NeuroBo Pharmaceuticals Reports Third Quarter 2020 Financial Results

November 13, 2020

BOSTON, Nov. 13, 2020 /PRNewswire/ -- **NeuroBo Pharmaceuticals, Inc.** (Nasdaq: NRBO), a clinical-stage biotechnology company focused on developing and commercializing multimodal, disease-modifying therapies for neurodegenerative and cardiometabolic diseases, today announced financial results for the third quarter ended September 30, 2020.

"Throughout the third quarter and recent weeks, we continued to evaluate a variety of potential options for bringing the NB-01 asset to the market through a different regulatory pathway, including as an orphan drug or a rare disease indication," stated Richard J. Kang, Ph.D., President and Chief Executive Officer of NeuroBo.

"We had continued work on preparing an Investigational New Drug (IND) application for submission to the U.S. Food and Drug Administration (FDA) for NB-02, our multi-component drug compound that, in pre-clinical models, has shown to impact multiple pathways involved in neurodegenerative disease. Given the global resurgence of COVID-19, we have postponed continued work on the IND and the first human clinical trials for NB-02 until global health and macroeconomic conditions improve, with a view toward commencing clinical trial activity in the second half of 2021.

"We are also evaluating a number of potential opportunities that complement our multi-modal drug platforms. Our development activity is mindful of conserving financial resources. Toward that end, we believe we have the resources to fund our operations into the third quarter of 2021," concluded Dr. Kang.

Third Quarter Financial and Operating Results Highlights

Upon the merger between Gemphire Therapeutics, Inc. and NeuroBo Pharmaceuticals, Inc. at year-end 2019, the formerly private NeuroBo was considered the accounting acquirer. In accordance with generally accepted accounting principles, the historical financial statements of private company, NeuroBo, are considered the financial statements of the combined company, with the merger accounted for as an acquisition of the Gemcabene family of related assets on December 30, 2019. The following highlights, therefore, represent the combined operations of both companies for the quarter ended September 30, 2020 and the operations of NeuroBo as a private company for the comparable quarter ended September 30, 2019.

- **Research and Development (R&D) Expenses** were $1.3 million for the three months ended September 30, 2020, compared to $1.2 million for the three months ended September 30, 2019. The $0.1 million increase in the third quarter of 2020 was primarily attributed to CRO termination costs of $0.6 million, offset in part by the reduction in clinical trial activity of $0.3 million, given the determination in March 2020 to postpone Phase 3 clinical trials of NB-01. R&D expenses during the three months ended September 30, 2020 and 2019 included stock-based compensation of zero and $60,000, respectively.
- **General and Administrative Expenses** were $1.8 million for the three months ended September 30, 2020, compared with $2.5 million for the three months ended September 30, 2019. The decrease of $0.7 million was primarily due to the reduction in transaction related costs that occurred during the third quarter of 2019 associated with legal, accounting and other consulting support of $1.6 million, offset by cost increases in the current quarter of $0.9 million related largely to director and officer insurance premiums of $0.4 million, public company related costs of $0.2 million, stock based compensation costs of $0.2 million, and payroll related costs of $0.1 million. Stock-based compensation costs during the three-month periods ended September 30, 2020 and 2019 were $0.2 million and a credit of $(6,000), respectively.
- **Net Loss** for the third quarter ended September 30, 2020 was approximately $3.1 million, or $0.19 per basic and diluted share, based on 16,427,307 weighted average common shares outstanding, compared with a net loss of approximately $3.6 million, or $0.70 per basic and diluted share, based on 5,166,812 weighted average common shares outstanding for the same period in 2019.
- **Cash and Cash Equivalents** were $12.4 million as of September 30, 2020, compared with $13.9 million at December 31, 2019. The Company expects that its cash position will be adequate to fund operations into the third quarter of 2021.

About NeuroBo Pharmaceuticals

NeuroBo Pharmaceuticals, Inc. has a current portfolio of three drug candidates. The company's NB-01 candidate has been shown in a Phase 2 study to significantly reduce pain symptoms associated with painful diabetic neuropathy (PDN), with a superior safety profile when compared to currently available treatments. Due to global COVID-19 crisis, a planned Phase 3 study was postponed. In the interim, NeuroBo is exploring a potential orphan drug indication targeting chronic pain for NB-01. NeuroBo's NB-02 drug candidate is focused on the treatment of Alzheimer's disease and neurodegenerative diseases associated with the pathological dysfunction of tau proteins in the brain. The company's third program, Gemcabene, was developed for the treatment of dyslipidemia, a serious medical condition that increases the risk of life-threatening cardiovascular disease.

NeuroBo Pharmaceuticals was jointly founded by Dr. Roy Freeman, professor of neurology at Harvard Medical School and renowned expert in neuropathic pain, and JK BioPharma Solutions, a biotechnology consulting company, to commercialize natural product-based research into ethical medicines. In December 2019, NeuroBo merged with Gemphire Therapeutics and through such merger, became listed on the Nasdaq Stock Market

and added the Gemcabene family of related assets to its portfolio. For more information visit: https://www.neurobopharma.com.

Forward Looking Statements

Any statements in this press release that are not statements of historical fact constitute forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include, but are not limited to, statements regarding the development of NeuroBo's product candidates and the therapeutic potential, timing and nature of clinical trials and potential regulatory approval of NeuroBo's clinical programs and pipeline. Forward-looking statements are usually identified by the use of words, such as "believes," "anticipates," "expects," "intends," "plans," "may," "potential," "will," "could" and similar expressions. Actual results may differ materially from those indicated by forward-looking statements as a result of various important factors and risks. These factors, risks and uncertainties include, but are not limited to: the occurrence of health epidemics or contagious diseases, such as COVID-19, and potential effects on NeuroBo's business, clinical trial sites, supply chain and manufacturing facilities; NeuroBo's ability to continue as a going concern; the timing of completion of NeuroBo's planned clinical trials; the timing of the availability of data from NeuroBo's clinical trials; NeuroBo's plans to research, develop and commercialize its current and future product candidates, including the potential alternative pathways for NB-01; the economic feasibility of developing NB-01 under an alternative pathway including pursuant to the terms of NeuroBo's exclusive license agreement with Dong-A ST; NeuroBo's ability to successfully collaborate with existing collaborators or enter into new collaborations and to fulfill its obligations under any such collaboration agreements; the clinical utility, potential benefits and market acceptance of NeuroBo's product candidates; the impact of government laws and regulations; NeuroBo's ability to protect its intellectual property position; and NeuroBo's need for additional financing to fulfill its stated goals; and other factors discussed in the "Risk Factors" section of NeuroBo's Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission. In addition, the forward-looking statements included in this press release represent NeuroBo's views as of the date hereof. NeuroBo anticipates that subsequent events and developments will cause its views to change. However, while NeuroBo may elect to update these forward-looking statements at some point in the future, NeuroBo specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing NeuroBo's views as of any date subsequent to the date hereof.

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NeuroBo Pharmaceuticals, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share amounts and par value)

	September 30, 2020	December 31, 2019
	(unaudited)	
Assets		
Current assets:		
Cash	$ 12,353	$ 13,908
Restricted cash	—	15
Prepaid expenses	511	153
Other assets	34	42
Total current assets	12,898	14,118
Right-of-use assets	100	116
Property and equipment, net	167	200
Other assets	33	34
Total assets	$ 13,198	$ 14,468
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,101	$ 638
Accrued liabilities	2,491	1,422
Lease liability, short-term	23	22
Total current liabilities	3,615	2,082
Lease and other long-term liabilities	77	94
Total liabilities	3,692	2,176
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued or outstanding as of September 30, 2020 and December 31, 2019.	—	—
Common stock, $0.001 par value per share, 100,000,000 shares authorized; 16,427,307 and 15,592,718 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively.	17	16
Additional paid–in capital	56,526	49,130
Accumulated other comprehensive (loss) income	(3)	12

Accumulated deficit	(47,034)	(36,866)
Total stockholders' equity	9,506	12,292
Total liabilities and stockholders' equity	$ 13,198	$ 14,468

NeuroBo Pharmaceuticals, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share amounts)
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Operating expenses:				
Research and development	$ 1,265	$ 1,150	$ 4,091	$ 3,898
General and administrative	1,795	2,495	6,110	4,085
Total operating expenses	3,060	3,645	10,201	7,983
Loss from operations	(3,060)	(3,645)	(10,201)	(7,983)
Interest income (expense), net	6	24	34	(3)
Other (expense) income, net	—	—	(1)	—
Loss before income taxes	(3,054)	(3,621)	(10,168)	(7,986)
Provision for income taxes	—	—	—	—
Net loss	(3,054)	(3,621)	(10,168)	(7,986)
Other comprehensive income (loss):				
Foreign currency translation gain (loss), net of tax	13	(11)	(15)	(2)
Total other comprehensive income (loss)	13	(11)	(15)	(2)
Comprehensive loss	$ (3,041)	$ (3,632)	$ (10,183)	$ (7,988)
Loss per share:				
Net loss per share, basic and diluted	$ (0.19)	$ (0.70)	$ (0.63)	$ (1.55)
Weighted average common shares outstanding:				
Basic and diluted	16,427,307	5,166,812	16,135,000	5,166,812

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