertible loans converted in May 2014.

Net Loss
For the nine months ended September 30, 2014, the Company reported a loss of $11.3 million or $0.95 per share, basic and diluted, compared with a loss of $2.2 million or 0.20 per share, basic and diluted, for the nine months ended September 30, 2013.

Liquidity and Capital Resources

As of September 30, 2014, we had cash, cash equivalents and short-term investments of $45.7 million, compared with $2.3 million as of December 31, 2013. During the nine months ended September 30, 2014, we provided $337,000 in cash from our operations and raised $43.7 million, net of issuance costs, through a private financing round and an IPO.

Conference Call

Our management will host an investment community conference call on Monday November 17, 2014 at 8:30am Eastern / 5:30am Pacific to discuss these results and answer questions. Shareholders and other interested parties may participate in the conference call by dialing Domestic: 888-481-2844 International: 719-457-2645.

A replay of the call will be accessible two hours after its completion through December 1, 2014 by dialing Domestic: 877-870-5176 International: 858-384-5517 Passcode: 8757853. The call will also be archived for 90 days at www.streetevents.com and www.foamixpharma.com.

About Us

We are a clinical-stage specialty pharmaceutical company focused on developing and commercializing our proprietary minocycline foam for the treatment of acne, impetigo and other skin conditions. Our lead product candidates, FMX101 for moderate-to-severe acne and FMX102 for impetigo, are novel topical foam formulations of the antibiotic minocycline. We also have early-stage stable foam formulations of various drugs for the treatment of common dermatological indications.

Cautionary Note Regarding Forward-Looking Statements

This release includes forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts, such as statements regarding assumptions, expectations, forecasts, beliefs or intentions related to financial results, commercial results, timing and results of clinical trials and U.S. FDA and other regulatory agencies authorizations. Forward-looking statements are based on our current knowledge and our present beliefs and expectations regarding possible future events and are subject to risks, uncertainties and assumptions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors including, but not limited to, unexpected delays, excess costs or unfavorable results of clinical trials, delays or denial in the U.S. FDA approval process, additional competition in the acne market, denial of reimbursement by third party payors or inability to raise additional capital. We discuss many of these risks in greater detail under the heading “Risk Factors” in our Registration Statement on From F-1 (File No. 333-198123) declared effective on September 17, 2014, and elsewhere in the Registration Statement. Although we believe these forward-looking statements are reasonable, they speak only as of the date of this announcement and Foamix undertakes no obligation to update publicly such forward-looking statements to reflect subsequent events or circumstances, except as otherwise required by law. Given these risks and uncertainties, you should not rely upon forward-looking statements as predictions of future events.

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