

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
Form 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_ to \_\_\_\_

Commission file number 001-37809

**NeuroBo Pharmaceuticals, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

47-2389984

(IRS Employer Identification No.)

**200 Berkeley Street, Office 19<sup>th</sup> Floor  
Boston, Massachusetts**

(Address of principal executive offices)

**02116**

(Zip Code)

**(857) 702-9600**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

| <u>Title of Each Class</u>      | <u>Trading symbol(s)</u> | <u>Name of Exchange on Which Registered</u> |
|---------------------------------|--------------------------|---------------------------------------------|
| Common stock, \$0.001 par value | NRBO                     | The Nasdaq Stock Market LLC                 |

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12(b)-2 of the Act. Yes  No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$31.2 million based on the closing price on the Nasdaq Capital Market as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter.

The number of outstanding shares of the registrant's common stock, \$0.001 par value, as of March 25, 2022 was 26,661,771.

**NEUROBO PHARMACEUTICALS, INC.**  
**FORM 10-K**  
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### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K for the fiscal year ended December 31, 2021 contains “forward-looking statements” within the meaning of the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, these forward-looking statements contain information about our expectations, beliefs or intentions regarding our product development and commercialization efforts, business, financial condition, results of operations, strategies or prospects, and other similar matters. These forward-looking statements are based on management’s current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. These statements may be identified by words such as “expects,” “plans,” “projects,” “will,” “may,” “anticipates,” “believes,” “should,” “intends,” “estimates,” and other words of similar meaning.

Actual results could differ materially from those contained in forward-looking statements. Many factors could cause actual results to differ materially from those in forward-looking statements, including those matters discussed below, as well as those listed in Item 1A. Risk Factors.

Other unknown or unpredictable factors that could also adversely affect our business, financial condition and results of operations may arise from time to time. Given these risks and uncertainties, the forward-looking statements discussed in this report may not prove to be accurate. Accordingly, you should not place undue reliance on these forward-looking statements, which only reflect the views of NeuroBo Pharmaceuticals, Inc.’s management as of the date of this report. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results or expectations, except as required by law.

## SUMMARY RISK FACTORS

Our business is subject to a number of risks, as fully described in “Item 1A. Risk Factors” in this Annual Report. The principal factors and uncertainties include, among others:

- NeuroBo has only incurred losses since inception. NeuroBo expects to incur losses for the foreseeable future and may never achieve or maintain profitability.
- NeuroBo’s pursuit of potential therapeutic and prophylactic treatments for COVID-19 is at an early stage and subject to many risks. NeuroBo may be unable to receive approval for any of its COVID-19 product candidates in a timely manner, if at all, and its COVID-19 product candidates may never be approved.
- The regulatory pathway for ANA001 is continually evolving, and may result in unexpected or unforeseen challenges.
- NeuroBo may not be able to successfully develop NB-01 pursuant to its existing pathway or via other alternatives, including as an orphan drug or as a nutraceutical candidate.
- The regulatory review and approval processes of the FDA and comparable foreign regulatory authorities are lengthy, time-consuming and inherently unpredictable, and if NeuroBo is ultimately unable to obtain regulatory approval for its product candidates, its business will be substantially harmed.
- NeuroBo’s profits from Gemcabene sales, if any, will be limited pursuant to our contingent value rights obligations, and NeuroBo, therefore, may, at any time and in its sole and absolute discretion, discontinue any and all further efforts to develop, divest or otherwise monetize Gemcabene, particularly as a treatment for cardiovascular conditions.
- The results of NeuroBo’s Phase 2 clinical trial for ANA001 for treatment of COVID-19 are likely to be delayed due to the invasion of Ukraine by Russia in February 2022, which may delay the submission of the request to proceed with the Phase 3 clinical trial.
- NeuroBo faces substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than it does.
- NeuroBo’s commercial success depends upon attaining significant market acceptance of its product candidates, if approved, among hospitals, physicians, patients and healthcare payors.
- Even if NeuroBo is able to commercialize a future pharmaceutical drug candidate, the profitability of such product candidate will likely depend in significant part on third-party reimbursement practices, which, if unfavorable, would harm its business.
- Product liability lawsuits against NeuroBo could cause it to incur substantial liabilities and could limit commercialization of any product candidate that it may develop.
- NeuroBo has relied and will rely on third-party clinical research organizations (CROs) to conduct its preclinical studies and clinical trials. If these CROs do not successfully carry out their contractual duties or meet expected deadlines, NeuroBo may not be able to obtain regulatory approval for or commercialize its product candidates and its business could be substantially harmed.
- NeuroBo relies on third parties to manufacture its product candidates and preclinical and clinical drug supplies.
- If NeuroBo is unable to obtain and maintain sufficient intellectual property rights, its competitive position could be harmed.
- NeuroBo may not be able to protect or practice its intellectual property rights throughout the world.
- NeuroBo may become involved in lawsuits to protect or enforce its intellectual property, which could be expensive, time consuming and unsuccessful.
- NeuroBo may be subject to damages resulting from claims that its employees or NeuroBo has wrongfully used or disclosed alleged trade secrets of their former employers.

- NeuroBo currently has a limited number of employees and our future success depends on its ability to retain our executive officers and to attract, retain and motivate qualified personnel.
- NeuroBo's trade secrets are difficult to protect and if NeuroBo is unable to protect the confidentiality of its trade secrets, its business and competitive position would be harmed.
- NeuroBo's business is subject to risks arising from epidemic diseases, such as the recent COVID-19 pandemic.
- The price of our common stock may be volatile and fluctuate substantially, which could result in substantial losses to holders of our common stock.
- If we are unable to comply with Nasdaq's continued listing requirements, our common stock could be delisted, which could affect our common stock's market price and liquidity and reduce our ability to raise capital.
- We may enter into financing transactions that are dilutive to our stockholders, impose material restrictions on our business and/or require us to relinquish valuable rights.
- NeuroBo is a "smaller reporting company" and cannot be certain whether the reduced reporting requirements applicable to such companies could make its common stock less attractive to investors.
- NeuroBo's largest shareholder may use its significant interest to take actions not supported by NeuroBo's other shareholders, including to initiate or support shareholder activism, an unsolicited takeover proposal, or a proxy contest, which could negatively impact NeuroBo's business.

## PART I

### ITEM 1. BUSINESS

#### Overview

NeuroBo Pharmaceuticals Inc. (the “Company,” “NeuroBo,” “we,” “us” or “our”) is a clinical-stage biotechnology company with four therapeutic programs designed to impact a range of indications in coronavirus, neurodegenerative and cardiometabolic disease:

- *ANA001*, our lead drug candidate, is a proprietary oral niclosamide formulation and is being developed as a treatment for patients with moderate coronavirus disease (COVID-19). Niclosamide is a potential oral antiviral and anti-inflammatory agent with a long history of use and well-understood safety in humans. ANA001 is currently being studied in a 60-subject Phase 2 clinical trial conducted in the United States, with a Phase 3 component dependent on the outcome of the Phase 2 data.
- *NB-01* was primarily focused on the development of a treatment for painful diabetic neuropathy (PDN). We are currently exploring alternatives with respect to the future of NB-01, including bringing the NB-01 asset to the market through a different regulatory pathway, such as with an orphan drug indication or as a nutraceutical.
- *NB-02* has the potential to treat the symptoms of cognitive impairment and modify the progression of neurodegenerative diseases associated with the malfunction of a protein called tau, and with amyloid beta plaque deposition.
- *Gemcabene* is currently being assessed as for additional indications including COVID-19. Gemcabene was previously being developed for the treatment of dyslipidemia, a serious medical condition that increases the risk of life-threatening cardiovascular disease, and was focused on orphan indications such as homozygous familial hypercholesterolemia (HoFH), as well as severe hypertriglyceridemia (SHTG).

#### *December 2020 Acquisition of ANA Therapeutics, Inc.*

On December 31, 2020, we acquired ANA Therapeutics, Inc. (“ANA”), a privately held biotechnology company developing ANA001. The transaction was unanimously approved by each of the board of directors of the Company and ANA.

#### *December 2019 Completion of Reverse Acquisition of Gemphire*

On December 30, 2019, the Company completed a business combination (the “2019 Merger”) with Gemphire Therapeutics, Inc. (“Gemphire”) in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of July 24, 2019, as amended on October 29, 2019 (the “2019 Merger Agreement”). Gemphire was a clinical-stage biopharmaceutical company focused on developing and commercializing Gemcabene.

#### Strategy

Our goal is to discover, develop and commercialize novel therapeutics designed to impact a range of indications in neurodegenerative and cardiometabolic disease and nutraceuticals for their respective health areas. The key elements of our business strategy to achieve this goal include:

- Pursue ANA001 as a treatment and/or prophylaxis for COVID-19.
- Explore alternatives for the future of NB-01, including assessing whether to pursue NB-01 as an orphan drug and/or as a nutraceutical product.
- Explore out licensing opportunities for NB-02.
- Explore additional acute therapeutic indications for Gemcabene that may strengthen our pipeline of assets..
- Continue to hire highly qualified management and personnel in advancing drug development, achieving marketing approval, and implementing our corporate growth strategy.

## Product Candidates

### ANA001: Treatment of COVID-19 Symptoms

ANA001, NeuroBo's lead drug candidate, is a proprietary oral niclosamide formulation and is being developed as a treatment for patients with moderate COVID-19 (patients not requiring ventilators). Niclosamide is a potential oral antiviral and anti-inflammatory agent with a long history of use and documented safety in humans. ANA001 is currently being studied in a 60-subject Phase 2 clinical trial being conducted at up to 10 clinical sites in the United States.

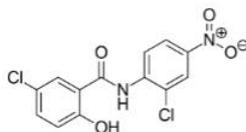
Niclosamide has demonstrated both antiviral and immunomodulatory activity with possible downstream effects on coagulation abnormalities observed in COVID-19. In preclinical research by an independent academic group published in *Antimicrobial Agents and Chemotherapy*, niclosamide inhibited viral replication in vitro and was more potent than remdesivir and chloroquine in the same assay.

Specifically, studies have shown niclosamide prevents replication of SARS-CoV-2 at very low concentrations and that the compound appears to exhibit three distinct mechanisms of action: 1) acting as a potent antiviral to a broad homology of other viruses including influenza; 2) reducing inflammation without suppressing the immune system; and 3) providing bronchodilation, which is a useful pulmonary mechanism for at-risk patients with underlying cardiovascular and/or pulmonary conditions.

As a result, the Company believes ANA001 has the potential to reduce the viral load and inflammation associated with cytokine dysregulation, acute respiratory distress syndrome (ARDS), and coagulation abnormalities and thus improve time to clinical improvement as defined as hospital discharge recorded using the World Health Organization ("WHO") Ordinal Scale for Clinical Improvement. We also believe the three key mechanisms of action may also be effective in treating COVID in the outpatient setting or as a prophylaxis.

### Background

ANA001 is a proprietary oral niclosamide formulation which is in development as a treatment for patients with moderate COVID-19. Niclosamide is an oral antiviral and anti-inflammatory agent with a long history of safety in humans. The active pharmaceutical ingredient (API) of ANA001 is niclosamide (Figure 1), a chlorinated salicylanilide with anthelmintic, antiviral, anti-inflammatory and bronchodilator activity. Niclosamide was discovered in 1958 and was approved by the U.S. Food and Drug Administration (the "FDA") in 1982 under New Drug Application (NDA) 018669 (Bayer Pharmaceuticals) for the treatment of tapeworm infections, although it has since been voluntarily discontinued from marketing in the U.S., and all patents or applications that were originally filed by Bayer AG to cover niclosamide or its use in treating tapeworm have been expired or abandoned. Niclosamide is approved in many other countries for the treatment of tapeworm infections and has been used to safely treat millions of patients globally. Niclosamide is also on the WHO's List of Essential Medicines (World Health Organization, 2019) In the past several years, mounting evidence has accumulated that niclosamide is a multifunctional drug that is able to regulate multiple signaling pathways and biological processes, suggesting it may be developed as a novel treatment for more than just helminthic infection. Niclosamide is being studied for a variety of clinical indications beyond its use as an anthelmintic, such as cancer, rheumatoid arthritis, diabetic neuropathy, metabolic syndrome and COVID-19.



**Fig. 1:** Chemical structure of niclosamide.

### Necessity to Develop a COVID-19 Therapeutic

Coronaviruses (CoVs) are single-stranded RNA viruses that infect a wide variety of animals and primarily cause respiratory tract infections in humans. Recent outbreaks of novel CoVs, including SARS-CoV and MERS-CoV, have caused significant international concern and mortality. Surpassing both of these in severity and loss of life, the current

outbreak of SARS-CoV-2 represents a severe public health emergency. COVID-19, the disease caused by a SARS-CoV-2, continues to spread worldwide. As of March 7, 2022, more than 445 million confirmed cases of COVID-19 have been reported worldwide, with more than 5.9 million deaths from the disease. In the United States alone, the total number of COVID-19 cases as of March 6, 2022 is more than 79 million and the total number of deaths is more than 955,000. As of March 6, 2022, more than 555 million doses of vaccine have been administered in the United States. In addition to this tremendous toll, the Centers for Disease Control and Prevention (CDC) has reported that patients who have recovered from COVID-19 often exhibit long-term negative impacts such as fatigue, shortness of breath, cough, joint pain and chest pain. These symptoms sometimes require extended hospitalizations, resulting in health care costs in excess of \$10,000/day. Therefore, it is necessary to develop countermeasures, such as therapeutics, that can improve the outcomes for patients who become infected with COVID-19.

The approval of multiple SARS-CoV-2 vaccines has helped to slow the spread of the disease and lessen the number of deaths and hospitalizations. However, the protective efficacy of these vaccines are vulnerable to antigenic changes and can be greatly affected by viral changes in the spike protein. The spread of the Omicron (B.1.1.529) variant and the ability of the virus to evade antibody neutralization in individuals previously vaccinated or infected as well as those receiving several of the monoclonal antibodies underscores this vulnerability. While it is expected the SARS-CoV-2 virus will become endemic, we believe that additional therapeutic and preventative options will be needed for years to come.

As of March 2022, multiple treatment options have been approved or given emergency use authorization by the FDA. For hospitalized patients treatments include remdesivir (VEKLURY®), dexamethasone, baricitinib (OLUMIANT®), and tocilizumab (ACTEMRA®). Of these, only remdesivir (VEKLURY®) is considered to be an antiviral. For outpatients at high-risk for progression to severe COVID-19, antiviral treatment options include remdesivir (VEKLURY®), nirmatrelvir/ritonavir (PAXLOVID™) and molnupiravir. In addition, several monoclonal antibody preparations have been approved for use for the outpatient treatment of mild to moderate COVID-19; sotrovimab, bebtelovimab, casirivimab/imdevimab (REGEN-COV®), and bamlanivimab/etesevimab. However, as of the date of this Annual Report, only sotrovimab and bebtelovimab are currently authorized for use within the United States. This is because the widely circulating Omicron strain (B.1.1.529) is resistant to casirivimab/imdevimab (REGEN-COV®), and bamlanivimab/etesevimab. With regard to pre-exposure prophylaxis for prevention of COVID-19, the monoclonal antibody combination of tixagevimab/cilgavimab (EVUSHELD™) is approved for use in certain individuals who are immunocompromised or have contraindications to an approved SARS-CoV-2 vaccine.

The critical need for effective treatments and the volume of urgent activity to find them underscore the tremendous potential value of an effective therapeutic. This value predominantly comes from two sources: health-related benefits and economy-related impacts. Health-related benefits include increased quality-adjusted life years (QALYs) that result from reducing mortality, symptom severity and duration. Potential benefits also include savings in healthcare expenditures that result from shorter hospital stays and less intensive use of healthcare resources generally. It is important to note that each of these treatments, with the exception of dexamethasone, are delivered intravenously. This method of delivery complicates and prevents patients from taking the drug themselves in an outpatient environment.

A white paper from the University of Southern California Schaeffer Center for Health Policy and Economics reported (Mulligan et al., 2020):

- a hypothetical treatment administered outside the hospital that reduces hospitalization risk by 50% would be expected to result in 285,000 fewer hospitalizations, up to 71,000 fewer deaths, and up to \$88 billion in value by the end of 2021; and
- a hospital-based treatment that reduces mortality and length of stay by 30% would be expected to save 51,000 to 85,000 lives, and generates up to \$106 billion in value by the end of 2021.

ANA001 has the potential to benefit patients in the outpatient setting and may also be effective as a prophylaxis treatment. Both reduction in duration of symptoms and the potential to reduce transmission would be a benefit to patients and significantly reducing healthcare expenditures.

## Development Rationale

Niclosamide has broad *in vitro* antiviral activity (Figure 2) including activity against severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Additionally, niclosamide has *in vitro* anti-inflammatory properties due to its inhibition of nuclear factor kappa-light-chain-enhancer of activated B cells (NF-κB) and signal transducer and activator of transcription 3 (STAT3), two main drivers to induce the expression of proinflammatory cytokines. In addition, a recent *in vitro* study showed that niclosamide works as a potent bronchodilator that relaxed histamine induced constriction of human bronchial rings (Miner et al., 2019).



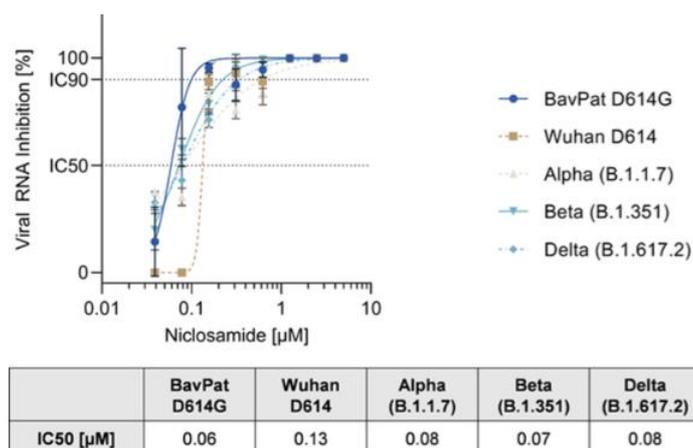
**Figure 2: Broad antiviral activity of niclosamide** (modified from Xu et al., 2020). Niclosamide has demonstrated *in vitro* activity against severe acute respiratory syndrome coronavirus (SARS-CoV), Middle East respiratory syndrome coronavirus (MERS-CoV), Zika virus (ZIKV), Japanese encephalitis virus (JEV), hepatitis C virus (HCV), Ebola virus (EBOV), human rhinoviruses (HRVs), Chikungunya virus (CHIKV), human adenovirus (HAdV), and Epstein–Barr virus (EBV).

## Antiviral Activity of Niclosamide

Niclosamide demonstrates potent *in vitro* activity against SARS-CoV-2 (Table 1) with a mean  $IC_{50}$  = 0.19  $\mu$ M and is also active against SARS-CoV-1 and MERS-CoV (Wu et al., 2004, Wen et al., 2007, Gassen et al., 2019).

| Table 1. In Vitro Niclosamide Activity Against SARS-CoV-2 |           |              |                      |
|-----------------------------------------------------------|-----------|--------------|----------------------|
| Virus                                                     | Cell Line | $IC_{50}$    | Source               |
| SARS-CoV-2 ( $\beta$ -CoV/Munich/BavPat1/2020)            | VeroFM    | 0.13 $\mu$ M | Gassen et al., 2021  |
| SARS-CoV-2 ( $\beta$ -CoV/Munich/BavPat1/2020)            | VeroE6    | 0.06 $\mu$ M | Weiss et al., 2021   |
| SARS-CoV-2 ( $\beta$ -CoV/Korea/KCDC03/2020)              | Vero      | 0.28 $\mu$ M | Jeon et al., 2020    |
| SARS-CoV-2 ( $\beta$ -CoV/Korea/KCDC03/2020)              | Vero      | 0.20 $\mu$ M | Lee et al., 2021     |
| SARS-CoV-2 (UVE/SARS-CoV2/2020/FR/ISA_D614)               | VeroE6    | 0.13 $\mu$ M | Weiss et al., 2021   |
| SARS-CoV-2 ( $\beta$ -CoV/England 02/2020/407073)         | VeroE6    | 0.34 $\mu$ M | Braga et al., 2021   |
| SARS-CoV-2 ( $\beta$ -CoV/Egypt/NRC-3/2020)               | VeroE6    | 0.16 $\mu$ M | Mostafa et al., 2020 |
| Mean SARS-CoV-2 Activity                                  | Vero      | 0.19 $\mu$ M |                      |

Furthermore, multiple studies indicate niclosamide maintains highly active *in vitro* activity against SARS-CoV-2 variants of concern (Figure 3) like Alpha (B.1.1.7), Beta (B.1.351), and Delta (B.1.617.2) (Lee et al., 2021; Weiss et al., 2021).



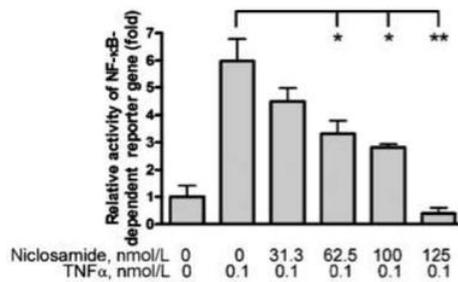
**Figure 3. In Vitro Niclosamide Activity Against SARS-CoV-2 Variants of Concern (Weiss et al., 2021)**

The antiviral mechanism of action for niclosamide has not been fully elucidated, however it appears niclosamide works at the cellular level to inhibit viral replication. In some viruses, including SARS-CoV-2, studies have demonstrated niclosamide acts as a protonophore to increase endosomal pH. As a consequence multiple pH-dependent steps of the virus life cycle are impaired, including viral and host membrane fusion and uncoating, viral RNA replication (by inhibition of viral polyprotein processing), and the maturation process of the progeny virions (Jurgit et al., 2012; Jung et al., 2019; Prabhakara et al., 2021). Recently, studies with MERS-CoV (Gassen et al., 2019) and SARS-CoV-2 indicate replication is reduced by niclosamide via SKP2-inhibition, thus enhancing autophagy (Gassen et al., 2021). Furthermore, it was shown that pretreating cells for 24 h with 5 µM niclosamide followed by drug washout and viral infection reduced SARS-CoV-2 replication significantly and as potently as spermidine, a natural enhancer of autophagy (Gassen et al., 2021). This indicates, in addition to treating SARS-CoV-2, niclosamide has potential as a prophylactic COVID-19 treatment and serum concentrations may not need to continuously exceed *in vitro* inhibitory levels to be effective. In summary, these results highlight the potency of niclosamide to inhibit replication of coronaviruses, in particular, SARS-CoV-2.

#### Anti-Inflammatory Activity of Niclosamide

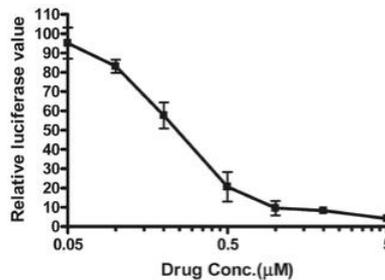
Cytokine release syndrome associated with SARS-CoV-2 infection may lead to acute respiratory distress syndrome, a widespread inflammation in the lungs and increased blood clotting. Two transcription factors - nuclear factor kappa-light-chain-enhancer of activated B cells (NF-κB) and signal transducer and activator of transcription 3 (STAT3) – are key drivers of cytokine release. Niclosamide was shown to inhibit them *in vitro* thus decreasing the production of proinflammatory cytokines.

NF-κB is a transcription factor that induces the expression of pro-inflammatory cytokines. *In vitro* experiments with U2OS cells demonstrated that niclosamide inhibited NF-κB transcription, its binding to deoxyribonucleic acid (DNA), tumor necrosis factor (TNF)-induced phosphorylation of IκBα, translocation of p65 into the nucleus, and expression of NF-κB-regulated downstream genes. The IC<sub>50</sub> of niclosamide to inhibit NF-κB transcription was 0.13 µM (Figure 4) (Jin et al., 2010).



**Figure 4: Niclosamide prevents TNF-induced NF- $\kappa$ B activation.** U2OS cells were co-transfected with NF- $\kappa$ B-TATA-Luc and renilla luciferase reporter plasmids. 24 h later, cells were first treated with different concentrations of niclosamide and then with 0.1 nmol/L TNF $\alpha$ , and luciferase intensity was measured. Shown are means of the fold change  $\pm$  standard error of three independent experiments. \* P < 0.05; \*\* P < 0.01. Modified from Jin et al., 2010.

Signal transducers and activators of transcription (STATs) are a class of transcription factors that regulate cellular and biological processes, including immune responses and angiogenesis, by modulating the expression of specific target genes (Yu et al., 2007). Upon stimulation by cytokines such as interleukin 6 (IL-6), tyrosine residue 705 (Tyr-705) in the STAT3 SH2 domain is phosphorylated, consequently inducing STAT3 to dimerize, translocate into the nucleus, and induce its binding to specific DNA response elements of target genes (Schuringa et al., 2000). Niclosamide has been shown to inhibit activation and transcriptional function of STAT3 *in vitro*. HeLa cells were transfected with a luciferase reporter driven by a promoter sequence with 7 STAT3 binding sites so that luciferase becomes active upon STAT3 binding. Niclosamide prevented binding and thus the transcriptional function of STAT3 with an IC<sub>50</sub> of 0.25  $\mu$ M (Figure 5) (Ren et al., 2010).



**Figure 5: Niclosamide inhibits STAT3 activity.** Luciferase reporter activity was evaluated after 24 h of treatment with different concentrations of niclosamide. Relative luciferase units were the ratio of the absolute activity of firefly luciferase to that of renilla luciferase. Results are representatives of three independent experiments. Modified from Ren et al., 2010.

### Bronchodilator Activity of Niclosamide and Potential Pulmonary Benefit

Niclosamide has been shown *in vitro* and in animal models to act as a potent bronchodilator by inhibiting protein transmembrane member 16A (TMEM16A), a calcium-activated chloride channel. This ion channel is implicated in controlling both airway smooth muscle cell contraction and epithelial mucin secretion. Through inhibition of TMEM16A (IC<sub>50</sub> = 0.13  $\mu$ M), niclosamide exerts its activity as a bronchodilator *in vitro* and in a mouse model (Cabrita et al., 2019; Centio et al., 2020; Centio et al., 2021; Miner et al., 2019).

In addition to inhibiting TMEM16A, niclosamide has been shown to inhibit TMEM16F as well (Cabrita et al., 2019; Centio et al., 2020; Centio et al., 2021; Braga et al., 2021). Inhibition of TMEM16F is associated with several potential benefits in patients with COVID-19. Most notably, niclosamide blocks SARS-CoV-2 induced syncytia formation via TMEM16F (Braga et al., 2021). Also by inhibiting TMEM16A and TMEM16F, pulmonary mucous secretion is decreased which has been demonstrated in a mouse model (Cabrita et al., 2019; Centio et al., 2021). Furthermore, niclosamide prevents spike-induced platelet procoagulant activity and thrombin formation, by inhibiting TMEM16F activity in platelets (Cappelletto et al., 2022). Overall, the inhibitory effects of niclosamide on TMEM16A and TMEM16F may further help to explain the antithrombotic and anti-inflammatory effects of the drug and its benefit for severe pulmonary infections like COVID-19 (Braga et al., 2021).

**ANA001/Niclosamide Preclinical Development**

Table 2 summarizes pharmacology and safety studies with niclosamide in various animal models.

Table 2: Pharmacology and safety studies with niclosamide

| <b>Pharmacology and Toxicity Studies</b> |                                                                                                                                                                                         |                                                                                                                                                                                                             |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Type of Study</b>                     | <b>Model Used</b>                                                                                                                                                                       | <b>Outcome/Findings</b>                                                                                                                                                                                     |
| Single and repeat oral dose toxicity     | Range finding in rats <ul style="list-style-type: none"> <li>● 1-day</li> <li>● 24-day</li> <li>● 30-day</li> <li>● 14-week</li> <li>● 1-year</li> <li>● 381-day</li> </ul>             | No signs of intoxication                                                                                                                                                                                    |
| Single and repeat oral dose toxicity     | Range finding in rabbits <ul style="list-style-type: none"> <li>● 1-day</li> <li>● 11-day</li> <li>● 25-day</li> </ul>                                                                  | No signs of intoxication                                                                                                                                                                                    |
| Single and repeat oral dose toxicity     | Range finding in dogs <ul style="list-style-type: none"> <li>● 1-day,</li> <li>● 24-day</li> <li>● 28-day</li> <li>● 32-day</li> <li>● 84-96-day</li> <li>● 366-393-day</li> </ul>      | No signs of intoxication                                                                                                                                                                                    |
| Single and repeat oral dose toxicity     | Range finding in cats <ul style="list-style-type: none"> <li>● 1-day</li> <li>● 12-day</li> <li>● 24-day</li> <li>● 4-week</li> </ul>                                                   | No signs of intoxication                                                                                                                                                                                    |
| Genotoxicity                             | <i>In vitro</i> (bacterial and lymphocyte reverse mutation) and <i>in vivo</i> (sister chromatid exchange and chromosomal aberration in mouse model)                                    | No signs of genotoxic potential                                                                                                                                                                             |
| Carcinogenicity                          | Studies with rats: <ul style="list-style-type: none"> <li>● 14-week</li> <li>● 365-381-day</li> </ul> Studies with dogs <ul style="list-style-type: none"> <li>● 366-393-day</li> </ul> | No signs of carcinogenicity                                                                                                                                                                                 |
| Embryo fetal development studies         | Range finding and development studies in rats and rabbits                                                                                                                               | No signs of teratogenicity, embryotoxicity nor toxicity to pregnant dams or their offspring.<br><br>Niclosamide was approved as a pregnancy class B drug and is thus permitted to be used during pregnancy. |

**Safety Pharmacology Studies**

Studies to support the initial FDA marketing approval of niclosamide in 1982 were conducted prior to establishment of the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) guidelines, therefore the current standard battery of safety pharmacology studies pertaining to the central nervous,

cardiovascular and respiratory systems that are recommended in the ICH S7A guideline were not conducted. However, there is a substantial amount of data from human and animal exposures to support the expected safety of the proposed clinical development program. Relevant data provided in the available literature related to safety pharmacology in the nervous system, cardiovascular system, respiratory system and gastrointestinal system are summarized in Table 3 below.

**Table 3: Safety pharmacology studies with niclosamide**

| Safety Pharmacology Studies |                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                               |                      |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Type of Study               | Model Used                                                                                                                                                                                                                                                                                                                                   | Outcome/Findings                                                                                                                                                                                                                                                                                              | Reference            |
| Nervous System              | Mouse: 30 mg/kg niclosamide were administered intraperitoneally on 5 days per week for a total duration of 3 weeks                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>Niclosamide selectively diminished the malignant potential of primary human glioblastoma cells (pGBMs) by suppressing the Wnt, Notch, mTOR, and NF-<math>\kappa</math>B signaling pathways.</li> <li>No drug-related adverse side effects were observed.</li> </ul>    | Wieland et al., 2013 |
| Nervous System              | Mouse: Oxaliplatin and niclosamide were administered intraperitoneally (200 $\mu$ l injections) according to this weekly schedule: On day 1, either oxaliplatin (10 mg/kg) or vehicle and 6 hours later either niclosamide (10 mg/kg) or vehicle. On days 3 and 5 either niclosamide (10 mg/kg) or vehicle. This was repeated for 4-8 weeks. | <ul style="list-style-type: none"> <li>Niclosamide prevented tactile hypoesthesia and thermal hyperalgesia and abrogated membrane hyperexcitability and also prevented intraepidermal nerve fiber density reduction and demyelination.</li> <li>No drug-related adverse side effects were observed</li> </ul> | Cerles et al., 2017  |
| Nervous System              | Rat: Niclosamide was administered by intrathecal (0.05 mg/kg) and intraperitoneal (i.p.) (60 mg/kg) injection as well as oral gavage (18.8, 37.7, 75, 150 and 300 mg/kg).                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Niclosamide reversed pain-related behavior in a mechanical hyperalgesia model of neuropathic pain.</li> <li>Neither treatment caused drug-related adverse effects</li> </ul>                                                                                           | Ai et al., 2016      |
| Cardiovascular System       | Isolated rat mesenteric arteries                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>Niclosamide (0.5 <math>\mu</math>M; 164 ng/mL) relaxed vasoconstriction induced by phenylephrine (PE).</li> <li>Pretreatment with 0.5 <math>\mu</math>M (164 ng/mL) niclosamide for 20 minutes transiently inhibited PE-induced vasoconstriction.</li> </ul>           | Li et al., 2017      |

**Bioavailability of Niclosamide in Animal Studies**

Table 4 summarizes bioavailability (expressed as maximum serum concentration,  $C_{max}$ ) of niclosamide upon oral administration in mice, rats, rabbits and dogs.

**Table 4: Pharmacokinetic Data of Niclosamide After Oral Administration**

| Species | Dose      | $C_{max}$                                            | Reference              |
|---------|-----------|------------------------------------------------------|------------------------|
| Mouse   | 200 mg/kg | 2.7 $\mu$ M; first peak,<br>0.2 $\mu$ M; second peak | Osada et al., 2011     |
| Mouse   | 50 mg/kg  | 2.9 $\pm$ 0.1 $\mu$ M                                | Lodagekar et al., 2019 |
| Rat     | 5 mg/kg   | 1.1 $\pm$ 0.5 $\mu$ M                                | Chang et al., 2006     |
| Rat     | 5 mg/kg   | 0.5 $\mu$ M; first peak,<br>0.1 $\mu$ M; second peak | Lin et al., 2016       |
| Rabbit  | 100 mg/kg | 5.6 $\pm$ 0.9 $\mu$ M                                | Rehman et al., 2018    |
| Dog     | 125 mg/kg | 4.9 $\mu$ M                                          | Andrews et al., 1982   |

**ANA001/Niclosamide Clinical Development**

**Completed and Ongoing Clinical Studies**

Between 1971 and 1978, niclosamide was administered to 6,365 patients under a U.S. IND. Doses were up to and including 2,000 mg/day for 7 days. There were 2,385 evaluable patients, of which 13.3% reported side effects, all of which were mild or moderate, with none requiring treatment discontinuation. These included nausea/emesis in 4.1%, abdominal discomfort/loss of appetite in 3.4%, diarrhea in 1.6%, drowsiness/dizziness/headache in 1.4%, and skin rash/pruritis in 0.3% of patients (NDA 018669 Review Documentation).

In addition, according to a safety review of niclosamide, pyrantel, triclabendazole and oxamniquine report of the WHO, there were 84 reported adverse drug reactions related to niclosamide between 1975 and 2004 in the WHO database. They include 173 reports from 16 countries and the most common reactions are related to skin and appendages (41 reports), GI tract (37 reports), cardiovascular system (28 reports) and anaphylactic reactions (9 reports) (Ofori-Adjei et al., 2008).

Clinical studies by NeuroBo and other sponsors with niclosamide for various indications (including COVID-19) are summarized in Table 5, Table 6, Table 7, Table 8 and Table 9. Data regarding active studies listed on [clinicaltrials.gov](https://clinicaltrials.gov) is as of February 26, 2022.

**Table 5: Human Studies in Healthy Volunteers**

| Study Title            | N       | Dose Regimen                                                                                        | Reference                                                 |
|------------------------|---------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Phase 1 Clinical Study | 20      | Group 1: placebo<br>Group 2: 2 g once per day for 3 days;<br>this regimen was repeated after 6 days | <a href="#">NDA 018669</a>                                |
| Unknown                | Unknown | Adults: single dose 1,000-2,000 mg                                                                  | <a href="#">Hecht and Gloxhuber, 1960</a> ,<br>translated |
|                        | Unknown | Children (6-15 years): single dose<br>750-1,000 mg                                                  |                                                           |

NCT = National clinical trial

**Table 6: Human Studies in Patients (Tapeworm)**

| Study Title                                           | N                                                               | Dose Regimen                                                                                                                                                                                                                                                                                                                                                                              | Reference                                          |
|-------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Phase 3 Clinical Study                                | 2,385 evaluable subjects                                        | 2,000 mg/day for 1-7 days                                                                                                                                                                                                                                                                                                                                                                 | NDA 018669                                         |
| Targeted Screening for Taenia Solium Tapeworms        | 1,811                                                           | single oral dose of 1,000 mg (11-34 kg), 1,500 mg (35-50 kg), 2,000 mg (>50 kg)                                                                                                                                                                                                                                                                                                           | Garcia HH et al., 2016 and NCT01296958 (completed) |
| Unknown                                               | 3,663 (patients infected with <i>T. saginata</i> )              | <u>adults</u> : single oral dose of 2,000 mg, <u>children (&gt;6 years)</u> : single oral dose of 1,000 mg, <u>children (&lt;6 years)</u> : 500-1,000 mg                                                                                                                                                                                                                                  | NDA 018669                                         |
| Unknown                                               | 297 (patients infected with <i>D. latum</i> )                   | 2,000 mg single oral dose                                                                                                                                                                                                                                                                                                                                                                 | NDA 018669                                         |
| Unknown                                               | 464 (patients infected with <i>H. nana</i> ; world-wide survey) | daily administration for 5-7 days                                                                                                                                                                                                                                                                                                                                                         | NDA 018669                                         |
| Unknown                                               | 34 (patients infected with <i>T. saginata</i> )                 | 2,000 mg oral dose (1,000 mg followed by 1,000 mg after one hour)                                                                                                                                                                                                                                                                                                                         | Abrams <i>et al.</i> , 1963                        |
| Nicosamide treatment of cestodiasis                   | 47                                                              | <u>patients &lt;75 lbs</u> : single 1,000 mg oral dose OR single 2,000 mg oral dose on day 1, followed by 500 mg daily for 5-7 days<br><br><u>patients 75-125 lbs</u> : single 1,500 mg oral dose OR single 1,500 mg oral dose on day 1, followed by 1,000 mg daily for 5-7 days<br><br><u>patients &gt;125 lbs</u> : single 2,000 mg oral dose OR single 2,000 mg oral dose for 5-7 days | Perera <i>et al.</i> , 1970                        |
| Nicosamide as treatment for tapeworm infection in man | 86                                                              | <u>&gt;15 years</u> : single oral dose of 2,000 mg for 1 day or 5-7 days<br><u>&lt;15 years, &gt;34 kg</u> : single oral dose of 1,500 mg OR single oral dose of 1,500 mg on day 1, followed by 1,000 mg daily for 5-7 days<br><u>&lt;15 years, 11-34 kg</u> : single oral dose of 1,000 mg OR single oral dose of 1,500 mg on day 1, followed by 500 mg daily for 5-7 days               | Jones, 1979                                        |
| Unknown                                               | 5                                                               | oral dose of 1,000-2,000 mg on day 1, followed by a 500 mg daily dose for the following 6 days                                                                                                                                                                                                                                                                                            | Ostrosky-Wegman <i>et al.</i> , 1986               |

NCT = National clinical trial

**Table 7: Human Studies in Patients (Oncology)**

| Study Title                                                                                                                                                                                                    | N              | Dose Regimen                                                                                                                                                    | Reference                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| A phase I study of niclosamide in combination with enzalutamide in men with castration-resistant prostate cancer                                                                                               | 5              | oral doses of 500 mg, 1,000 mg or 1,500 mg 3 times daily for 4 weeks                                                                                            | Schweizer et al., 2018 and NCT02532114 (completed)                         |
| Phase II trial to investigate the safety and efficacy of orally applied niclosamide in patients with metachronous or synchronous metastases of a colorectal cancer progressing after therapy: the NIKOLO trial | 37 (estimated) | 2,000 mg orally until disease progression or toxicity                                                                                                           | Burock, et al., 2018; Burock et al., 2020 and NCT02519582 (status unknown) |
| Abiraterone Acetate, Niclosamide, and Prednisone in Treating Patients with Hormone-Resistant Prostate Cancer                                                                                                   | 40 (estimated) | oral dose twice a day; courses repeat every 4 weeks in the absence of disease progression or unacceptable toxicity                                              | NCT02807805 (recruiting)                                                   |
| Enzalutamide and Niclosamide in Treating Patients with Recurrent or Metastatic Castration-Resistant Prostate Cancer                                                                                            | 12 (estimated) | oral dose twice a day in combination with enzalutamide on week 1-4; courses repeat every 4 weeks in the absence of disease progression or unacceptable toxicity | NCT03123978 (recruiting)                                                   |
| Niclosamide for Familial Adenomatous Polyposis                                                                                                                                                                 | 72 (estimated) | 650 mg orally once a day for 6 months                                                                                                                           | NCT04296851 (recruiting)                                                   |
| A Study of Niclosamide in Patients with Resectable Colon Cancer                                                                                                                                                | 1              | orally daily from day 1-7 prior to surgery                                                                                                                      | NCT02687009 (terminated, low accrual)                                      |
| Phase 1 Study of Niclosamide in Pediatric Patients With Relapsed and Refractory AML                                                                                                                            | 16             | Oral doses scaled from 250 to 1200 mg/m <sup>2</sup> divided BID for 14 days.                                                                                   | NCT05188170 (not yet recruiting)                                           |

NCT = National clinical trial

**Table 8: Human Studies in Patients (Various Indications)**

| Study Title                                                                                                | N              | Dose Regimen                                                                                           | Reference                                          |
|------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Niclosamide With Etanercept in Rheumatoid Arthritis                                                        | 110            | 500 mg BID with 50 mg etanercept weekly for 8 weeks                                                    | Al-Gareeb et al., 2018 and NCT03160001 (completed) |
| Niclosamide Role in Diabetic Nephropathy                                                                   | 60 (estimated) | 1,000 mg orally once daily for six months in combination with maximum tolerated dose of ACE inhibitors | NCT04317430 (recruiting)                           |
| A Study of Niclosamide Enemas in Subjects with Active Ulcerative Proctitis or Ulcerative Proctosigmoiditis | 56 (estimated) | 150 mg/60 mL or 450 mg/60 mL enemas given BID for 6 weeks                                              | NCT03521232 (recruiting)                           |

NCT = National clinical trial

**Table 9: Human Studies in Patients (COVID-19)**

| Study Title                                                                                                                                                                                                                                               | N               | Dose Regimen                                                                                                                                                                                        | Reference                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Niclosamide for Patients With Mild to Moderate Disease From Novel Coronavirus (COVID-19)                                                                                                                                                                  | 100 (estimated) | 2,000 mg orally once daily for 7 days                                                                                                                                                               | Cairns et al, 2022 and NCT04399356 (completed)                       |
| Phase I Study to Evaluate the Safety, Tolerability, and Pharmacodynamics (PD) of DWRX2003 (Niclosamide IM Depot) Injection Following Intramuscular Administration in COVID-19 Patients                                                                    | 40 (estimated)  | Four intramuscular injections of DWRX2003 at pre-defined injection sites (total amount of niclosamide administered per dosing group is 96 mg, 288 mg, 480 mg, 672 mg and 960 mg, respectively)      | NCT04541485 (terminated, lack of patients)                           |
| A Double-blind, Randomized, Placebo-controlled, Single-ascending Dose Phase I Study to Evaluate the Safety, Tolerability and Pharmacokinetic Properties of Niclosamide Injectable (DWRX2003) Following Intramuscular Administration in Healthy Volunteers | 24 (estimated)  | Four intramuscular injections of DWRX2003 at pre-defined injection sites (total amount of niclosamide administered per dosing group is 288 mg, 576 mg and 960 mg, respectively)                     | NCT04592835 (not yet recruiting)                                     |
| Phase I Study to Evaluate the Safety, Tolerability, Pharmacodynamics (PD) and Pharmacokinetics (PK) of DWRX2003 (Niclosamide IM Depot) Injection Following Intramuscular Administration in Healthy Volunteers                                             | 32 (estimated)  | Four intramuscular injections of DWRX2003 at pre-defined injection sites (total amount of niclosamide administered per dosing group is 144 mg, 432 mg, 960 mg and 1,200 mg, respectively)           | NCT04524052 (not yet recruiting)                                     |
| A Double-blind, Randomized, Placebo-controlled, Single-ascending Dose Phase I Study to Evaluate the Safety, Tolerability and Pharmacokinetic Properties of Niclosamide Injectable (DWRX2003) Following Intramuscular Administration in Healthy Volunteers | 24 (estimated)  | Two intramuscular injections of DWRX2003 at pre-defined injection sites (total amount of niclosamide administered per dosing group is 96 mg, 432 mg and 960 mg, respectively)                       | NCT04749173 (completed)                                              |
| A Phase 2/3 Randomized and Placebo-Controlled Study of ANA001 in Moderate and Severe COVID-19 Patients                                                                                                                                                    | 436 (estimated) | 1,000 mg orally twice per day for 7 consecutive days                                                                                                                                                | NCT04603924 (recruiting)                                             |
| A Randomized, Double-Blind, Single and Multiple Ascending Dose Study to Assess the Safety and Pharmacokinetics of Niclosamide in Healthy Adults                                                                                                           | 66 (estimated)  | <u>SAD study</u> : single oral dose (1,000 mg, 2,000 mg or 3,000 mg)<br><u>MAD study</u> : oral dose twice daily or thrice daily for 7 consecutive days (total daily dose will not exceed 2,000 mg) | NCT04705415 (recruiting)                                             |
| A Phase 2 Randomized Double Blind, Placebo-controlled Study on the Safety and Efficacy of Niclosamide in Patients With COVID-19                                                                                                                           | 148 (estimated) | Oral dose (400 mg 3 times daily for 14 consecutive days)                                                                                                                                            | NCT04542434 (not yet recruiting)                                     |
| Phase 2, Multicentre, Randomized, Double Blind, 2 Arms Placebo-controlled Study in Adults With Moderate COVID-19 With Gastrointestinal Signs and Symptoms                                                                                                 | 100 (estimated) | Oral dose (3 times daily for 14 consecutive days, dose unknown)                                                                                                                                     | NCT04436458 (not yet recruiting)                                     |
| A Phase III, Randomized, Placebo-controlled, Clinical Trial to Evaluate the Efficacy and Safety of Co-administered Niclosamide in Patients Treated With an Established Regimen for Novel Coronavirus Infectious Disease (COVID-19)                        | 200 (estimated) | 200 mg/10 mL suspension administered 3 times daily for 5 consecutive days                                                                                                                           | NCT04558021 (recruiting)                                             |
| Safety of Ascending Doses of Niclosamide (UNI911 INHALATION) in Healthy Volunteers                                                                                                                                                                        | 64              | SAD and MAD study of different concentrations of UNI911                                                                                                                                             | NCT04576312 (completed)                                              |
| Safety and Pharmacokinetics of a Novel Niclosamide Solution in Combination With Camostat                                                                                                                                                                  | 28              | SAD and MAD study of different doses of niclosamide alone and with camostat for up to 7 days                                                                                                        | NCT04644705 (completed)                                              |
| Safety and Preliminary Efficacy of the Combination of Niclosamide and Camostat                                                                                                                                                                            | 4               | Niclosamide chewing tablets (2000 mg, once daily) and camostat tablets (600 mg, 4-times daily) over a period of 7 days                                                                              | NCT04750759 (terminated, sub-therapeutic levels of active substance) |
| Effectiveness of Niclosamide as Add-on Therapy to the Standard of Care Measures in COVID-19 Management                                                                                                                                                    | 150             | Niclosamide 2 g orally x1 then 1 g every 8 hours for 7 days                                                                                                                                         | Abdulmir et al., 2021 and NCT04753619 (recruiting)                   |
| Safety and Efficacy of Niclosamide in Patients With COVID-19 With Gastrointestinal Infection                                                                                                                                                              | 166             | niclosamide tablets 400 mg 3 times daily for 14 days                                                                                                                                                | NCT04858425 (active not recruiting)                                  |
| PROphylaxis for paTiEnts at Risk of COVID-19 infecTion -V                                                                                                                                                                                                 | 1500            | 140µL of a 1% niclosamide ethanolamine solution in each nostril twice daily, treatment duration will be 6-9 months or up to 28 days after COVID-19 diagnosis unless hospitalized                    | NCT04870333 (recruiting)                                             |
| Safety and Efficacy of Intranasal Administration of Niclosamide (UNI91103) in Adults With Asymptomatic or Mild COVID-19                                                                                                                                   | 4               | UNI91103 intranasal spray 1%, BID, 10 consecutive days                                                                                                                                              | NCT04932915 (terminated, failure to recruit)                         |
| Randomized-controlled Trial of the Effectiveness of COVID-19 Early Treatment in Community                                                                                                                                                                 | 1800            | Niclosamide 1 g BID for 14 days                                                                                                                                                                     | NCT05087381 (recruiting)                                             |
| Single Ascending Dose and Multiple Ascending Dose Study of Niclosamide Inhalation Powder in Healthy Adult Subjects                                                                                                                                        | 40              | SAD and MAD study of different concentrations of niclosamide inhalation powder                                                                                                                      | NCT05168644 (completed)                                              |
| Clinical Trials to Assess Safety and Efficacy of DWRX2003 Combination With Remdesivir in Moderate to Severe COVID-19 Patients.                                                                                                                            | 60              | niclosamide 432 mg or 960 mg (intramuscular injection) + remdesivir                                                                                                                                 | NCT05226533 (not yet recruiting)                                     |

NCT = National clinical trial

### **Bioavailability of Niclosamide in Human Studies**

As ANA001 is orally administered, it can be taken by hospitalized, ambulatory and non-hospitalized individuals and it can be administered in both ambulatory and acute care environments. Although niclosamide has low bioavailability, data from available literature clearly demonstrate blood levels of niclosamide after oral administration exceed the necessary  $IC_{50}$  for SARS-CoV-2:

- Oral administration of a single dose of 2,000 mg of niclosamide reached maximal systemic serum concentrations ( $C_{max}$ ) in humans of 0.76-18.3  $\mu M$  (Andrews et al., 1982).
- A study in prostate cancer patients showed that 0.46-0.56  $\mu M$  become available after a single oral dose of 1,000 mg (Schweizer et al., 2018).
- In a recent study, colorectal cancer patients received 2,000 mg of niclosamide orally once a day until disease progression or toxicity (up to four months). Plasma levels mainly peaked 240 minutes after the first niclosamide administration with a median  $C_{max}$  of 2.03  $\mu M$  (Burock et al., 2018).

The lower bounds of the reported  $C_{max}$  values fall well-above the mean  $IC_{50}$  = 0.19  $\mu M$  noted from multiple *in vitro* assays (Jeon et al., 2020; Gassen et al., 2020; Weiss et al., 2021; Lee et al., 2021; Braga et al., 2021; Mostafa et al., 2020) needed for SARS-CoV-2 and an anti-inflammatory drug that inhibits NF- $\kappa$ B and STAT3 at 0.13  $\mu M$  (Jin et al., 2010) and 0.25  $\mu M$  (Ren et al., 2010), respectively. It is therefore anticipated that the dose regimen foreseen for the ANA001 clinical development program will provide sufficient systemic and intracellular drug levels for effective antiviral and anti-inflammatory activity.

In summary, the following characteristics support the use of niclosamide as an oral treatment for COVID-19:

- Niclosamide significantly inhibits *in vitro* replication of SARS-CoV-2 with a mean  $IC_{50}$  of 0.19  $\mu M$  from published clinical studies (Jeon et al., 2020; Gassen et al., 2020; Weiss et al., 2021; Lee et al., 2021; Braga et al., 2021; Mostafa et al., 2020).
- Pretreatment of mammalian cells for 24 h with 5  $\mu M$  niclosamide followed by drug washout and viral infection reduced SARS-CoV-2 replication significantly (Gassen et al., 2020) pointing indicating niclosamide could be used for pre/post-exposure prophylaxis.
- Niclosamide has anti-inflammatory properties that are expected to be relevant in COVID-19 patients. Niclosamide inhibits NF- $\kappa$ B and STAT3 with an  $IC_{50}$  of 0.13  $\mu M$  (Jin et al., 2010) and 0.25  $\mu M$ , respectively (Ren et al., 2010).
- *In vitro* and animal studies indicate niclosamide has potent activity on TMEM16A and TMEM16F. Niclosamide inhibition of these transmembrane chloride channels prevents SARS-CoV-2 induced syncytia formation, spike-induced platelet procoagulant activity and decreased mucus secretion (Cabrita et al., 2019; Centio et al., 2020; Centio et al., 2021; Miner et al., 2019; Braga et al., 2021; Cappelletto et al., 2022).
- In humans, a single oral dose of 1,000 mg reached maximal systemic serum concentrations of 0.46-0.56  $\mu M$  (Schweizer et al., 2018). A single oral dose of 2,000 mg reached maximal systemic serum concentrations of 0.76-18.3  $\mu M$  (Andrews et al., 1982) and 2.03  $\mu M$  (Burock et al., 2018), respectively. These concentrations exceed the necessary *in vitro* concentrations suggesting a sufficient amount of drug becomes bioavailable through the course of 2,000 mg daily to provide effective antiviral and anti-inflammatory effects.
- Extensive preclinical studies indicate niclosamide does not cause significant toxicity, nor carcinogenicity, mutagenicity or embryotoxicity.
- Niclosamide is an FDA approved drug that has been used to treat tapeworms in humans (adults, children and pregnant women) with a well-understood safety profile upon oral administration.

### **ANA001 Phase 2/3 Clinical Development**

ANA001 is currently being tested in a U.S. Phase 2/3 study titled “A Phase 2/3 Randomized and Placebo-Controlled Study of ANA001 in Moderate COVID-19 Patients” (NCT04603924). Niclosamide has demonstrated both antiviral and immunomodulatory activity with possible downstream effects on coagulation abnormalities observed in COVID-19. These effects support the development of ANA001, an oral formulation of niclosamide, for the treatment of COVID-19. It is therefore anticipated that ANA001 will reduce viral load and inflammation associated with cytokine dysregulation, acute respiratory distress syndrome (ARDS), and coagulation abnormalities and thus improve time to clinical improvement as defined as hospital discharge recorded using the WHO Ordinal Scale for Clinical Improvement.

The study consists of two parts:

- **Study Part 1:** Includes up to 60 subjects randomized in 1:1 ratio to receive ANA001 or matching placebo to assess the safety and tolerability of ANA001 1,000 mg BID for 7 days. An independent Data Monitoring Committee will review the safety profile of ANA001 1,000 mg PO BID prior to the initiation of Part 2 of the study.
- **Study Part 2:** Includes 376 subjects randomized in 1:1 ratio to receive ANA001 or matching placebo to demonstrate the statistical superiority of ANA001 1,000 mg PO BID for 7 consecutive days compared to matching placebo in the treatment of subjects with moderate COVID-19 infection. Additionally, the safety profile of ANA001 will be assessed compared to placebo.

The primary endpoints of Phase 2 are:

- Treatment-emergent Adverse Events (AEs), Severe AEs (SAEs), deaths, and discontinuations due to an AE; and
- Vital signs and laboratory (hematology, chemistry, and coagulation) parameters.

The secondary endpoints of Phase 2 are:

- Median time (in hours) to hospital discharge (where discharge is defined as a score of 1 or 2 in the WHO Ordinal Scale for Clinical Improvement); and
- Plasma concentrations will be explored on Days 1, 2, 3, or Day 4.

The primary endpoints of Phase 3 are:

- Time to clinical improvement as measured by median time (in hours) to hospital discharge (where discharge is defined as a score of 1 or 2 in the WHO Ordinal Scale for Clinical Improvement);
- Treatment-emergent AEs, SAEs, deaths, and discontinuations due to an AE; and
- Vital signs and laboratory (hematology, chemistry, and coagulation) parameters.

The secondary endpoints of Phase 3 are:

- Mean change from baseline (BL) in NEWS2 on Day 8 and Day 15; and
- evelauthorization) within 15 days after enrollment.

In addition to the aforementioned Phase 2/3 study in hospitalized patients, NeuroBo is exploring the feasibility of initiating studies with ANA001 for the outpatient treatment of mild to moderate COVID-19 as well as for post-exposure prophylaxis in adults and children.

### **ANA001 Development Plan through NDA**

An NDA is the classical vehicle through which the FDA approves a new pharmaceutical for sale and marketing in the US. However, for many COVID-19 drugs and biological products (i.e., nirmaltrelvir/ritonavir (PAXLOVID™), molnupiravir, monoclonal antibodies and convalescent plasma), the FDA has granted Emergency Use Authorization (EUA) to fast-track treatments during this pandemic, sometimes with only limited safety and efficacy data available. NeuroBo expects data readout of the Phase 2 trial in the third quarter of 2022. Once the Phase 2 trial has been completed, NeuroBo will request a meeting with the FDA to discuss whether data justify an EUA or if data readout from the Phase 3 trial and other additional studies will be necessary for approval of ANA001 as a COVID-19 therapeutic. In case an EUA will not be issued, NeuroBo will pursue an NDA via a 505(b)(2).

### **NB-01**

NB-01 addresses a range of mechanisms that contribute to neuropathic pain and nerve degeneration in diabetic and other peripheral neuropathies. These include a decrease in key inflammatory markers, restoration of nerve growth factor (NGF) to normal levels, and reduction of advanced glycation end products (AGEs). Inflammation is a central factor in pain generation and other peripheral neurodegenerative diseases. NB-01 reduces levels of TNF- $\alpha$  and IL-6, both of which are markers of inflammation. NB-01 also reduces AGEs, which are implicated in diabetes-related complications. AGE inhibitors have been clinically tested as potential treatments for these complications. NB-01 also restores the

neurotrophin NGF, which is involved in nerve growth, maintenance and repair. NB-01 has been shown in animal models to alleviate symptoms of PDN.

*Background*

Based on third-party research, the U.S. population with diabetes is estimated at 30.3 million people. At least half of these individuals will develop diabetic neuropathy, and up to 25% of those individuals will develop neuropathic pain. According to the industry intelligence firm GlobalData plc, as of 2018, the global PDN market was responsible for approximately \$3.6 billion in annual sales, approximately \$2.6 billion of which is concentrated in the U.S. The same source projects that the global PDN market will increase to approximately \$7.1 billion in annual sales by 2026 with approximately \$4.8 billion of such sales concentrated in the U.S. Products to address PDN make up about 60% of the market, and products to address indications such as chemotherapy-induced and post-traumatic neuropathic pain are estimated to constitute an additional 20% of the market. The market is characterized by a significant unmet need, with more than 50% of patients not adequately responding to first-line therapy and patients experiencing significant side effects with existing approved therapies.

In the U.S., there are currently only three FDA-approved treatments for PDN: pregabalin (LYRICA®); duloxetine (CYMBALTA®) and tapentadol (NUCYNTA ER®). Despite an established treatment protocol for PDN based on these approved therapeutics, the current treatment paradigm for patients suffers from numerous shortcomings as a result of their negative side effects associated with the available FDA-approved drug products. The first line of therapy typically consists of anti-epileptic drugs (AEDs) such as gabapentin and pregabalin, which are insufficient on their own in that they have been shown to exhibit only moderate efficacy accompanied by moderate to severe side effects such as somnolence and dizziness in some patients, and, even after drug treatment, 50% to 70% of patients still experience pain. If pain persists beyond treatment with AEDs, as it often does, the second line of therapy typically consists of prescriptions for anti-depressants (SNRIs and TCAs), which have been shown to reduce pain only by an additional 20% when added to AED treatment. Treatment with anti-depressants is also associated with significant drug-to-drug interactions. If pain persists beyond treatment with AEDs and anti-depressants, the third line of therapy typically consists of opiates, which are only appropriate as a short-term option and have been shown to exhibit potentially harmful addictive and habit-forming side effects. A significant number of mortalities from drug overdose have been caused by opiates. Beyond the potential side effects, the existing approved therapies for PDN are burdened by additional safety and efficacy concerns.

*NB-01 Preclinical development*

Extensive and comprehensive preclinical pharmacology, safety and toxicology studies have been completed with NB-01, as detailed in the table below. Among the safety and toxicology studies completed are: (i) central nervous system (CNS), cardiovascular (CV), gastrointestinal (GI), and respiratory safety in rats, mice and dogs; (ii) a single-dose 13-week and 26-week oral toxicity study in rats; (iii) a single-dose 13-week and 26-week oral toxicity study in dogs; (iv) range-finding embryo fetal development studies in rats; and (v) fertility, pre-and post-natal studies in rats.

| Pharmacological and Toxicity Studies                                                           |                                                |
|------------------------------------------------------------------------------------------------|------------------------------------------------|
| Type of Study                                                                                  | Models Used                                    |
| CNS, CV, GI Respiratory safety                                                                 | Rats and mice, dogs for CV safety              |
| Oral toxicity in rats                                                                          | Single-dose, 13-week, 26-week toxicity in rats |
| Oral toxicity in dogs                                                                          | 2-week, 13-week, 39-week toxicity in dogs      |
| Embryo fetal development studies                                                               | Range-finding and development study in rats    |
| Fertility, pre- and post-natal studies                                                         | Rats and mice, dogs for CV safety              |
| Bacterial reversion mutation, In vitro chromosomal aberration, mouse micronucleus, hERG assays | In vitro and mouse, as applicable              |
| OCT 1/2, CYPs, UGTs                                                                            | In vitro, human hepatocytes                    |
| PK studies of NB-01, Dioscin, Allantoin                                                        | In vivo rat studies                            |

In addition, in mechanism of action studies conducted by Dong-A ST, NB-01 induced nerve regeneration in streptozotocin (STZ)-induced and db/db diabetes mouse models with a significant increase in axon diameter and thickness of myelin sheath, returning thickness and diameter to almost the naturally occurring levels. Similar results were achieved in rat models, including the streptozotocin (STC) diabetes model. NGF has been shown to be lowered in diabetes and diabetic neuropathy animal models, and the administration of NB-01 in these models shows elevation of endogenous NGF to near-normal levels. Preclinical studies have demonstrated that NB-01 has a demonstrable impact on reduction of AGEs as well as inflammatory markers (TNF-alpha and interleukin-6) which are implicated in nerve degeneration in diabetes.

Additional studies have been completed on the effect of NB-01 on thermal and mechanical hyperalgesia in mouse models, including the STZ diabetes model and genetic (db/db) diabetes model. The data from these studies have demonstrated that NB-01 alleviates both thermal and mechanical hyperalgesia relative to the control.

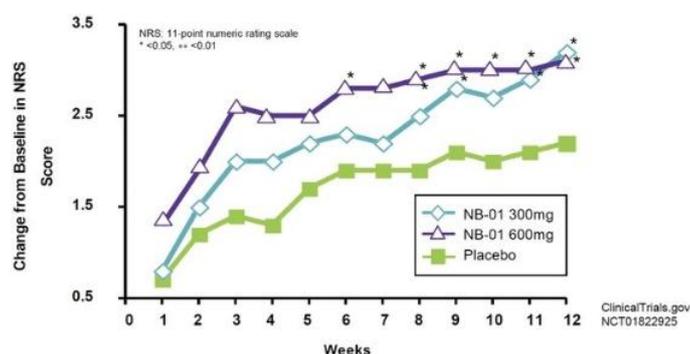
With respect to additional neuropathic indications, NB-01 has also been studied for its effects on rat models of chemotherapy-induced neuropathic pain and chronic constriction injury (CCI). In these studies, NB-01 demonstrated an analgesic effect on rats, measured by threshold of paw pressure tolerance, during treatment with paclitaxel and with CCI. In both cases, the paw pressure threshold was significantly elevated following dosing with NB-01.

#### *NB-01 Phase 2 Clinical Development*

**Completed Phase 2 trial in Korea.** A 15-site, 128-subject, double blind, dose ranging, randomized, placebo-controlled Phase 2 trial to assess the efficacy and safety of NB-01 in the treatment of subjects with PDN has been completed in Korea. Three doses of NB-01 were evaluated versus placebo in 128 subjects (32 per dose group), administered daily for an 8-week treatment period. The treatment groups were placebo or one of NB-01 100 mg, 200 mg, or 300 mg, administered three times daily (TID), for a total daily NB-01 dose of 300 mg, 600 mg or 900 mg, respectively. The primary endpoint of the study was reduction in the average daily Pain Numerical Rating Scale (NRS) score from baseline at 8 weeks. Secondary endpoints included percentage reduction in NRS at 8 weeks, Patient Global Impression of Improvement (PGI-I) scale, Clinical Global Impression of Severity, and change from baseline in the NRS based on a daily patient diary.

**Completed Phase 2 trial in the United States.** A 14-site, 128-subject, double blind, dose ranging, randomized, placebo-controlled Phase 2 trial to assess the efficacy and safety of NB-01 in the treatment of subjects with PDN has been completed in the United States. Three doses of NB-01 were evaluated versus placebo in 128 subjects (32 per dose group), administered daily for a 12-week treatment period. The treatment groups were placebo or one of NB-01 100 mg, 200 mg, or 300 mg, administered three times daily (“TID”) for a total daily NB-01 dose of 300 mg, 600 mg or 900 mg, respectively. The primary endpoint of the study was reduction in the clinic visit Pain Numerical Rating Scale (“NRS”) score at 12 weeks. Secondary endpoints included percentage reduction in clinic visit NRS score at 12 weeks, proportion of subjects with at least 30% improvement in the clinic visit pain NRS score, proportion of responders in the Patient Global Impression of Improvement (“PGI-I”) scale, and change from baseline in the NRS based on a daily patient diary.

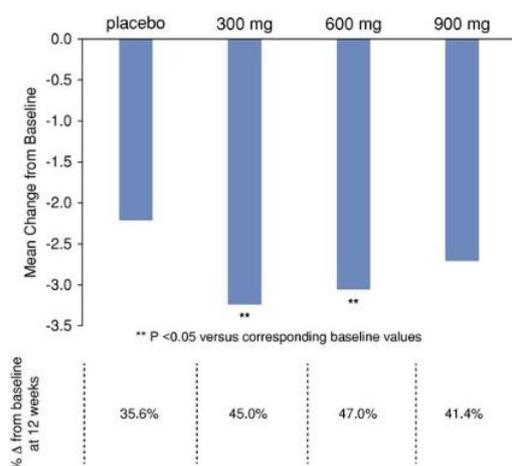
**14 U.S. sites, 128 subjects, 3 doses vs. placebo  
(600mg and 300mg doses shown here)**



### Results of Phase 2 U.S. Clinical Trial for NB-01

Measured as a change from baseline in NRS score over the course of 12 weeks, NB-01 was observed to be generally well tolerated in its Phase 2 study at doses ranging from 300 mg to 900 mg against placebo, as summarized in the table below.

Measured in terms of changes in the mean NRS score at week 12 in the Phase 2 study, patients treated with the 300 mg and 600 mg doses showed statistically significant improvement from baseline in pain scores. As summarized in the table below, patients treated with the 300 mg dose experienced an average 45% change from the baseline NRS score, and patients treated with the 600 mg dose experienced an average 47% change from the baseline NRS score.



### Mean Change in NRS Score at Week 12 Following NB-01 Dosing

During the Phase 2 study, patients in each dose group experienced a number of adverse events, including nausea and pruritus, but not at a level higher than those of subjects who received placebo.

#### Future Development of NB-01

In light of the present business environment including the impact of the COVID-19 disease that emerged in December 2019 as a global threat, we have determined to cease development of NB-01 on the prior regulatory pathway and not advance to Phase 3 clinical trials. We are currently evaluating various alternatives with respect to the future of NB-01, including bringing the NB-01 asset to the market through a different regulatory pathway. Development of NB-01 as an orphan drug is among the alternatives we are considering, and we may conduct feasibility studies to identify a rare disease relevant to NB-01. Additionally, we are considering marketing the NB-01 product line as nutraceutical (non-pharmaceutical) product. There is no assurance that we will be able to pursue either alternative for NB-01. There is no assurance that we will be able to pursue any of these alternatives for NB-01. See “*We are currently evaluating alternatives with respect to NB-01 pursuant to other pathways, including as an orphan drug or as a nutraceutical candidate*” in Part I, Item 1A, “Risk Factors,” of this Annual Report on Form 10-K.

#### NB-02

NB-02 is in development for the symptomatic and disease modifying treatment of neurodegenerative diseases, including Alzheimer’s disease and tauopathies. In preclinical studies, we have observed the mechanisms of action of NB-02 to include inhibition of tau phosphorylation, acetylcholinesterase (AChE) inhibition, inhibition of Ab toxicity and amyloid plaque formation, and anti-inflammatory effects.

Specifically, in both *in vitro* and *in vivo* models, NB-02 has demonstrated inhibition of AChE, as is the case with three of the current drugs on the market to treat the symptoms of Alzheimer’s disease. It has also demonstrated inhibition of tau

phosphorylation and of amyloid plaque formation, both mechanisms believed to contribute to the progression of neurodegenerative diseases.

NeuroBo acquired NB-02 from Dong-A ST on January 18, 2018. NeuroBo has full worldwide rights to all disease indications for NB-02 from the asset acquisition and does not have further obligations to make future payments to Dong-A ST, however, if NeuroBo wishes to sell products using NB-02 in the Republic of South Korea, Dong-A ST is entitled to certain notice rights and rights to negotiate with respect to any distribution agreement for the sale of NB-02 in such territory.

### *Background*

Alzheimer's disease (AD) is a progressive and chronic neurodegenerative disease characterized by memory and cognitive deterioration beyond normal aging that becomes severe enough to interfere with daily tasks. It is the most common form of dementia. AD is characterized by the loss of neurons and synapses in the cerebral cortex and certain subcortical regions. Different mechanisms have been implicated in the underlying cause of the cognitive and functional impairments observed in AD. Degeneration of the cholinergic nervous system has been shown to be closely linked to the impairment of cognitive functions. Also, neurodegeneration caused by the buildup of two structural abnormalities known as beta-amyloid ( $\beta$ A) plaques and hyper-phosphorylated tau protein (pTau) aggregates that leads to neurofibrillary tangle formation is thought to play a major role in the pathogenesis of AD. However, neurodegeneration in AD appears to be a multi-factorial event, in which various genetics as well as environmental risk factors may play a role sequentially and/or in parallel.

Despite the need, there is no cure for AD. Currently available treatments (aducanumab [ADUHELM<sup>®</sup>], memantine [NAMENDA<sup>®</sup>], donepezil [ARICEPT<sup>®</sup>], rivastigmine [EXELON<sup>®</sup>], and galantamine [RAZADYNE<sup>®</sup>]) can only temporarily provide symptomatic relief without the ability to control disease progression. As the life expectancy increases, the prevalence of aging-associated diseases such as AD has also dramatically increased and has become a major public health concern. Therefore, there is an urgent need for the development of AD drugs that are capable of more than just relieving the symptoms. The current goal in AD therapeutics research is to search for drugs/interventions that can directly address the underlying disease processes of AD, also known as disease-modifying therapy (DMT), to delay or even prevent disease progression.

Based on the preclinical studies, NB-02 has both symptomatic relief benefits and disease modifying mechanism of action. Specifically, in *in vivo* studies, NB-02 was shown to up-regulate nerve growth factor (NGF), brain-derived neurotrophic factor ("BDNF") and cellular antioxidant defense system, which is indicative of neuroprotection and neuronal survival. Decrease in the accumulation of  $A\beta$  protein level and tau protein hyper-phosphorylation was also observed, which suggests NB-02 has disease modification efficacy by clearance of the toxic proteins that represent the neuropathological indices of AD. Furthermore, NB-02 was shown to reverse cognition impairment by suppressing AChE activity. The findings from these nonclinical studies collectively suggested that NB-02 could be a treatment candidate for AD via multiple mechanisms of action including cognition enhancement and disease modification.

### *Development Plan*

NB-02 has shown considerable promise as a neuroprotective agent in preclinical studies, demonstrating a multimodal mechanism of action including inhibition of tau phosphorylation, AChE inhibition, inhibition of Ab toxicity and amyloid plaque formation, and anti-inflammatory effects. We are currently assessing strategic alternatives for NB-02, including out licensing or making it available for nutraceutical applications.

### **Gemcabene**

Gemcabene is a novel, once-daily, oral therapy designed to target known lipid metabolic pathways to lower levels of LDL-C, hsCRP and triglycerides. Gemcabene shares many of the attributes of statin therapy, including broad therapeutic applications, convenient route of administration and cost-effective manufacturing process, but does not appear to increase the reporting of myalgia when added to statin therapy. Gemcabene has also shown additive LDL-C lowering in combination with stable low, moderate or high-intensity statin therapy. As described below, we licensed global rights to Gemcabene from Pfizer in April 2011. Under the terms of the amended and restated license agreement with Pfizer, Pfizer may terminate the license if we have not made a commercial sale by April 2024.

Gemcabene was being evaluated in a Phase 2 randomized, double-blind, placebo-controlled study to assess its efficacy safety and tolerability in patients with severe hypertriglyceridemia. In January 2016, the Gemcabene Phase 2 clinical study was placed on partial clinical hold as the FDA requested 2-year rat and mouse carcinogenicity studies to be completed and submitted. The study currently remains on partial clinical hold for the treatment of dyslipidemia. NeuroBo is currently assessing the path forward for Gemcabene for the indication for additional indications including COVID-19 and does not intend to direct additional resources towards Gemcabene as a cardiovascular therapy..

### *Background*

Gemcabene's mechanism of action is multifaceted. In the liver, Gemcabene acts in two major ways to reduce levels of circulating LDL-C and triglycerides: (i) inhibition of the two metabolic pathways that synthesize precursors (i.e., cholesterol and fatty acids) of VLDL-C, LDL-C and triglycerides and (ii) stimulation of a liver mechanism known as the remnant receptor pathway that removes particles that contain cholesterol and triglycerides from the blood. Gemcabene's stimulation of this remnant receptor pathway involves enhanced removal of an LDL-C precursor known as very low-density lipoprotein remnants. With regard to Gemcabene's anti-inflammatory properties, in human clinical trials and animal studies, to date, Gemcabene has been shown to significantly reduce plasma levels of CRP. Furthermore, in preclinical studies of dyslipidemia as well as NASH, Gemcabene inhibited production of a number of known pro-inflammatory molecules (e.g., CRP, CCR2, CCR5, IL-6, TNF-alpha, MCP-1 and MIP1-beta) as well as pro-fibrotic factors (e.g., TIMP-1, MMP-2). Overall, Gemcabene's multifaceted mechanism of action provides the potential for safely addressing multiple major risk factors in a broad array of cardiometabolic patients who have an elevated risk of cardiovascular or liver disease, even when taking conventional therapies.

### *Clinical Experience with Gemcabene*

Gemcabene has been assessed in 25 Phase 1 and Phase 2 clinical trials. Across these trials, over 1,500 adult subjects have participated, including healthy volunteers and patients with various underlying conditions. Of these subjects, over 1,100 have been exposed to at least one dose of Gemcabene.

Across the Gemphire-sponsored clinical trials, Gemcabene was observed to be well tolerated at single doses up to 1,500 mg and multiple doses up to 900 mg/day. Safety of the subjects in these trials was evaluated by adverse event ("AE") monitoring, clinical laboratory assessments, electrocardiograms (ECGs), physical examinations, and vital sign assessments. Across all trials, 10 Gemcabene treated healthy volunteers or patients reported a treatment-emergent severe adverse event ("SAE"), none of which were considered by the clinician to be related to Gemcabene. No deaths occurred in any of the trials. AEs reported were generally mild to moderate in intensity with the most common events being headache, weakness, nausea, dizziness, upset stomach, infection and abnormal bowel movements. Gemcabene, when compared with placebo, was not associated with an increased incidence of myalgia or liver enzyme elevations, whether as monotherapy or in combination with statin therapy. Elevated levels of liver enzymes, specifically alanine transaminase ("ALT") and/or aspartate aminotransferase ("AST"), were observed in three patients (0.27% of Gemcabene treated subjects). These three patients had ALT or AST levels more than three times the upper limit of normal ("ULN") returning to near baseline after cessation of treatment. Small mean increases in serum creatinine and blood urea nitrogen ("BUN") have been observed in some trials. The increase in creatinine values was reversible returning to baseline within approximately four weeks of cessation of Gemcabene. No clinically meaningful changes were observed in physical examinations or vital signs, including blood pressure.

In addition, Gemcabene demonstrated promising clinical pharmacology attributes across 15 completed Company-sponsored Phase 1 trials in healthy subjects, such as once-daily dosing, no meaningful drug-drug interactions with high-intensity statins and no observed food effect. Gemcabene can be taken with or without food. Gemcabene was observed to: (i) be rapidly absorbed following oral administration with time of maximum concentration within two hours and (ii) reach maximum plasma concentration ( $C_{max}$ ) and area under the curve over 24 hours ( $AUC_{0-24}$ ) that were dose proportional following both single-and multiple-dose administration. Steady state concentrations were achieved within six days of repeated dose administration. Average half-life ranged from 32 to 41 hours. Gemcabene's primary route of elimination was renal. No significant drug-drug interactions ("DDIs") were observed with digoxin, a cardiovascular drug for the treatment of atrial fibrillation or statins (atorvastatin, simvastatin and rosuvastatin) used as background therapy in patients with HoFH, HeFH and many SHTG patients.

Gemcabene has been evaluated in ten Company-sponsored Phase 2 trials across a diverse patient population. These trials explored safety, tolerability and efficacy using multiple doses of Gemcabene as monotherapy and in combination with low-, moderate- and high-intensity statins. In Company-sponsored Phase 2 trials, patients treated with Gemcabene were observed to have significantly lowered LDL-C, hsCRP and triglycerides.

#### *Development Plan*

We are assessing Gemcabene as a treatment for additional indications including COVID-19 in combination with ANA001. NeuroBo does not intend to direct additional resources towards Gemcabene as a cardiovascular therapy.

#### *Development History*

The historical development of Gemcabene is as follows: in August 2018, Gemphire announced that it had completed and submitted to the FDA the results from its two year rodent carcinogenicity studies. These studies were submitted as part of a request for the FDA to remove the partial clinical hold that prevents human studies of Gemcabene that are greater than six months in duration. In response to its submission, the FDA did not lift the hold, requested that Gemphire provide additional data, including two preclinical studies, namely, a subchronic (13 week) study of Gemcabene in PPARa knock-out mice and a study of Gemcabene in *in vitro* PPAR transactivation assays using monkey and canine PPAR isoforms and informed Gemphire that an End-of-Phase 2 (EOP2) meeting to reach agreement on the design of Phase 3 registration and long-term safety exposure trials for its target indications in dyslipidemia would not take place until such time, if ever, as the clinical hold is lifted.

In late 2017 and early 2018, Gemphire announced the initiation of two non-Company investigator-initiated proof-of-concept Phase 2 trials in Pediatric Non-Alcoholic Fatty Liver Disease (NAFLD) and in Familial Partial Lipodystrophy Disease (FPLD).

In August 2018, the Data Safety Monitoring Board (DSMB) halted the Pediatric NAFLD trial early due to “unanticipated problems” in the first three patients. Specifically, ALT was increased in 2 of these 3 subjects beyond baseline levels. In addition, all 3 subjects had an increase in liver fat fraction as measured by MRI PDF. All 6 subjects treated in this study gained weight and had increased TGs during study treatment. These observations are in contrast to the totality of the evidence from other Gemcabene trials. In addition, there was evidence of non-compliance to the dosing regimen and patient non-adherence to dietary and lifestyle guidelines, as well as inconsistencies in biomarkers. The six pediatric patients that were enrolled in the study were followed for a 12 month safety monitoring period post final dose. During this follow-up period there were no drug related adverse events reported. There was one serious non-related adverse event of hospitalization of subacute spinal cord infarction/embolism. No deaths or other SAEs were reported.

In June 2019, Gemphire reported topline data from the FPLD trial. Overall Gemcabene treatment resulted in a median change in serum triglycerides (TGs) of -19.6% for the five patients at twelve weeks (the primary endpoint) with a range of TG responses from +40.4% to -52.9% and three patients showing decreases. Gemcabene was generally well tolerated and safe. Nonsignificant fluctuations in ALT, AST, serum creatinine and eGFR were observed. Four of 5 subjects completed the study; one subject withdrew due to an AE of right quadrant pain considered related to Gemcabene. There was one SAE of benign paroxysmal positional vertigo considered unrelated to treatment.

On July 24, 2019, Gemphire announced that it had entered into the Beijing SL License Agreement pursuant to which Gemphire has granted to Beijing SL an exclusive, royalty-bearing license to develop and commercialize products containing Gemcabene for the treatment of any human disease in mainland China, Taiwan, Hong Kong and Macau.

With respect to the partial clinical hold that prevents human studies of Gemcabene that are greater than six months in duration, Gemphire has completed the *in vitro* PPAR transactivation studies and the subchronic study of Gemcabene in PPARa knock-out mice. In May 2020, we received written communication from the FDA that the clinical development program for Gemcabene remains on a partial clinical hold.

## **Licensing Agreements**

### ***License Agreement with YourChoice***

In connection with the acquisition of ANA, we assumed a license agreement (the “YourChoice Agreement”) between ANA and YourChoice Therapeutics, Inc. (“YourChoice”). Pursuant to the YourChoice Agreement, YourChoice granted to ANA, during the term of the YourChoice Agreement, an exclusive, worldwide, fee-bearing license derived from the licensed intellectual property throughout the world. The fees due under the YourChoice Agreement include certain single-digit royalty payments and milestone payments in the aggregate of \$19.5 million. The term of the YourChoice Agreement will expire on the expiration or invalidation of the last of the licensed patents under the YourChoice Agreement.

### ***License Agreement with Dong-A ST for NB-01***

On January 18, 2018, we entered into an exclusive license agreement with Dong-A ST, a leading pharmaceutical company specializing in the discovery, development, manufacture and marketing of pharmaceutical products and biosimilars, which agreement was amended on April 18, 2018 and July 24, 2019. Dong-A ST is headquartered in Seoul, South Korea and listed on the Korean stock exchange. Under the terms of the agreement, we obtained an exclusive, royalty-bearing, worldwide (except for the Republic of Korea) license to make, use, offer to sell, sell and import products covered by certain Dong-A ST intellectual property rights in its proprietary compound designated as DA-9801 (NB-01). Our license rights cover any and all applications and markets for the therapeutic, health, nutrition or well-being of humans. We may grant sublicenses to any affiliate or third party. We are responsible for all future patent prosecution costs.

Dong-A ST retained the exclusive right to conduct clinical studies in the Republic of Korea and sell products to end users in Korea. NeuroBo granted Dong-A ST an exclusive, royalty free right and license to use, solely for Dong-A ST's commercialization of products in Korea, any inventions, designs and technology developed by us in its performance of the agreement. If Dong-A ST terminates the agreement due to a breach by us or a bankruptcy event, then this technology is licensed exclusively to Dong-A ST at no charge. We may also negotiate in good faith to supply product to Dong-A ST for clinical studies and sale of products to end-users in Korea under a separate supply agreement.

We are obligated to use commercially reasonable efforts to develop products for use in each of the United States, the European Union, Japan and the People's Republic of China. If we terminate, discontinue or suspend, for longer than 12 months, the development of any product listed as a product under development in any development plan provided to Dong-A ST (other than for reasons of force majeure or requirements of applicable law), then we are deemed in breach of this development obligation, and Dong-A ST may terminate for cause after a 60-day cure period. We are obligated to use commercially reasonable efforts to commercialize products worldwide throughout the term of the agreement.

In connection with obtaining the licenses we paid Dong-A ST total consideration of \$2 million consisting of a one-time upfront license fee and shares of common stock.

We may be required to pay development milestone payments of up to an aggregate of \$98 million related to publication of Phase 3 clinical trial data, the first NDA submission in any country, and NDA approval in the United States, the European Union, Japan and the People's Republic of China. We may also be required to pay sales milestone payments in a specified amount, related to the first time that aggregate net sales of products exceed specified amounts in a calendar year.

We are required to pay Dong-A ST commercial milestone payments of up to an aggregate of \$80 million and a royalty between a single digit and a low double digit percentage of net sales of products. The royalty rate increases as annual net sales increase.

The term of the agreement continues on a country-by country and product-by-product basis until the later of the 12<sup>th</sup> anniversary of the first commercial sale of such product in such country or expiration or termination of the last valid claim within the patent rights covering the product. The royalty rate is then reduced by 30% in any country that prohibits

the payment of royalties on a patent license beyond the expiration or invalidation of the last valid claim covering the product.

Either Dong-A ST or we may terminate the agreement if the other party is in material breach of the agreement and has not cured or started to cure the breach within 60 days of notice of such breach, or is subject to a bankruptcy or insolvency event. We may terminate the agreement at any time upon 90 days' written notice.

We may assign our rights under the agreement in connection with a merger, consolidation, or sale of substantially all of its assets, with prior written notice to Dong-A ST, and if the successor entity agrees in writing to be bound by the agreement.

### ***Pfizer License Agreement***

In August 2018, an Amended and Restated License Agreement with Pfizer (the "Pfizer Agreement") for the research, development, manufacture and commercialization of Gemcabene went into effect. This agreement amended and restated in full the prior license agreement with Pfizer dated April 16, 2011.

The Pfizer Agreement included milestone payments to Pfizer totaling up to \$37 million upon the achievement of certain milestones, including the first NDA (or its foreign equivalent) in any country, regulatory approval in each of the United States, Europe and Japan, the first anniversary of the first regulatory approval in any country, and upon achieving certain aggregate sales levels of Gemcabene. Future milestone payments under the Pfizer Agreement, if any, would not be expected to begin for at least several years and extend over a number of subsequent years.

Pfizer will also receive tiered royalties on a country-by-country basis based upon the annual amount of net sales as specified in the Pfizer Agreement until the later of: (i) five years after the first commercial sale in such country; (ii) the expiration of all regulatory or data exclusivity for Gemcabene in such country; and (iii) the expiration or abandonment of the last valid claim of the licensed patents, including any patent term extensions or supplemental protection certificates in such country. The royalty rates range from the high single digits to the mid-teens depending on the level of net sales. The royalty rates are subject to reduction during certain periods when therapeutically-equivalent generic products represent a certain market share of prescription volume in the country. Under the Pfizer Agreement, commercially reasonable efforts must be used to develop and commercialize Gemcabene.

The Pfizer Agreement will expire upon expiration of the last royalty term. On expiration (but not earlier termination), we will have a perpetual, exclusive, fully paid-up, royalty-free license under the licensed patent rights and related data to make, use, develop, commercialize, import and otherwise exploit the clinical product candidate Gemcabene. Either party may terminate the Pfizer Agreement for the other party's material breach following a cure period or immediately upon certain insolvency events relating to the other party. Pfizer may immediately terminate the Pfizer Agreement in the event that (i) we or any of our affiliates or sublicensees contests or challenges, or supports or assists any third party to contest or challenge, Pfizer's ownership of or rights in, or the validity, enforceability or scope of any of the patents licensed under the Pfizer Agreement or (ii) we or any of our affiliates or sublicensees fails to achieve the first commercial sale in at least one country by April 16, 2024.

### ***License Agreement with Beijing SL***

As of July 23, 2019, Beijing SL has an exclusive royalty-bearing license to research, develop, manufacture and commercialize pharmaceutical products comprising, as an active ingredient, Gemcabene in the territory comprised of mainland China, Hong Kong, Macau and Taiwan. We retain all rights to Gemcabene outside of the territory. The parties have agreed to collaborate with respect to development and commercialization activities under the Beijing SL License Agreement through a joint steering committee composed of an equal number of representatives of Beijing SL and us.

Beijing SL will be responsible, at its expense, for developing and commercializing products containing Gemcabene in the territory, with certain assistance from us. To the extent mutually agreed to in writing, the parties will collaborate on the Phase 3 clinical trial for HoFH or other clinical trials, with us as the sponsor, and designed to enroll patients both inside and outside the territory, but Beijing SL will be responsible, at its expense, for the conduct of any such study to the extent solely in the territory. Beijing SL will be responsible for development activities, including non-clinical and

clinical studies directed at obtaining regulatory approval of the licensed product in the territory. Beijing SL has agreed to use commercially reasonable efforts to commercialize the licensed products for each indication that receives regulatory approval in the territory and shall prepare and present a commercialization plan that shall be subject to approval by the joint steering committee.

Pursuant to the Beijing SL License Agreement, Beijing SL made an upfront gross payment of \$2.5 million. Additionally, with respect to each licensed product, Beijing SL will pay (i) payments for specified developmental and regulatory milestones (including submission of a NDA to China's National Medical Product Administration, dosing of the first patient in a Phase 3 clinical trial in mainland China and regulatory approval for the first and each additional indication of a Licensed Product in the Territory) totaling up to \$6 million in the aggregate and (ii) payments for specified global net sales milestones of up to \$20 million in the aggregate multiplied by the ratio of the net sales of a licensed product divided by the global net sales of a licensed product, which net sales milestone payments are payable once, upon the first achievement of such milestone.

Beijing SL will also be obligated to pay tiered royalties ranging from the mid-teens to twenty percent on the net sales of all licensed products in the territory until the latest of (a) the date on which any applicable regulatory exclusivity with respect to such Licensed Product expires in such region, (b) the expiration or abandonment of the last valid patent claim or joint patent claim covering such Licensed Product in each region and (c) the fifth anniversary of the first commercial sale of such Licensed Product in such region. Future milestone payments under the Beijing SL License Agreement, if any, are not expected to begin for at least one year and will extend over a number of subsequent years.

Either party may terminate the Beijing SL License Agreement (x) with written notice for the other party's material breach following a cure period or (y) if the other party becomes subject to certain insolvency proceedings. In addition, we may terminate the Beijing SL License Agreement in its entirety if Beijing SL or its affiliates or sublicensees commence a proceeding challenging the validity, enforceability or scope of any of our patents.

The Beijing SL License Agreement contemplates that parties shall, no later than twelve months prior to the anticipated date of the first commercial sale of a licensed product, if any, negotiate in good faith and execute a commercial supply agreement, pursuant to which Beijing SL shall purchase from us, and we shall use commercially reasonable efforts to supply, Gemcabene or licensed product for clinical or commercial purposes, as applicable, until manufacturing and regulatory transfers are complete.

### **Manufacturing**

ANA001 is a small molecule drug candidate that can be synthesized using readily available raw materials and based on conventional chemical processes. Contract manufacturers produce both the drug substance and drug product required for the preclinical studies and clinical trials of ANA001. All of the contract manufacturers have updated GMP certificates and all of the drug products are being manufactured under current good manufacturing practices (GMP), a quality system regulating CMC activities.

ANA001 capsules are manufactured under GMP to support all clinical trials. More specifically, drug substance and drug product manufacturing process and analytical method development have been optimized and updated based on ICH/FDA guidelines. There is solid stability data for both the drug substance and drug product. The current contract manufacturers have been producing, and could produce in the future, bulk drug substance and drug product for use in our preclinical studies and clinical trials on a purchase order basis.

### **NB-01**

NB-01 is derived from two plant species native to China, *Dioscorea Rhizome* and *Dioscoreae Nipponicae Rhizoma*. Both species have been previously used in traditional Chinese medicine (TCM) for the treatment of arthritis-related pain, muscular pain and pain related to other conditions such as Kashin-Beck disease. Traditional Chinese medicine (TCM) is a style of traditional medicine built on a foundation of more than 2,500 years of Chinese medical practice that includes various forms of herbal medicine, acupuncture, massage (tui na), exercise (qigong), and dietary therapy.



updated based on ICH/FDA guidelines. In addition, Gemcabene is successfully manufactured in multiple strengths of tablets under GMP: 150mg, 300mg, and 600mg. There is solid stability data for both the drug substance and drug product. The current contract manufacturers have been producing, and could produce in the future, bulk drug substance and drug product for use in our preclinical studies and clinical trials on a purchase order basis.

## Competition

The pharmaceutical and biotechnology industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. We face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, governmental agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

Some of our competitors may have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Other firms may also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient enrollment for clinical trials, as well as in acquiring technologies complementary to, or necessary for our programs. Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors with us, particularly through collaborative arrangements with large and established companies.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize therapeutics that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain marketing approvals for their products more rapidly than we may obtain approval for our products, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected because in some cases insurers or other third-party payors, including government programs, seek to encourage the use of generic products. This may have the effect of making branded products less attractive, from a cost perspective, to buyers.

### *ANA001—COVID-19*

We expect that, if approved, ANA001 will compete with a number of drugs that are being studied for the treatment of symptoms of COVID-19. Currently, multiple treatment options have been approved or given emergency use authorization by the FDA. For hospitalized patients treatments include remdesivir (VEKLURY<sup>®</sup>), dexamethasone, baricitinib (Olumiant<sup>®</sup>), and tocilizumab (ACTEMRA<sup>®</sup>). Of these, only remdesivir (VEKLURY<sup>®</sup>) is considered to be an antiviral. For outpatients at high-risk for progression to severe COVID-19, antiviral treatment options include remdesivir (VEKLURY<sup>®</sup>), nirmatrelvir/ritonavir (PAXLOVID<sup>™</sup>) and molnupiravir. In addition, several monoclonal antibody preparations have been approved for use for the outpatient treatment of mild to moderate COVID-19; sotrovimab, bebtelovimab, casirivimab/imdevimab (REGEN-COV<sup>®</sup>), and bamlanivimab/etesevimab. However, at the time of preparation of this document only sotrovimab and bebtelovimab are currently authorized for use within the United States. This is because the widely circulating Omicron strain (B.1.1.529) is resistant to casirivimab/imdevimab (REGEN-COV<sup>®</sup>), and bamlanivimab/etesevimab. With regard to pre-exposure prophylaxis for prevention of COVID-19, the monoclonal antibody combination of tixagevimab/cilgavimab (Evusheld<sup>™</sup>) is approved for use in certain individuals who are immunocompromised or have contraindications to an approved SARS-CoV-2 vaccine.

While vaccines and the aforementioned approved products do provide a clear benefit, there are still many unmet needs regarding therapeutics for the treatment and prevention of COVID-19. There are no drugs currently approved for the post-exposure prophylaxis of SARS-CoV-2. Changing SARS-CoV-2 variants evade the protective effects of vaccines and monoclonal antibodies. With all direct acting antivirals there is the concern for the emergence of resistance in addition to product specific concerns. Remdesivir (VEKLURY<sup>®</sup>) must be given in the healthcare setting as it only comes in an intravenous formulation. Molnupiravir is not recommended in children  $\leq 18$  years as well as pregnant women and those trying to become pregnant. Nirmatrelvir/ritonavir (PAXLOVID<sup>™</sup>) has many contraindications secondary to a multitude of drug-drug interactions. There is still a clear clinical need for an oral antiviral that can be given to a wider group of individuals including children.

Many companies are still working to develop new treatments for COVID-19. These include Novartis, Adagio Therapeutics, Shionogi, Pardes Biosciences, Atea Pharmaceuticals, and Enanta Pharmaceuticals. We are also aware of several companies currently developing and commercializing niclosamide for the treatment of COVID-19 symptoms, these include Daewoong Pharmaceuticals, Union Therapeutics, TFF Pharmaceuticals, and First Wave Biopharma. This is a constantly changing environment, the aforementioned companies are the ones we believe could be the most competitive to ANA001, however this is not a comprehensive list of all companies developing therapeutics and vaccines for COVID-19.

#### *NB-01—Painful Diabetic Neuropathy*

We expect that, if approved, NB-01 will compete with currently approved drug therapies for painful diabetic neuropathy, including pregabalin (LYRICA<sup>®</sup>), duloxetine (CYMBALTA<sup>®</sup>), and tapentadol HCl (NUCYNTA<sup>®</sup>). We are also aware of a number of therapies that are approved to treat other types of neuropathic pain, and that various therapies are used off-label to treat neuropathic pain. In addition to the marketed therapies, we are aware of several companies currently developing therapies for neuropathic pain, including Biogen Inc., Cara Therapeutics, Inc., Daiichi Sankyo Company, Eliem Therapeutics Inc, Immune Pharmaceuticals Inc., Novartis AG, and Xenoport Inc.

#### *NB-02—Cognitive disease and Tauopathies*

We expect that, if we determine to advance the development of NB-02, NB-02 will compete with the currently approved therapies for management of cognitive disease including Alzheimer's disease. In Alzheimer's disease, five drugs are currently approved by the FDA for the treatment of symptoms of Alzheimer's disease, based on AChE inhibition (donepezil [ARICEPT<sup>®</sup>], rivastigmine [EXELON<sup>®</sup>], and galantamine [RAZADYNE<sup>®</sup>]), immunotherapy to reduce amyloid beta plaques (aducanumab [ADUHELM<sup>®</sup>]) and NMDA receptor antagonism (memantine [NAMENDA<sup>®</sup>]). In addition to the marketed therapies, we are aware of several companies currently developing therapies for Alzheimer's disease, including Eisai Co., Ltd., Hoffman-LaRoche, Otsuka Pharmaceuticals, Inc., Novartis AG, Avanir Pharmaceuticals, and Biohaven Pharmaceuticals.

### **Intellectual Property**

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries, including the United States, the patent term is 20 years from the earliest filing date of a non-provisional patent application or a Patent Cooperation Treaty (PCT) application to which a U.S. application claims priority. In the United States, a patent's term may be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the U.S. Patent and Trademark Office, or the USPTO, in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over an earlier filed patent. The term of a U.S. patent that covers a drug or biological product may also be eligible for patent term extension when approval from the FDA is granted, provided statutory and regulatory requirements are met. In the future, our product candidates receive approval from the FDA or foreign regulatory authorities, we expect to apply for patent term extensions on issued patents covering those products, depending upon the length of the clinical trials for each drug and/or other factors. There can be no assurance that any of our pending patent applications will issue or that we will benefit from any patent term extension or other favorable adjustment to the term of any of its patents.

As with other biotechnology and pharmaceutical companies, our ability to maintain and solidify our proprietary and intellectual property position for our product candidates, preclinical compounds, and its core technologies will depend on our success in obtaining effective patent claims and enforcing those claims if granted. However, patent applications that we may file or license from third parties may not result in the issuance of patents. We also cannot predict the breadth of claims that may be allowed or enforced in our patents. Any issued patents that we may receive in the future may be challenged, invalidated or circumvented. For example, prior to March 16, 2013, in the United States, patent applications were subject to a "first to invent" rule of law. Applications effectively filed on or after March 16, 2013, are subject to a "first to file" rule of law.

Discoveries reported in the scientific literature often lag the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. We cannot be certain that any existing application will be subject to the "first to file" or "first to invent" rule of law, that we

or our licensor were the first to make the inventions claimed in our existing patent portfolio subject to the prior laws, or that we or our licensor were the first to file for patent protection of such inventions subject to the new laws. If third parties prepare and file patent applications in the United States that also claim technology we have claimed in our patents or patent applications, we may have to participate in interference or derivation proceedings and/or invalidation proceedings in the USPTO, which could result in substantial costs to us, even if the eventual outcome is favorable. In addition, because of the extensive time required for clinical development and regulatory review of a product candidate we may develop, it is possible that, before any of our product candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of any such patent.

In addition to patents, we rely upon unpatented trade secrets, know-how, and continuing technological innovation to develop and maintain its competitive position. We seek to protect our proprietary information, in part, by using confidentiality agreements with our collaborators, scientific advisors, employees and consultants, and invention assignment agreements with its employees. We also have agreements requiring assignment of inventions with selected consultants, scientific advisors and collaborators. The confidentiality agreements are designed to protect our proprietary information and, in the case of agreements or clauses requiring invention assignment, to grant us ownership of technologies that are developed under those agreements.

Our ability to commercialize product candidates depends in large part on our ability to obtain and maintain intellectual property protection for our product candidates. Our policy is to seek to protect our intellectual property position by, among other methods, filing U.S. and foreign patent applications related to the technology, inventions and improvements that are important to the development and implementation of our business strategy. We also rely on trade secrets, know-how and continuing technological innovation to develop and maintain our proprietary position.

#### *ANA001*

As of December 31, 2021, our intellectual property portfolio for ANA001 included four U.S. provisional applications directed to niclosamide formulation. A PCT application and/or a non-provisional U.S. application in the U.S. to which claim priority to the U.S. provisional applications may be filed in 2021. Patent applications may be issued in the U.S. and any countries in which the Company files national phase applications of the PCT application. The patents issued from the national phase applications are estimated to expire 2041.

As described in more detail above under “Licensing Agreements – License Agreement with YourChoice,” pursuant to the YourChoice Agreement, the Company has licensed several patent applications relating to ANA from YourChoice. A PCT application to which claims priority to the U.S. provisional applications was filed in 2021. Patent applications may be issued in any countries in which the Company files national phase applications of the PCT application. The patents issued from the national phase applications are estimated to expire 2041.

#### *NB-01 and NB-02*

As of December 31, 2021, our intellectual property portfolio for NB-01 included four issued U.S. patents, comprised of one patent directed to composition of matter and three patents directed to use, and two pending U.S. non-provisional patent applications, comprised of one directed to composition of matter and another directed to use, and 65 granted foreign patents and one pending application, these patents are related to its NB-01 clinical programs in peripheral neuropathy and neurological conditions. The issued patents have expiration dates ranging from October 27, 2026 to June 22, 2033. The patent issuing from the application, if any, is expected to expire December 2031. The jurisdictions for the foreign patents and application include: Brazil, Canada, China, the European Patent Convention (including Austria, Belgium, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Romania, Spain, Switzerland, Turkey, and the United Kingdom), India, Japan, Mexico, the Republic of Korea, and Russia. One patent family including some of the above patents for NB-01 is assigned to University-Industry Cooperation Group of Kyung Hee University, and is exclusively licensed from Kyung Hee University to Dong-A ST and then from Dong-A ST to us pursuant to the terms of the corresponding agreements. The other two patent families including the other above patents and patent applications for NB-01 are assigned to Dong-A ST and exclusively licensed to us.

As of December 31, 2021, our intellectual property portfolio for NB-02 included two issued U.S. patents, two pending U.S. non-provisional patent applications, 24 foreign granted patents, and 9 foreign patent applications. Patents issuing

from these applications, if any, are expected to expire around 2035. The issued patents have an expiration date of December 3, 2035 and December 19, 2035. The jurisdictions for the foreign patents and applications include: Brazil, Canada, China, the European Patent Convention (including Austria, Belgium, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Romania, Spain, Switzerland, Turkey, and the United Kingdom), India, Japan, Mexico, the Republic of Korea, and Russia. All of the above patents and patent applications for NB-02 were assigned to us.

#### *Gemcabene*

As of December 31, 2021, our intellectual property portfolio relating to Gemcabene included eight issued U.S. patents, seven pending U.S. patent applications, 36 foreign-granted patents and 46 foreign patent applications directed to formulations, compositions, methods of use and methods of manufacturing. The Gemcabene intellectual property includes both owned and Pfizer-licensed issued and pending patents in the United States and foreign jurisdictions. The issued patents in the United States and foreign countries have expiration dates between July 2021 and November 2036. The patents in the United States and foreign countries that may be issued from pending applications, if any, are expected to expire between December 2031 and October 2039. The jurisdictions for the foreign countries include Argentina, Australia, Brazil, Canada, China, Europe, Hong Kong, India, Israel, Japan, Mexico, New Zealand, Philippines, Korea, Russia, Singapore, South Africa, Taiwan and Thailand.

#### **Government Regulation**

Government authorities at the federal, state and local level in the United States and in other countries extensively regulate, among other things, the research, development, testing, manufacture (including any manufacturing changes), packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, post-approval monitoring and reporting, import and export of pharmaceutical products, such as those we are developing.

#### *United States — FDA Regulation*

In the United States, pharmaceutical products are subject to extensive regulation by the FDA. The Federal Food, Drug, and Cosmetic Act, or the FDCA, and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling, and import and export of pharmaceutical products. Failure to comply with applicable U.S. requirements may subject a company to a variety of administrative or judicial sanctions, such as imposition of clinical holds, refusal by the FDA to approve pending NDAs, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, civil penalties and criminal prosecution.

Pharmaceutical product development in the United States typically involves preclinical or other nonclinical laboratory and animal tests and the submission to the FDA of an Investigational New Drug (IND) application, which must become effective before clinical testing may commence. For commercial approval, the sponsor must submit adequate tests by all methods reasonably applicable to show that the drug is safe for use under the conditions prescribed, recommended or suggested in the proposed labeling. The sponsor must also submit substantial evidence, generally consisting of adequate, well-controlled clinical trials to establish that the drug will have the effect it purports or is represented to have under the conditions of use prescribed, recommended or suggested in the proposed labeling. In certain cases, the FDA may determine that a drug is effective based on one clinical study plus confirmatory evidence. Satisfaction of the FDA pre-market approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity and novelty of the product or disease. For botanical drug products in particular, which may be heterogeneous in nature and may carry additional uncertainty about their active constituents in comparison to synthetic small-molecule drug products, one of the critical issues during drug development is ensuring that the therapeutic effect for marketed drug product batches is consistent. The FDA has determined that therapeutic consistency can generally be supported by a "totality of the evidence" approach, which the agency has outlined in a 2016 guidance for industry entitled Botanical Drug Development.

Nonclinical tests include laboratory evaluation of product chemistry, formulation and toxicity, as well as animal studies to assess the characteristics and potential safety and efficacy of the product. The conduct of the nonclinical tests must comply with federal requirements, including the FDA's good laboratory practice regulations and the U.S. Department of Agriculture's, or USDA's, regulations implementing the Animal Welfare Act. The results of nonclinical testing are

submitted to the FDA as part of an IND along with other information, including information about product chemistry, manufacturing and controls, and a proposed clinical trial protocol. Long-term nonclinical tests, such as animal studies of reproductive toxicity and carcinogenicity, may continue after the IND is submitted.

A 30-day waiting period after the submission of each IND is required prior to the commencement of clinical testing in humans. If the FDA has not imposed a clinical hold on the IND or otherwise commented or questioned the IND within this 30-day period, the clinical trial proposed in the IND may begin.

Clinical trials involve the administration of the investigational new drug to healthy volunteers or patients under the supervision of a qualified investigator. Clinical trials must be conducted: (i) in compliance with federal regulations, (ii) in compliance with good clinical practice (“GCP”), an international standard meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators and monitors (some of which have been codified into U.S. federal regulations), and (iii) under protocols detailing the objectives of the trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. Each protocol involving testing on U.S. patients and subsequent protocol amendments must be submitted to the FDA as part of the IND.

The FDA may order the temporary, or permanent, discontinuation of a clinical trial at any time or impose other sanctions if it believes that the clinical trial either is not being conducted in accordance with the FDA requirements or presents an unacceptable risk to the clinical trial patients. The trial protocol and informed consent information for patients in clinical trials must also be submitted to an institutional review board, or IRB, at each site where a trial will be conducted for approval. An IRB may also require the clinical trial at the site to be halted, either temporarily or permanently, for failure to comply with the IRB's requirements or may impose other conditions. Clinical trials to support NDAs for marketing approval are typically conducted in three sequential phases, but the phases may overlap. In general, in Phase 1, the initial introduction of the drug into healthy human volunteers or, in some cases, patients, the drug is tested to assess metabolism, pharmacokinetics, pharmacological actions, side effects associated with increasing doses and, if possible, early evidence of effectiveness. Phase 2 usually involves trials in a limited patient population to determine the effectiveness of the drug for a particular indication, dosage tolerance and optimum dosage, and to identify common adverse effects and safety risks. If a compound demonstrates evidence of effectiveness and an acceptable safety profile in Phase 2 evaluations, Phase 3 trials are undertaken to obtain the additional information about clinical efficacy and safety in a larger number of patients, typically at geographically dispersed clinical trial sites, to permit the FDA to evaluate the overall benefit-risk relationship of the drug and to provide adequate information for the labeling of the drug. In most cases, the FDA requires two adequate and well-controlled Phase 3 clinical trials to demonstrate the efficacy of the drug. The FDA may, however, determine that a drug is effective based on one clinical trial plus confirmatory evidence. Only a small percentage of investigational drugs complete all three phases and obtain marketing approval. In some cases, the FDA may require post-market studies, known as Phase 4 studies, to be conducted as a condition of approval to gather additional information on the drug's effect in various populations and any side effects associated with long-term use. Depending on the risks posed by the drugs, other post-market requirements may be imposed.

After completion of the required clinical testing, an NDA is prepared and submitted to the FDA. FDA approval of the NDA is required before marketing of the product may begin in the United States. The NDA must include the results of all preclinical, clinical, and other testing and a compilation of data relating to the product's pharmacology, chemistry, manufacture, and controls. The cost of preparing and submitting an NDA is substantial. Under federal law, the submission of most NDAs is additionally subject to a substantial application user fee.

The FDA has 60 days from its receipt of an NDA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. Once the submission is accepted for filing, the FDA begins an in-depth review. Under the statute and implementing regulations, the FDA has 180 days (the initial review cycle) from the date of filing to issue either an approval letter or a complete response letter, unless the review period is adjusted by mutual agreement between the FDA and the applicant or as a result of the applicant submitting a major amendment. In practice, the performance goals established pursuant to the Prescription Drug User Fee Act have effectively extended the initial review cycle beyond 180 days. The FDA's current performance goals call for the FDA to complete review of 90% of standard (non-priority) NDAs within 10 months of receipt and within six months for priority NDAs, but two additional months are added to standard and priority NDAs for a new molecular entity, or NME, such that the 10-month and 6-month action goals for NME applications begin to run from the 60-day filing date rather than from receipt of the original NDA submission.

The FDA may also refer applications for novel drug products, or drug products that present difficult questions of safety or efficacy, to an advisory committee, which is typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations. Before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. Additionally, the FDA will inspect the facility or the facilities at which the drug is manufactured. The FDA will not approve the product unless compliance with current good manufacturing practice (GMP) regulations is satisfactory and the NDA contains data that provide substantial evidence that the drug is safe and effective in the indication studied.

After the FDA evaluates the NDA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter (CRL) generally outlines the deficiencies in the submission and may require substantial additional testing, or information, in order for the FDA to reconsider the application. If, or when, those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the NDA, the FDA will issue an approval letter. The FDA has committed to reviewing 90% of NDA resubmissions within two to six months depending on the type of information included in response to the deficiencies identified in the CRL.

An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. As a condition of NDA approval, the FDA may require a risk evaluation and mitigation strategy, or REMS, to help ensure that the benefits of the drug outweigh the potential risks. REMS can include medication guides, communication plans for health care professionals, and/or elements to assure safe use, or ETASU. ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS can materially affect the potential market and profitability of the drug. Moreover, product approval may require substantial post-approval testing and surveillance to monitor the drug's safety or efficacy. Once granted, product approvals may be withdrawn if compliance with regulatory standards is not maintained or problems are identified following initial marketing.

#### *Fast Track Designation and Accelerated Approval*

The FDA is authorized to facilitate the development, and expedite the review, of drugs that are intended for the treatment of a serious or life-threatening disease or condition for which there is no effective treatment and which demonstrate the potential to address unmet medical needs for the condition. These programs include fast track designation, breakthrough therapy designation, priority review designation and other accelerated approvals.

Under the Fast Track Program, the sponsor of a new drug candidate that is intended to treat a serious condition may request that the FDA designate the drug candidate for a specific indication as a Fast Track drug concurrent with, or after, the filing of the IND for the drug candidate. The FDA must determine if the drug candidate qualifies for Fast Track designation within 60 days of receipt of the sponsor's request. In addition to other benefits such as the ability to engage in more frequent interactions with the FDA, the FDA may initiate review of sections of a Fast Track drug's NDA before the application is complete. This rolling review is available if the applicant provides, and the FDA approves, a schedule for the submission of the remaining information and the applicant pays applicable user fees. However, the FDA's time period goal for reviewing an application does not begin until the last section of the NDA is submitted. Additionally, the Fast Track designation may be withdrawn by the FDA if the FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

In 2012, Congress enacted the Food and Drug Administration Safety and Innovation Act, or FDASIA. This law established a new regulatory program for products designated as "breakthrough therapies." A product may be designated as a breakthrough therapy if it is intended, either alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The FDA may take certain actions with respect to designated breakthrough therapies, including: holding meetings with the sponsor throughout the development process; providing timely advice to the product sponsor regarding development and approval; involving more senior staff in the review process; assigning a cross-disciplinary project lead for the review team; and taking other steps to design the clinical trials in an efficient manner.

The FDA may also designate a product for priority review if it is a drug that treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness. The FDA determines at the time that the marketing application is submitted, on a case- by-case basis, whether the proposed drug represents a significant improvement when

compared with other available therapies. Significant improvement may be illustrated by evidence of increased effectiveness in the treatment of a condition, elimination or substantial reduction of a treatment-limiting drug reaction, documented enhancement of patient compliance that may lead to improvement in serious outcomes, or evidence of safety and effectiveness in a new subpopulation. A priority review designation is intended to direct overall attention and resources to the evaluation of such applications, and to shorten the FDA's goal for taking action on a marketing application from ten months to six months.

Under the FDA's accelerated approval regulations, the FDA may approve a drug for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments based upon a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. The accelerated approval regulations are codified within Title 21 of the Code of Federal Regulations, as Subpart H under Part 314, the part of the FDA regulations covering applications for FDA approval to market a new drug, and as such the accelerated approval pathway is sometimes referred to as approval under "Subpart H."

In clinical trials, a surrogate endpoint is a measurement of laboratory or clinical signs of a disease or condition that substitutes for a direct measurement of how a patient feels, functions or survives. Surrogate endpoints can often be measured more easily or more rapidly than clinical endpoints. A drug candidate approved under Subpart H is subject to rigorous post-marketing compliance requirements, including the completion of Phase 4 or post-approval clinical trials to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the drug from the market on an expedited basis. Unless otherwise informed by the FDA, for an accelerated approval product an applicant must submit to the FDA for consideration during the preapproval review period copies of all promotional materials, including promotional labeling as well as advertisements, intended for dissemination or publication within 120 days following marketing approval. After 120 days following marketing approval, unless otherwise informed by the FDA, the applicant must submit promotional materials at least 30 days prior to the intended time of initial dissemination of the labeling or initial publication of the advertisement. The accelerated approval pathway is most often used in settings in which the course of a disease is long and an extended period of time is required to measure the intended clinical benefit of a drug, even if the effect on the surrogate or intermediate clinical endpoint occurs rapidly. For example, accelerated approval has been used extensively in the development and approval of drugs for treatment of a variety of cancers in which the goal of therapy is generally to improve survival or decrease morbidity and the duration of the typical disease course requires lengthy and sometimes large clinical trials to demonstrate a clinical or survival benefit.

#### *Orphan Drugs*

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs intended to treat a rare disease or condition—generally a disease or condition that affects fewer than 200,000 individuals. The U.S. Orphan Drug Designation must be requested before submitting an NDA. After the FDA grants orphan drug designation, the generic identity and trade name, if any, of the drug and its designated use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. The first NDA applicant to receive FDA approval for a particular active ingredient to treat a particular disease with FDA orphan drug designation is entitled to a seven-year exclusive marketing period in the United States for that product, for that indication. During the seven-year exclusivity period, the FDA may not approve any other applications to market the same drug for the same disease, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity. Orphan drug exclusivity does not prevent the FDA from approving a different drug for the same disease or condition, or the same drug for a different disease or condition. Among the other benefits of orphan drug designation are tax credits for certain research and a waiver of the NDA application user fee.

#### *Nutraceutical Regulation*

The FDA regulates foods, food additives, drugs and cosmetics. Unlike pharmaceutical drugs and conventional foods, nutraceuticals are regulated as "dietary supplements" under the Dietary Supplement, Health and Education Act of 1994 (DSHEA) as a separate regulatory category of food. Before the DSHEA, dietary supplements were subject to the same regulatory requirements as were other foods. DSHEA amended the FDCA to create a new regulatory framework for the safety and labeling of dietary supplements. Under the DSHEA, a company is responsible for determining that the dietary

supplements it manufactures or distributes are safe and that any representations or claims made about them are substantiated by adequate evidence to show that they are not false or misleading. Dietary supplements do not need approval from FDA before they are marketed. Except in the case of a “new dietary ingredient,” where pre-market review for safety data and other information is required by law, a firm does not have to provide FDA with the evidence it relies on to substantiate safety or effectiveness before or after marketing a product. In addition, there is a requirement for manufacturers to register pursuant to the Bioterrorism Act with the FDA before producing or selling supplements. In June 2007, FDA published regulations for Current Good Manufacturing Practices (“cGMP”) for those who manufacture, package, label or hold dietary supplement products. These regulations focus on practices that ensure the identity, purity, quality, strength and composition of dietary supplements.

Congress defined the term “dietary supplement” in DSHEA as “a product (other than tobacco) intended to supplement the diet that bears or contains one or more of the following dietary ingredients: vitamins, minerals, amino acids, herbs or other botanicals; a concentrate, metabolite, constituent, extract or combination of the ingredients listed above.” A dietary supplement is a product taken by mouth that contains a “dietary ingredient” intended to supplement the diet. The “dietary ingredients” in these products may include vitamins, minerals, herbs or other botanicals, amino acids, and substances such as enzymes, organ tissues, glandulars, and metabolites and can also be extracts or concentrates. Dietary supplements are produced in the form of tablets, capsules, softgels, gels, liquids, or powders. Dietary supplements can also be in other forms, such as a nutrition bar, but if they are in another form, information on their label must not represent the product as a conventional food or a sole item of a meal or diet. Regardless of form, DSHEA places dietary supplements in a special category under the general umbrella of “foods,” not drugs, and requires the product to be labeled as a “dietary supplement.”

According to the FDA, a drug is an article intended to diagnose, cure, mitigate, treat or prevent disease. While nutraceuticals are not intended to cure or treat disease, both dietary supplements and drugs are intended to affect the structure or function of the body. Dietary supplements that contain structure/function claims on their labels must bear the disclaimer: “This statement has not been evaluated by the FDA. This product is not intended to diagnose, treat, cure, or prevent any disease.” The manufacturer is responsible for ensuring the accuracy and truthfulness of these claims; they are not approved by FDA. Moreover, dietary supplements are supposed to enhance the diet, not be used as a conventional food or as the sole item of a meal or diet, and not supposed to be taken alone as a substitute for any food or medicine.

The DSHEA requires that a manufacturer or distributor notify FDA if it intends to market a dietary supplement in the U.S. that contains a “new dietary ingredient.” The manufacturer and distributor must demonstrate to FDA why the ingredient is reasonably expected to be safe for use in a dietary supplement, unless it has been recognized as a food substance and is present in the food supply. A new dietary ingredient is an ingredient marketed after October 15, 1994. There is no authoritative list of dietary ingredients that were marketed before October 15, 1994. Therefore, manufacturers and distributors are responsible for determining if a dietary ingredient is “new,” and if it is not, for documenting that the dietary supplements it sells, containing the dietary ingredient, were marketed before October 15, 1994. The DSHEA states that the manufacturer is responsible for the safety evaluation of the product. If the dietary supplement contains a new ingredient, the manufacturer must inform FDA that the new ingredient “can reasonably be expected to be safe” within 75 days of going to market. This notice must provide information that supports the manufacturer’s conclusion that the ingredient is safe. It is up to the FDA to prove that a dietary supplement is unsafe after it is marketed.

A dietary supplement is adulterated if, among other things, it or an ingredient in it presents a “significant or unreasonable risk of illness or injury” when used as directed or contains a new ingredient for which there is insufficient information to provide assurance that the ingredient does not present any significant or unreasonable risk of illness or injury. The DSHEA also has labeling requirements for dietary supplements, including requiring information on the label such as (1) name of each ingredient; (2) quantity of each ingredient; (3) total weight of all ingredients, if a blend; (4) identity of the plant part used; (5) the term “Dietary Supplement;” and (6) nutritional labelling information (calories, fat, sodium, etc.).

#### *Pediatric Information*

Under the Pediatric Research Equity Act (PREA), NDAs or supplements to NDAs must contain data to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the drug is safe and effective. The FDA may grant full or partial waivers for submission of data, as well as deferrals for several reasons, including a finding that the drug is ready for approval for use in adults before pediatric studies are complete or that additional safety or effectiveness data needs to

be collected before the pediatric studies begin. Unless otherwise required by regulation, PREA does not apply to any drug for an indication for which orphan designation has been granted.

The Best Pharmaceuticals for Children Act (BPCA) provides NDA holders a six-month extension of any exclusivity—patent or non-patent—for a drug if certain conditions are met. Conditions for exclusivity include the FDA's determination that information relating to the use of a new drug in the pediatric population may produce health benefits in that population, the FDA making a written request for pediatric studies, and the applicant agreeing to perform, and reporting on, the requested studies within the statutory timeframe. Applications under the BPCA are treated as priority applications, with all of the benefits that designation confers.

#### *Special Protocol Assessment*

A company may reach an agreement with the FDA under the Special Protocol Assessment, or SPA, process as to the required design and size of clinical trials intended to form the primary basis of an efficacy claim for a new drug product. According to its performance goals, the FDA seeks to evaluate the protocol within 45 days of the request to assess whether the proposed trial is adequate, and that evaluation may result in discussions and a request for additional information. An SPA request must be made before the proposed trial begins, and all open issues must be resolved before the trial begins. If a written agreement is reached, it will be documented and made part of the administrative record. Under the FDCA and FDA guidance implementing the statutory requirement, an SPA is generally binding on the FDA except in limited circumstances, such as if the FDA identifies a substantial scientific issue essential to determining safety or efficacy after the study begins, public health concerns emerge that were unrecognized at the time of the protocol assessment, the sponsor and the FDA agree to the change in writing, or if the study sponsor fails to follow the protocol that was agreed upon with the FDA.

#### *Disclosure of Clinical Trial Information*

Sponsors of clinical trials of certain FDA-regulated products, including prescription drugs, are required to register and disclose certain clinical trial information on a public website maintained by the U.S. National Institutes of Health (NIH). Information related to the product, patient population, phase of investigation, study sites and investigator, and other aspects of the clinical trial is made public as part of the registration. Sponsors are also obligated to disclose the results of these trials after completion. Disclosure of the results of these trials can be delayed for up to two years if the sponsor certifies that it is seeking approval of an unapproved product or that it will file an application for approval of a new indication for an approved product within one year. Competitors may use this publicly available information to gain knowledge regarding the design and progress of the development programs. Failure to timely register a covered clinical study or to submit study results as provided for in the law can give rise to civil monetary penalties and also prevent the non-compliant party from receiving future grant funds from the federal government. Since the NIH's Final Rule on ClinicalTrials.gov registration and reporting requirements became effective in 2017, both NIH and FDA have signaled the government's willingness to begin enforcing those requirements against clinical trial sponsors who fail to meet those legal obligations, with FDA releasing a guidance document in August 2020 for certain procedural steps it intends to take when determining whether and how to assess civil monetary penalties against a non-compliant party.

#### *Post-Approval Requirements*

Drugs manufactured, marketed or distributed pursuant to FDA approval decisions are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion, and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to FDA review and approval before they can be implemented. There also are continuing, annual user fee requirements for any marketed products and related manufacturing facilities, as well as new application fees for supplemental applications.

In addition, drug manufacturers and other entities involved in the manufacture of approved drugs are required to register their facilities with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA for compliance with GMP requirements. Prescription drug distribution facilities are also subject to state licensure, including inspections, by the relevant local regulatory authority. Changes to the manufacturing process, specifications or container closure system for an approved drug are strictly regulated and often require prior FDA approval before being

implemented. FDA regulations also require investigation and correction of any deviations from GMP and impose reporting and documentation requirements upon the sponsor and others involved in the drug manufacturing process. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain GMP compliance and ensure ongoing compliance with other statutory requirements the FDCA, such as the requirements for making manufacturing changes to an approved NDA.

Thus, even after new drug approval is granted, Regulatory authorities may withdraw that approval or request product recalls if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences of regulatory non-compliance include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

As described further below, the FDA strictly regulates marketing, labeling, advertising and promotion of prescription drug products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant penalties.

#### *The Hatch-Waxman Amendments*

##### **Orange Book Listing**

In 1984, with passage of the Hatch-Waxman Amendments to the FDCA, Congress authorized the FDA to approve generic drugs that are the same as drugs previously approved by the FDA under the NDA provisions of the statute. As part of the marketing application process when seeking approval for a new drug through an NDA, applicants are required to list with the FDA every patent of which claims cover the applicant's product or an approved method of using the product. Upon approval of a drug, approval information about the drug along with each of the applicant's listed patents is then published in the FDA's *Approved Drug Products with Therapeutic Equivalence Evaluations*, commonly known as the "Orange Book." Pursuant to the Hatch-Waxman Amendments, drugs listed in the Orange Book can, in turn, be cited by potential generic competitors in support of approval of an abbreviated new drug application, or ANDA. An ANDA provides for marketing of a drug product that has the same active ingredients in the same strengths and dosage form as the reference license drug ("RLD") and has been shown through bioequivalence testing to be bioequivalent to the RLD. The FDA is responsible for determining that the generic drug is "bioequivalent" to the innovator drug, although under the statute, a generic drug is bioequivalent to a RLD if "the rate and extent of absorption of the drug do not show a significant difference from the rate and extent of absorption of the listed drug..."

Other than the requirement for bioequivalence testing, ANDA applicants are not required to conduct, or submit results of, preclinical or clinical tests to prove the safety or effectiveness of their drug product. Drugs approved in this way are most often considered to be therapeutically equivalent to the RLD, are commonly referred to as "generic equivalents" to the RLD, and can often be substituted by pharmacists under prescriptions written for the original RLD in accordance with state law. Specifically, upon approval of an ANDA, the FDA indicates whether the generic product is "therapeutically equivalent" to the RLD in the Orange Book. By operation of certain state laws and numerous health insurance programs, the FDA's designation of therapeutic equivalence in the Orange Book often results in substitution of the generic drug without the knowledge or consent of either the prescribing physician or the patient.

The Hatch-Waxman Amendments also amended the FDCA to enact Section 505(b)(2) of the FDCA, which permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference. A Section 505(b)(2) applicant may eliminate the need to conduct certain preclinical or clinical studies, if it can establish that reliance on studies conducted for a previously-approved product is scientifically appropriate. The FDA may also require companies to perform additional trials or measurements to support the change from the approved product. The FDA may then approve the new product for all or some of the label indications for which the referenced product has been approved, as well as for any new indication sought by the Section 505(b)(2) applicant. With respect to listed patents, patent certification requirements, and the blocking of follow-on marketing applications for the drug product previously approved under an NDA and listed in the Orange Book—known as the reference listed drug, or RLD—505(b)(2) NDA applications and ANDAs are required under the statute and FDA's implementing regulations to follow similar procedures and are subject to similar conditions. However, only in some cases is a 505(b)(2) NDA-approved drug product determined by FDA to be therapeutically equivalent to the original innovator RLD.

As part of its own marketing application process, the ANDA/505(b)(2) applicant is required to certify to the FDA concerning any patents listed for the relevant RLD in the FDA's Orange Book. Specifically, the applicant must certify either that: (i) the required patent information has not been filed; (ii) the listed patent has expired; (iii) the listed patent has not expired, but will expire on a particular date and approval is sought after patent expiration; or (iv) the listed patent is invalid or will not be infringed by the generic product. The ANDA applicant may also elect to submit a section viii statement, certifying that its proposed ANDA or 505(b)(2) labeling does not contain (or carves out) any language regarding the patented method-of-use, rather than certify to a listed method-of-use patent.

If the ANDA/505(b)(2) applicant does not challenge the innovator's listed patents, or indicates that it is not seeking approval of a patented method of use, the ANDA/505(b)(2) application will not be approved by the FDA until all the listed patents claiming the referenced product have expired.

A certification that the new product will not infringe the already approved product's listed patents, or that such patents are invalid, is called a Paragraph IV certification. If the ANDA/505(b)(2) applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of that Paragraph IV certification to the NDA sponsor and patent holders once FDA accepts the ANDA/505(b)(2) application for filing. The NDA and patent holders may then initiate a patent infringement lawsuit in response to the notice of the Paragraph IV certification, as provided for in the statute. The filing of a patent infringement lawsuit within 45 days of the receipt of a Paragraph IV certification automatically prevents the FDA from approving the ANDA/505(b)(2) NDA until the earlier of 30 months, expiration of the patent, settlement of the lawsuit, or a decision in the infringement case that is favorable to the ANDA/505(b)(2) applicant.

### **Non-Patent Exclusivity**

Under the Hatch-Waxman Amendments, the FDA also may not approve an ANDA or 505(b)(2) NDA until any applicable period of non-patent exclusivity for the RLD has expired. The FDCA provides a period of five years of non-patent exclusivity for a new drug containing a new chemical entity, or NCE, which is a drug that contains no active moiety that has been approved by the FDA in any other NDA. During this five years of marketing exclusivity, the FDA cannot receive any ANDA or 505(b)(2) application seeking approval of a drug that references a version of the NCE drug.

The FDCA also provides for a period of three years of exclusivity if the NDA includes reports of one or more new clinical investigations, other than bioavailability or bioequivalence studies, that were conducted by or for the applicant and are essential to the approval of the application. This three-year exclusivity period often protects changes to a previously approved drug product, such as a new dosage form, route of administration, combination or the addition of a new indication. During this three-year period of exclusivity, the FDA cannot approve an ANDA or 505(b)(2) application that includes the change.

An ANDA or 505(b)(2) application may be submitted one year before NCE exclusivity expires if a Paragraph IV certification is filed. If there is no listed patent in the Orange Book, there may not be a Paragraph IV certification

requirement, and in such situations, no ANDA or 505(b)(2) application may be filed before the expiration of the exclusivity period.

For a botanical drug, the FDA may determine that the active moiety is one or more of the principal components, or the complex mixture as a whole. This determination would affect the possibility of any five-year exclusivity as well as the ability of any potential generic competitor to demonstrate that it is the same drug as the original botanical drug. Because the agency has not promulgated specific regulations for botanical drug products and is approaching the development of such products, especially those that are composed of more complex mixtures, on a case-by-case basis, the 2016 Botanical Drug Development guidance for industry represents the best source for the FDA's current thinking on these drug products.

### **Patent Term Extension**

After NDA approval, owners of relevant drug patents may apply for up to a five-year patent extension. The allowable patent term extension is calculated as half of the drug's testing phase—the time between IND submission and NDA submission—and all of the review phase—the time between NDA submission and approval up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed 14 years from market approval.

For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the U.S. Patent and Trademark Office must determine that approval of the drug covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug for which an NDA has not been submitted.

### *Prescription Drug Marketing Act*

As part of the sales and marketing process, pharmaceutical companies frequently provide samples of approved drugs to physicians. The Prescription Drug Marketing Act (PDMA) imposes requirements and limitations upon the provision of drug samples to physicians, as well as prohibits states from licensing distributors of prescription drugs unless the state licensing program meets certain federal guidelines that include minimum standards for storage, handling and record keeping. In addition, the PDMA sets forth civil and criminal penalties for violations.

### *New Legislation and Regulations*

From time to time, legislation is drafted, introduced and passed in Congress that could significantly change the statutory provisions governing the testing, approval, manufacturing and marketing of products regulated by the FDA and relevant regulatory authorities outside the United States. In addition to new legislation, regulations and policies are often revised or interpreted by regulatory authorities in ways that may significantly affect our business and our product candidates. It is impossible to predict whether further legislative changes will be enacted or whether regulations, guidance, policies or interpretations will be changed or what the effect of such changes, if any, may be.

### *Other U.S. Healthcare Laws and Compliance Requirements*

If we obtain regulatory approval of our product candidates and launch them commercially in the United States, we may be subject to various federal and state laws targeting fraud and abuse in the healthcare industry. These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to patient privacy regulation by both the federal government and the states in which we conduct our business. Some of the laws that may affect our future ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs;

- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payers that are false or fraudulent;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology and Clinical Health Act, or HITECH, and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information;
- the federal transparency requirements under the Physician Payments Sunshine Act require manufacturers of FDA-approved drugs, devices, biologics and medical supplies covered by Medicare or Medicaid to report, on an annual basis, to the Department of Health and Human Services information related to payments and other transfers of value to physicians, teaching hospitals, and certain advanced non-physician health care practitioners and physician ownership and investment interests; and
- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws, which may apply to items or services reimbursed by any third-party payer, including commercial insurers, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Moreover, some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines, or the relevant compliance guidance promulgated by the federal government, in addition to requiring drug manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures to the extent that those laws impose requirements that are more stringent than the Physician Payments Sunshine Act.

#### ***Europe/Rest of World Government Regulation***

In addition to regulations in the United States, we are and will be subject, either directly or through our distribution partners, to a variety of regulations in other jurisdictions governing, among other things, clinical trials and any commercial sales and distribution of its products, if approved.

Whether or not we obtain FDA approval for a product, we must obtain the requisite approvals from regulatory authorities in non-U.S. countries prior to the commencement of clinical trials or marketing of the product in those countries.

The approval process varies from country to country and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country may negatively impact the regulatory process in others.

In the European Union, medicinal products are subject to extensive pre- and post-marketing regulation by regulatory authorities at both the European Union and national levels. Additional rules also apply at the national level to the manufacture, import, export, storage, distribution and sale of controlled substances. In many E.U. member states the regulatory authority responsible for medicinal products is also responsible for controlled substances. Responsibility is, however, split in some member states. Generally, any company manufacturing or distributing a medicinal product containing a controlled substance in the European Union will need to hold a controlled substances license from the competent national authority and will be subject to specific record-keeping and security obligations. Separate import or export certificates are required for each shipment into or out of the member state.

#### ***Clinical Trials and Marketing Approval***

Certain countries outside of the United States have a process that requires the submission of a clinical trial application much like an IND prior to the commencement of human clinical trials. In Europe, for example, a clinical trial application, or CTA, must be submitted to the competent national health authority and to independent ethics committees in each country in which a company intends to conduct clinical trials. Once the CTA is approved in accordance with a

country's requirements and a company has received favorable ethics committee approval, clinical trial development may proceed in that country.

The requirements and process governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country, even though there is already some degree of legal harmonization in the European Union member states resulting from the national implementation of underlying E.U. legislation. In all cases, the clinical trials must be conducted in accordance with the International Conference on Harmonization, or ICH, guidelines on GCP and other applicable regulatory requirements.

To obtain regulatory approval to place a drug on the market in the European Union, we must submit a marketing authorization application. This application is similar to the NDA in the United States, with the exception of, among other things, country-specific document requirements. All application procedures require an application in the common technical document, or CTD, format, which includes the submission of detailed information about the manufacturing and quality of the product, and non-clinical and clinical trial information. Drugs can be authorized in the European Union by using (i) the centralized authorization procedure, (ii) the mutual recognition procedure, (iii) the decentralized procedure or (iv) national authorization procedures.

The European Commission created the centralized procedure for the approval of human drugs to facilitate marketing authorizations that are valid throughout the European Union and, by extension (after national implementing decisions) in Iceland, Liechtenstein and Norway, which, together with the E.U. member states, comprise the European Economic Area, or EEA. Applicants file marketing authorization applications with the EMA, where they are reviewed by a relevant scientific committee, in most cases the Committee for Medicinal Products for Human Use, or CHMP. The EMA forwards CHMP opinions to the European Commission, which uses them as the basis for deciding whether to grant a marketing authorization. This procedure results in a single marketing authorization granted by the European Commission that is valid across the European Union, as well as in Iceland, Liechtenstein and Norway. The centralized procedure is compulsory for human drugs that are: (i) derived from biotechnology processes, such as genetic engineering, (ii) contain a new active substance indicated for the treatment of certain diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative diseases, autoimmune and other immune dysfunctions and viral diseases, (iii) officially designated "orphan drugs" (drugs used for rare human diseases) and (iv) advanced-therapy medicines, such as gene-therapy, somatic cell-therapy or tissue-engineered medicines. The centralized procedure may, at the voluntary request of the applicant, also be used for human drugs which do not fall within the above-mentioned categories if the CHMP agrees that (a) the human drug contains a new active substance not yet approved on November 20, 2005; (b) it constitutes a significant therapeutic, scientific or technical innovation or (c) authorization under the centralized procedure is in the interests of patients at the E.U. level.

Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of a marketing authorization application by the EMA is 210 days (excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP), with adoption of the actual marketing authorization by the European Commission thereafter. Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest from the point of view of therapeutic innovation, defined by three cumulative criteria: the seriousness of the disease to be treated, the absence of an appropriate alternative therapeutic approach, and anticipation of exceptional high therapeutic benefit. In this circumstance, the EMA ensures that the evaluation for the opinion of the CHMP is completed within 150 days and the opinion issued thereafter.

For those medicinal products for which the centralized procedure is not available, the applicant must submit marketing authorization applications to the national medicines regulators through one of three procedures: (i) the mutual recognition procedure (which must be used if the product has already been authorized in at least one other E.U. member state, and in which the E.U. member states are required to grant an authorization recognizing the existing authorization in the other E.U. member state, unless they identify a serious risk to public health), (ii) the decentralized procedure (in which applications are submitted simultaneously in two or more E.U. member states) or (iii) national authorization procedures (which results in a marketing authorization in a single E.U. member state).

### *Mutual Recognition Procedure*

The mutual recognition procedure, or MRP, for the approval of human drugs is an alternative approach to facilitate individual national marketing authorizations within the European Union. Basically, the MRP may be applied for all human drugs for which the centralized procedure is not obligatory. The MRP is applicable to the majority of conventional medicinal products and must be used if the product has already been authorized in one or more member states.

The characteristic of the MRP is that the procedure builds on an already—existing marketing authorization in a member state of the European Union that is used as a reference in order to obtain marketing authorizations in other E.U. member states. In the MRP, a marketing authorization for a drug already exists in one or more member states of the European Union and subsequently marketing authorization applications are made in other E.U. member states by referring to the initial marketing authorization. The member state in which the marketing authorization was first granted will then act as the reference member state. The member states where the marketing authorization is subsequently applied for act as concerned member states. The concerned member states are required to grant an authorization recognizing the existing authorization in the reference member state, unless they identify a serious risk to public health.

The MRP is based on the principle of the mutual recognition by E.U. member states of their respective national marketing authorizations. Based on a marketing authorization in the reference member state, the applicant may apply for marketing authorizations in other member states. In such case, the reference member state shall update its existing assessment report about the drug in 90 days. After the assessment is completed, copies of the report are sent to all member states, together with the approved summary of product characteristics, labeling and package leaflet. The concerned member states then have 90 days to recognize the decision of the reference member state and the summary of product characteristics, labeling and package leaflet. National marketing authorizations shall be granted within 30 days after acknowledgement of the agreement.

If any E.U. member state refuses to recognize the marketing authorization by the reference member state, on the grounds of potential serious risk to public health, the issue will be referred to a coordination group. Within a timeframe of 60 days, member states shall, within the coordination group, make all efforts to reach a consensus. If this fails, the procedure is submitted to an EMA scientific committee for arbitration. The opinion of this EMA Committee is then forwarded to the European Commission for the start of the decision making process. As in the centralized procedure, this process entails consulting various European Commission Directorates General and the Standing Committee on Human Medicinal Products.

### *Data and Market Exclusivity in the European Union*

In the European Union, NCEs qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity. This data exclusivity, if granted, prevents regulatory authorities in the European Union from referencing the innovator's data to assess a generic (abbreviated) application for eight years, after which generic marketing authorization can be submitted, and the innovator's data may be referenced, but not approved for two years. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those ten years, the marketing authorization (MA) holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies. Even if a compound is considered to be a NCE and the sponsor is able to gain the prescribed period of data exclusivity, another company nevertheless could also market another version of the drug if such company can complete a full MAA with a complete database of pharmaceutical test, preclinical studies and clinical trials and obtain marketing approval of its product.

### *Pharmaceutical Coverage, Pricing and Reimbursement*

Sales of pharmaceutical products approved for marketing in the United States by the FDA will depend, in part, on the extent to which the costs of the products will be covered by third-party payers, such as government health programs, and commercial insurance and managed health care organizations. These third-party payers are increasingly challenging the prices charged for medical products and services. Additionally, the containment of health care costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. The U.S. government,

state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, utilization management and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our operating results. If these third-party payers do not consider our products to be cost-effective compared to other available therapies, they may not cover our products after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow us to sell its products on a profitable basis.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or the MMA, imposed requirements for the distribution and pricing of prescription drugs for Medicare beneficiaries and included a major expansion of the prescription drug benefit under Medicare Part D. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities that provide coverage of outpatient prescription drugs. Part D is available through both stand-alone prescription drug benefit plans and prescription drug coverage as a supplement to Medicare Advantage plans. Unlike Medicare Parts A and B, Part D coverage is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee.

Government payment for some of the costs of prescription drugs may increase demand for products for which we receive marketing approval in the U.S. However, any negotiated prices for our products covered by a Part D prescription drug plan will likely be lower than the prices we might otherwise obtain. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private payers often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-governmental payers.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act of 2010 (collectively, the “ACA”), was enacted with the goal of expanding coverage for the uninsured while at the same time containing overall health care costs. With regard to pharmaceutical products, among other things, the ACA expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare Part D program.

Individual states in the United States have also become increasingly active in implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine which drugs and suppliers will be included in their healthcare programs. Furthermore, there has been increased interest by third party payors and governmental authorities in reference pricing systems and publication of discounts and list prices.

In the United States, Medicare covers certain drug purchases by the elderly and eligible disabled people and introduced a reimbursement methodology based on average sales prices for physician-administered drugs. In addition, Medicare may limit the number of drugs that will be covered in any therapeutic class. Ongoing cost reduction initiatives and future laws could decrease the coverage and price that we will receive for any approved products. While Medicare beneficiaries are limited to most elderly and certain disabled individuals, private payors often follow Medicare coverage policy and payment limitations in setting their own payment rates.

Among the provisions of the ACA of importance to our product candidates are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic products;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program;
- expansion of healthcare fraud and abuse laws, including the False Claims Act and the Anti-Kickback Statute, new government investigative powers, and enhanced penalties for noncompliance;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices;
- extension of manufacturers' Medicaid rebate liability;
- expansion of eligibility criteria for Medicaid programs;
- expansion of the entities eligible for discounts under the Public Health Service Act's pharmaceutical pricing program;
- new requirements to report financial arrangements with physicians and teaching hospitals (i.e., the Federal Physician Payment Sunshine Act, which has since been expanded to cover additional specified healthcare providers);
- a new requirement to annually report drug samples that manufacturers and distributors provide to physicians; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

We expect that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we will receive for any approved product. Any reduction in payments from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products.

There remain judicial and political challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to health care, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, including the Bipartisan Budget Act of 2018, will remain in effect through 2030, with the exception of a temporary suspension from May 1, 2020 through March 31, 2022, unless additional Congressional action is taken. In addition, on January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

Moreover, there has recently been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for pharmaceutical products. The likelihood of success of these and other measures initiated by the former Trump administration is uncertain.

In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, some E.U.

jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost-effectiveness of a particular product candidate to currently available therapies. Other member states allow companies to fix their own prices for medicines but monitor and control company profits. Such differences in national pricing regimes may create price differentials between E.U. member states. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. Historically, products launched in the E.U. do not follow price structures of the United States. In the E.U., the downward pressure on healthcare costs in general, particularly prescription medicines, has become intense. As a result, barriers to entry of new products are becoming increasingly high and patients are unlikely to use a drug product that is not reimbursed by their government.

### **Human Capital**

As of December 31, 2021, we had 5 full-time employees, 3 full-time consultants and 3 part-time consultants, all located in the United States. Of these employees and consultants, seven were engaged in research and development and four were engaged in general and administrative functions. We have no collective bargaining agreements with our employees and have not experienced any work stoppages. We consider our relationships with our employees to be good.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees and consultants. The principal purposes of our equity and cash incentive plans are to attract, retain and reward personnel through the granting of stock-based and cash-based compensation awards, in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

### **Corporate Information**

NeuroBo was incorporated under the laws of the State of Delaware in July 2017, and completed the 2019 Merger with Gemphire on December 30, 2019. Our principal executive offices are located at 200 Berkeley Street, 19th Floor, Boston, Massachusetts, 02116. Our website address is [www.neurobopharma.com](http://www.neurobopharma.com). The information contained on, or that can be accessed through, our website is not a part of this report.

## **ITEM 1A. RISK FACTORS**

Our business, prospects, financial condition or results of operations could be materially adversely affected by any of the risks and uncertainties set forth below, as well as in any amendments or updates reflected in subsequent filings with the Securities and Exchange Commission (the “SEC”). In assessing these risks, you should also refer to other information contained in this report, including our financial statements and related notes.

### **Risks Related to our Operations and to Development, Marketing, Commercialization and Regulation of Our Product Candidates**

***We have incurred losses since inception, we anticipate that we will incur continued losses for the foreseeable future and there is substantial doubt about our ability to continue as a going concern for the full one-year period following the date of this report. We require additional financing to accomplish our long-term business plan and failure to obtain necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our operations.***

We have experienced net losses and negative cash flows from operating activities since our inception and have an accumulated deficit of \$81.8 million as of December 31, 2021. It is possible we will never generate revenue or profit.

As of December 31, 2021, we had cash and cash equivalents of \$16.4 million. Operating at the level of scientific activity described in “Management’s Discussion and Analysis of Financial Statements and Results of Operations – Overview - Recent Developments” we expect that our cash and cash equivalents will be adequate to fund operations into the fourth quarter of 2022. Accordingly, we will need to raise additional capital to fund continued operations at the current level

beyond 2022. We have some ability to reduce costs further in 2022 by further curtailing the level of scientific activity planned for 2022, thereby potentially lengthening our operational window into the first quarter of 2023.

Although we are exploring financing opportunities and carefully monitoring the capital markets, we do not yet have any commitments for additional financing and may not be successful in our efforts to raise additional funds. There can be no assurances that additional financing will be available to us on satisfactory terms, or at all. If we are unable to raise sufficient additional capital (which is not assured at this time, particularly as a result of recent depressed capital market conditions), our long-term business plan may not be accomplished, and we may be forced to cease, reduce, or delay operations. For more information about our liquidity and capital resources, see Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.”

The foregoing factors individually and collectively raise substantial doubt about our ability to continue as a going concern for the full one-year period following the date of this report. For more information, see “Management’s Discussion and Analysis of Financial Statements and Results of Operations – Overview - Recent Developments – Going Concern” and “Going Concern” under Note 1 to our audited financial statements which are included elsewhere in this report. The perception that we may not be able to continue as a going concern may cause others to choose not to deal with us due to concerns about our ability to meet our contractual obligations. If we are unable to continue as a going concern, investors could lose all or part of their investment in our Company.

***Our pursuit of potential therapeutic and prophylactic treatments for COVID-19 is in an early stage and subject to many risks. We may be unable to receive approval for any of our COVID-19 product candidates a timely manner, if at all, and our COVID-19 product candidates may never be approved.***

We may experience difficulties or delays in enrolling patients in clinical trials due to the impact of the global COVID-19 pandemic or other reasons. Many of the risks related to the development of these product candidates are beyond our control, including risks related to clinical development, the regulatory submission process, potential threats to our intellectual property rights, macro issues such as the ongoing invasion of Ukraine and manufacturing delays or difficulties. We may be unable to produce an efficacious and/or approved product for the treatment of patients with early COVID-19 in a timely manner, if at all.

The results of preclinical studies from our COVID-19 product candidates may not be predictive of the results of clinical trials, and the results of any early-stage clinical trials we commence may not be predictive of the results of the later-stage clinical trials. There can be no assurance that any of our clinical trials for our COVID-19 product candidates, or any other of our product candidates, will ultimately be successful or support further clinical development. In addition, the interpretation of the data from our clinical trials of ANA001 or Gemcabene by the FDA and other regulatory agencies may differ from our interpretation of such data and the FDA or other regulatory agencies may require that we conduct additional studies or analyses. Any of these factors could delay or prevent us from receiving regulatory approval of ANA001 or Gemcabene and there can be no assurance that any such product candidate will be approved in a timely manner, if at all.

If the COVID-19 outbreak is effectively contained or the risk of coronavirus infection is diminished or eliminated before we can successfully develop and manufacture our product candidates, the commercial viability of such product candidate may be diminished or eliminated. We are also committing financial resources and personnel to the development of these product candidates which may cause delays in or otherwise negatively impact our other development programs, despite uncertainties surrounding the longevity and extent of coronavirus as a global health concern. Our business could be negatively impacted by our allocation of significant resources to a global health threat that is unpredictable and could rapidly dissipate or against which our treatment, if successfully developed, may not be effective. In addition, other parties are currently producing therapeutic and vaccine candidates for COVID-19, which may be more efficacious or may be approved prior to our product.

***The regulatory pathway for ANA001 and Gemcabene is continually evolving, and may result in unexpected or unforeseen challenges.***

The speed at which parties are acting to create and test many therapeutics and vaccines for COVID-19 is unusual, and evolving or changing plans or priorities within the FDA, including those based on new knowledge of COVID-19 and how the disease affects the human body, may significantly affect the regulatory timeline for our product candidates. Results from ongoing clinical trials and discussions with regulatory authorities may raise new questions and require us to

redesign proposed clinical trials, including revising proposed endpoints or adding new clinical trial sites or cohorts of subjects. Any such developments could delay the development timeline for our product candidates and materially increase the cost of the development for such candidates.

***In light of the COVID-19 pandemic, it is possible that one or more government entities may take actions that directly or indirectly have the effect of abrogating some of our rights or opportunities. If we were to develop a treatment for COVID-19, the economic value of such a therapeutic treatment to us could be limited.***

Various government entities, including the U.S. government, are offering incentives, grants and contracts to encourage additional investment by commercial organizations into preventative and therapeutic agents against coronavirus, which may have the effect of increasing the number of competitors and/or providing advantages to known competitors. Accordingly, there can be no assurance that we will be able to successfully establish a competitive market share for our COVID-19 therapeutic treatments, if any.

***Even if we obtain favorable clinical results, we may not be able to obtain regulatory approval for, or successfully commercialize ANA001 or Gemcabene.***

We are not permitted to market ANA001 or Gemcabene in the United States until we receive approval of an NDA from the FDA, or in any foreign countries until we receive the requisite approval from such countries. As a condition to submitting an NDA to the FDA for ANA001, we must complete our ongoing Phase 2 clinical trial, conduct and complete further Phase 3 clinical trials, and any additional nonclinical studies or clinical trials required by the FDA. To date, we have completed the Phase 1 Single Ascending Dosing (SAD) study and two Multiple Ascending Dosing (MAD) studies. ANA001 may not be successful in clinical trials or receive regulatory approval. Further, ANA001 may not receive regulatory approval even if it is successful in clinical trials. Obtaining approval of an NDA is a complex, lengthy, expensive and uncertain process that typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, the policies or regulations, or the type and amount of clinical data necessary to gain approval, may change during the course of a product candidate's clinical development and may vary among jurisdictions. Our development activities could be harmed or delayed by a partial shutdown of the U.S. government, including the FDA. We have not obtained regulatory approval for any product candidate and it is possible that ANA001 will never obtain regulatory approval. The FDA may delay, limit or deny approval of ANA001 for many reasons, including, among others:

- the results of our clinical trials may not meet the level of statistical or clinical significance required by the FDA for marketing approval;
- the FDA may disagree with the number, design, size, conduct or implementation of our clinical trials;
- the FDA may not approve the formulation, labeling or specifications of ANA001;
- the FDA may require that we conduct additional clinical trials;
- the contract research organizations ("CROs") or the clinical investigators that we retain to conduct our clinical trials may take actions outside of our control that materially adversely impact our clinical trials;
- we, our CROs or clinical investigators may fail to perform in accordance with the FDA's good clinical practice ("GCP") requirements;
- the FDA may disagree with our interpretation of data from our preclinical studies and clinical trials;
- the FDA may find deficiencies with the manufacturing processes or facilities of third-party manufacturers with which we contract; or
- the policies or regulations of the FDA may significantly change in a manner that renders our clinical data insufficient for approval or may require that we amend or submit new clinical protocols.

In addition, similar reasons may cause the EMA or other regulatory authorities to delay, limit or deny approval of ANA001 or Gemcabene outside the United States. Any of these factors, many of which are beyond our control, could jeopardize our ability to obtain regulatory approval for and successfully market ANA001.

Alternatively, even if we obtain regulatory approval, that approval may be for indications or patient populations that are not as broad as we intend or desire or may require labeling that includes significant use or distribution restrictions or safety warnings. We may also be required to perform additional, unanticipated clinical trials to obtain approval or be subject to additional post marketing testing requirements to maintain regulatory approval. In addition, regulatory authorities may withdraw their approval of a product or the FDA may require a risk evaluation and mitigation strategy (“REMS”) for a product, which could impose restrictions on its distribution. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Gemcabene was being evaluated in a Phase 2 randomized, double-blind, placebo-controlled study to assess its efficacy safety and tolerability in patients with severe hypertriglyceridemia. In January 2016, the Gemcabene Phase 2 clinical study was placed on partial clinical hold as the FDA requested 2-year rat and mouse carcinogenicity studies to be completed and submitted. The study currently remains on partial clinical hold for the treatment of dyslipidemia. NeuroBo is currently assessing the path forward for Gemcabene for additional indications including COVID-19. As a result, there is a significant uncertainty around our development of Gemcabene.

***We are currently evaluating alternatives with respect to NB-01 and may not be able to develop NB-01 pursuant to other pathways, including as an orphan drug or as a nutraceutical candidate.***

NB-01 has successfully completed two Phase 2 proof-of-concept clinical trials for PDN. However, in light of the present business environment including the impact of the COVID-19 disease that emerged in December 2019 as a global pandemic, we have determined to cease development of NB-01 on the prior regulatory pathway and not advance to Phase 3 clinical trials. We are currently evaluating alternatives with respect to the NB-01 asset. Among these alternatives, we may bring this asset to the market through a different regulatory pathway. Development of NB-01 as an orphan drug is among the alternatives we are considering, and we may conduct feasibility studies to identify a rare disease relevant to NB-01. Additionally, we are considering marketing the NB-01 product line as nutraceutical (non-pharmaceutical) products. There is no assurance that we will be able to pursue an alternative to take NB-01 to market using one of the alternatives referred to above or otherwise.

Our ability to successfully develop NB-01 as an orphan drug would be subject to the following additional risks, among others:

- the results from different types of animal models could be inconsistent from the previous data we have;
- a limited number of potential participants could make clinical trials for NB-01 difficult;
- disparate locations of a limited number of potential participants could make clinical trials difficult; and
- batch-by-batch consistency is difficult to achieve in clinical trials with small numbers of participants.

Our ability to successfully develop NB-01 as a nutraceutical product would be subject to the following risks, among others:

- the future growth and profitability of NB-01 would depend in large part upon our ability to successfully hire personnel with requisite marketing expertise, the effectiveness and efficiency of our marketing efforts and our ability to select effective markets and media in which to market and advertise;
- our inability to properly manage, motivate and retain third party distributors for NB-01, as applicable, could have a material adverse effect on us;
- the success of NB-01 would likely be linked to the size and growth rate of the vitamin, mineral and dietary supplement market, and an adverse change in the size or growth rate of that market could have a material adverse effect on us; and
- unfavorable publicity or consumer perception of NB-01 and any similar products distributed by other companies could have a material adverse effect on us.

***We may not be able to successfully obtain regulatory or marketing approval for, or successfully commercialize, any of our product candidates.***

Although we currently have no drug product for sale and may never be able to develop marketable drug products, our business depends heavily on the successful clinical development (for our pharmaceutical drug products), regulatory approval and commercialization of our drug candidates.

The clinical trials of our product candidates are, and the manufacturing and marketing of our product candidates will be, subject to extensive and rigorous review and regulation by government authorities in the United States and in other countries where we intend to test and, if approved, market any product candidate. Before obtaining regulatory approvals for the commercial sale of any product candidate as a pharmaceutical product, we must successfully meet a number of critical developmental milestones, including:

- developing dosages that will be well-tolerated, safe and effective;
- completing the development and scale-up to permit manufacture of our product candidates in commercial quantities and at acceptable costs;
- demonstrating through pivotal clinical trials that the product candidate is safe and effective in patients for the intended indication;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers; and
- obtaining and maintaining exclusive rights, including patent and trade secret protection and non-patent exclusivity for our product candidates.

The time necessary to achieve these developmental milestones for any individual product candidate is long and uncertain, and we may not successfully complete these milestones for any product candidates that we may develop.

We have not yet completed development of any product candidate. Moreover, both NB-01 and NB-02 are considered a “botanical drug product” by the FDA, which results in the drug candidate having unique features that must be taken into account during the drug development process. Botanical drug products may be heterogeneous in nature and may carry additional uncertainty about their active constituents in comparison to synthetic small-molecule drug products. Accordingly, the FDA may impose additional requirements on us in order to confirm that the final formulation of NB-01 or NB-02 is able to demonstrate the necessary therapeutic consistency to support the marketing of a safe and effective commercial drug product. The complexities of developing botanical drug products may increase the time and costs associated with the development of our product candidates.

In August 2018, the FDA, following submission of a two-year carcinogenicity study, requested additional preclinical studies, including a 13-week PPAR-alpha knockout mouse study with Gemcabene. The FDA stated that there could be no progression to the End of Phase 2 meeting or commencement of the Phase 3 trials, which require more than 6 months of drug exposure, until the partial clinical hold was lifted. This request delayed the timeline for the EOP2 meeting and start of a Phase 3 trial by more than one and a half years. As a result, we do not currently plan to proceed with development of Gemcabene for this indication at this time. If we determine to proceed with development and the FDA decisions further delay our clinical plans, this could jeopardize our ability to commercialize Gemcabene by April 2024, as required by the Pfizer Agreement. Finally, we cannot assure you that the partial clinical hold will ever be lifted, in which case Gemcabene will never receive NDA approval or be commercialized. While we currently intend to focus on developing and seeking approval for Gemcabene for treatment of COVID-19, a regulatory pathway has not yet been determined and there can be no assurance as to the timing and FDA requirements for obtaining FDA approval of Gemcabene..

We are continuing to test and develop our product candidates and may explore possible design or formulation changes to address safety, efficacy, manufacturing efficiency and performance issues to the extent any arise. The design of a clinical trial may be able to determine whether its results will support approval of a product, and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced or completed. There is no assurance that we will be able to design and complete a clinical trial to support marketing approval. Moreover, nonclinical and clinical data are often susceptible to multiple interpretations and analyses. A number of companies in the pharmaceutical and

biotechnology industries have experienced significant setbacks in advanced clinical trials, even after promising results in earlier trials.

We may not be able to complete development of any product candidates that demonstrate safety and efficacy and that will have a commercially reasonable treatment and storage period. If we are unable to complete development of NB-01, NB-02, Gemcabene or any other product candidates that we may develop, we will not be able to commercialize and earn revenue from them.

***The regulatory review and approval processes of the FDA and comparable foreign regulatory authorities are lengthy, time-consuming and inherently unpredictable, our business will be substantially harmed.***

Of the large number of drugs in development in the United States, only a small percentage receive FDA regulatory approval and are commercialized in the United States. We are not permitted to market NB-01, NB-02, Gemcabene or any other product candidate as a pharmaceutical drug in the United States until we receive approval of an NDA from the FDA, or in any foreign countries until we receive the requisite approval from such countries or jurisdictions, such as the marketing authorization application, or MAA, in the European Union from the European Medicines Agency, or EMA.

Successfully completing clinical trials and obtaining approval of an NDA is a complex, lengthy, expensive and uncertain process, and the FDA, or a comparable foreign regulatory authority, may delay, limit or deny approval of an NDA for many reasons, including, among others:

- disagreement with the design or implementation of our clinical trials;
- disagreement with the sufficiency of our clinical trials;
- failure to demonstrate the safety and efficacy of the product candidate for the proposed indications;
- failure to demonstrate that any clinical and other benefits of the product candidate outweigh their safety risks;
- a negative interpretation of the data from our nonclinical studies or clinical trials;
- deficiencies in the manufacturing or control processes or failure of third-party manufacturing facilities with which our contracts for clinical and commercial supplies to comply with current Good Manufacturing Practice requirements, or cGMPs;
- deficiencies in the harvesting and processing of botanical raw materials under Good Agricultural and Collection Processes, or GACPs, or the inability to demonstrate that the final product is capable of being therapeutically consistent, as applicable to botanical drug products, as applicable;
- insufficient data collected from clinical trials or changes in the approval requirements that render our nonclinical and clinical data insufficient to support the filing of an NDA or to obtain regulatory approval; or
- changes in clinical practice in or approved products available for the treatment of the target patient population that could have an impact on the indications that we are pursuing for our product candidates.

Further, the FDA has specific requirements and technical standards for botanical drugs, with which we will be obliged to comply in the clinical development of NB-01 and NB-02 as pharmaceutical drugs, including with respect to the quality and therapeutic consistency standards for the product candidate that will be used in clinical trials. We cannot assure you that it will be able to meet the standards to which it will be held for these purposes.

The FDA or a comparable foreign regulatory authority may also require more information, including additional nonclinical or clinical data to support approval, which may delay or prevent approval and our commercialization plans, or cause us to abandon the development program. Even if we obtain regulatory approval, our product candidates may be approved for fewer or more limited indications than we request, such approval may be contingent on the performance of costly post-marketing clinical trials, or we may not be allowed to include the labeling claims necessary or desirable for the successful commercialization of such product candidate.

***Our profits from Gemcabene sales will be limited pursuant to our contingent value rights (“CVR”) obligations, and we have discontinued any and all further efforts to develop, divest or otherwise monetize Gemcabene, as a treatment for cardiovascular conditions and are studying the use of Gemcabene in combination with ANA001, which may be successful and will still result in operations under the CVR.***

Our profits from Gemcabene sales will be limited pursuant to our CVR obligations. Under the terms of the Current CVR Agreement, CVR holders are entitled to (i) 80% of the Gross Consideration (as defined in the Current CVR Agreement) received from the grant, sale or transfer of rights to Gemcabene as a treatment for cardiovascular conditions and (ii) 10% of the Gross Consideration (as defined in the Current CVR Agreement) received from the grant, sale or transfer of rights to Gemcabene as a treatment for any indication outside of treating cardiometabolic diseases, including COVID-19. While we are no longer pursuing the development of Gemcabene for the treatment of cardiometabolic diseases and are now evaluating other uses of Gemcabene including in combination with ANA001 for the treatment of COVID-19. We cannot assure that such development will be successful and, even if it is successful, we will have an obligation to pay 10% of the Gross Consideration to the CVR holders of the CVR Agreement.

***The Phase 2a clinical trial of Gemcabene in Pediatric NAFLD was terminated by the Data and Safety Monitoring Board (DSMB) of the principal investigator following the occurrence of unanticipated problems. This trial termination and the unanticipated problems could have negative impacts on the clinical development of Gemcabene.***

On August 10, 2018, the DSMB at Emory University School of Medicine overseeing the non-company, investigator-led open label Phase 2a proof-of-concept trial evaluating Gemcabene in pediatric patients with non-alcoholic fatty liver disease (“NAFLD”) recommended that the trial be terminated due to unanticipated problems. Data on the first three patients who underwent 12 weeks of treatment showed that all three experienced an increase in liver fat content, as measured by MRI-PDFF. Two of the three patients also demonstrated increases in ALT; however, their baseline ALT levels were elevated prior to receiving Gemcabene. The increase in liver fat was deemed an unanticipated problem by the trial investigator because it was an unexpected consistent pattern of worsening of the disease, rather than improvement, creating risk to the patients, which the investigator believed was likely due to the drug. Six subjects had received medication when the study was halted. Additional data that came to light subsequently showed that during the trial none of the three patients were fully compliant with taking Gemcabene and their life styles could have potentially impacted the findings. Subjects were instructed to self-administer the test-agent daily; however, compliance was significantly compromised as assessed by return of unused tablets and measurement of blood drug levels. All six subjects gained weight and had increased TGs during study treatment. In support of non-compliance, these findings are inconsistent with other Gemcabene trials, and as such, the risk for increased liver fat with Gemcabene treatment is unknown at this time. The six subjects who received Gemcabene were followed in a 12-month safety monitoring period post final-dose, which is now complete. During this follow-on reporting period there were no drug related adverse events reported. There was one serious non-related adverse event of hospitalization for subacute spinal cord infarction/embolism. No deaths or other SAEs were reported.

We cannot assure you that the unanticipated problems observed in the pediatric NAFLD trial will not be seen in future trials nor that serious adverse events (SAEs) will not occur in future trials, including for other indications for which we may develop Gemcabene..

If Gemcabene is associated with adverse effects or undesirable side effects in preclinical testing or clinical trials or has characteristics that are unexpected in preclinical testing or clinical trials, it may be difficult to obtain marketing approval for and commercialize Gemcabene in any indication.

***Product candidates may cause undesirable side effects that could delay or prevent their marketing approval, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any, including marketing withdrawal.***

Undesirable side effects caused by any of our product candidates that we may develop or acquire could cause us or the FDA or other regulatory authorities to interrupt, delay or halt our clinical trials and could result in more restrictive labels or the delay or denial of marketing approval by the FDA or other regulatory authorities of such product candidates. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of these or other side effects. In such an event, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities

could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. In addition, any drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

Further, clinical trials by their nature utilize a sample of the potential patient population. With a limited number of patients, rare and severe side effects of our product candidates may only be uncovered with a significantly larger number of patients exposed to the product candidate. If our product candidates receive marketing approval and we or others identify undesirable side effects caused by such product candidates (or any other similar drugs) after such approval, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw or limit their approval of such product candidates;
- regulatory authorities may require the addition of labeling statements, such as a "boxed" warning or a contraindication;
- we may be required to recall the product, change the way such product candidates are distributed or administered, conduct additional clinical trials or change the labeling of the product candidates;
- regulatory authorities may require a Risk Evaluation and Mitigation Strategy (REMS) plan to mitigate risks, which could include medication guides to be distributed to patients, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools;
- we may be subject to regulatory investigations and government enforcement actions;
- we may be subject to fines, injunctions or the imposition of civil or criminal penalties;
- we may decide to remove such product candidates from the marketplace after they are approved;
- the product may be rendered less competitive and sales may decrease;
- we could be sued and held liable for injury caused to individuals exposed to or taking its product candidates; and
- our reputation may suffer.

We believe that any of these events could prevent us from achieving or maintaining market acceptance of the affected product candidates and could substantially increase the costs of commercializing our product candidates, if approved, and significantly impact our ability to successfully commercialize our product candidates and generate revenues.

***Our Phase 2 clinical trial for ANA001 for treatment of COVID-19 is likely to be delayed due to the invasion of Ukraine by Russia in February 2022, which may delay the submission of the request to proceed with the Phase 3 clinical trial.***

At the beginning of 2022, we were in the process of initiating sites in the Ukraine and Poland to complete enrollment in our Phase 2 clinical trial. In February 2022, Russia invaded Ukraine and activities with respect to our Phase 2 clinical trial in Ukraine and Poland were suspended. We subsequently decided to terminate the clinical trial sites in Ukraine and Poland. While we will seek to enroll additional subjects at our sites in the United States, we may not be able to do so on a timely basis or at all. Accordingly, we cannot determine the effect of these disruptions on timing of the completion of the Phase 2 clinical trial and the submission of our request to proceed with the Phase 3 clinical trial. If our clinical trial is delayed, this could result in delays in advancing ANA001 with the FDA and have a material adverse effect on our ability to seek marketing approval for ANA001. Any delays in clinical trials of ANA001 could have a material adverse effect on our financial condition and results of operations.

***Delays in our clinical trials may lead to a delay in the submission of marketing approval applications and jeopardize our ability to potentially receive approvals and generate revenues from the sale of our products.***

We may experience delays in clinical trials. We do not know whether planned clinical trials will begin or enroll subjects on time, need to be redesigned or be completed on schedule, if at all. Clinical trials may be delayed, suspended or terminated for a variety of reasons, such as:

- delay or failure in reaching agreement with the FDA or a comparable foreign regulatory authority on a trial design that we are able to execute;

- delay or failure in obtaining authorization to commence a trial or inability to comply with conditions imposed by a regulatory authority regarding the scope or design of a clinical trial;
- inability, delay or failure in identifying and maintaining a sufficient number of trial sites, many of which may already be engaged in competing clinical trial programs;
- issues with the manufacture of drug substance for use in clinical trials;
- delay or failure in recruiting and enrolling suitable subjects to participate in a trial;
- delay or failure in having subjects complete a trial or return for post-treatment follow-up;
- clinical sites and investigators deviating from trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial;
- delay or failure in reaching agreement on acceptable terms with prospective clinical research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- delay or failure in obtaining institutional review board, or IRB, approval to conduct a clinical trial at each site;
- delays resulting from negative or equivocal findings of the Data Safety Monitoring Board, or DSMB, if any;
- ambiguous or negative results;
- decision by the FDA, a comparable foreign regulatory authority, or recommendation by a DSMB to suspend or terminate clinical trials at any time for safety issues or for any other reason;
- conflicts affecting clinical trial sites and regions where clinical trials are being completed;
- lack of adequate funding to continue the product development program; or
- changes in governmental regulations or requirements.

Any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may significantly harm our business, financial condition and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

***The development of NB-01 is dependent upon securing sufficient quantities of Dioscorea Rhizome and Dioscoreae Nipponicae Rhizoma, which are two plant species native to China.***

The therapeutic components of our product candidate, NB-01, consists of *Dioscorea Rhizome* and *Dioscoreae Nipponicae Rhizoma*, which are cultivated in China and Korea. We currently secure these components exclusively from Dong-A ST. Our current supply agreement with Dong-A ST expires on September 28, 2023, unless extended by our mutual agreement with Dong-A ST. There can be no assurances that *Dioscorea Rhizome* and *Dioscoreae Nipponicae Rhizoma* will continue to grow in sufficient quantities to meet commercial supply requirements or that the countries from which we can secure *Dioscorea Rhizome* and *Dioscoreae Nipponicae Rhizoma* will continue to allow the exportation of these components. In the event we are no longer able to obtain these products from Dong-A ST, or in sufficient quantities, we may not be able to produce our proposed products and our business will be adversely affected.

Further, because *Dioscorea Rhizome* and *Dioscoreae Nipponicae Rhizoma* are imported from China and Korea, any trade policies or rules that impose conditions or restrictions on the importation of natural products from those regions may restrict or prevent the timely delivery of these products to us, which would adversely affect our business. We may also have difficulty importing these products as a result of the recent COVID-19 pandemic. See the risk factor below entitled “Our business is subject to risks arising from epidemic diseases, such as the recent COVID-19 pandemic.”

***We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.***

The development and commercialization of new products is highly competitive. Our future success depends on our ability to demonstrate and maintain a competitive advantage with respect to the development and commercialization of our product candidates. Our objective is to develop and commercialize new products with superior efficacy, convenience, tolerability and safety. In many cases, the products that we commercialize will compete with existing, market-leading products.

Many of our potential competitors have significantly greater financial, manufacturing, marketing, drug development, technical and human resources than we do. Large pharmaceutical companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and in manufacturing pharmaceutical products. In particular, these companies have greater experience and expertise in securing government contracts and grants to support their research and development efforts, conducting testing and clinical trials, obtaining regulatory approvals to market products, manufacturing such products on a broad scale and marketing approved products. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development, and have collaborative arrangements in our target markets with leading companies and research institutions. Established pharmaceutical companies may also invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make the product that we develop obsolete. As a result of all of these factors, our competitors may succeed in obtaining patent protection and/or FDA approval or discovering, developing and commercializing products before, or more effectively than, we do. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. If we are not able to compete effectively against potential competitors, our business will not grow and our financial condition and operations will suffer.

*NB-01 and NB-02*

There are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of products for the treatment of painful diabetic neuropathy and for the symptomatic and disease modifying treatment of neurodegenerative diseases, including Alzheimer's disease and tauopathies. Some of these competitive products and therapies are based on scientific approaches that are the same as or similar to our approach and others are based on entirely different approaches. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

NB-01 has been in clinical development for the treatment of painful diabetic neuropathy. We are also developing NB-02 for the symptomatic and disease modifying treatment of neurodegenerative diseases, including Alzheimer's disease and tauopathies. For painful diabetic neuropathy, there are no products currently marketed for disease modification, although there are products available to treat painful diabetic neuropathy. For Alzheimer's disease, current symptomatic treatments have limited effectiveness and no disease-modifying therapy is currently available. Some of the currently approved drug therapies are branded and subject to patent protection, and others are available on a generic basis. Many of these approved drugs are well-established therapies and are widely accepted by physicians, patients and third-party payors. Insurers and other third-party payors may also encourage the use of generic products.

*ANA001*

We expect that, if approved, ANA001 will compete with a number of drugs that are being studied for the treatment of symptoms of COVID-19. In addition to widely distributed vaccines designed to stop the spread of COVID-19, which could adversely affect the addressable population for ANA001, several antiviral therapies are currently approved by the FDA for the treatment of COVID-19 (remdesivir [VEKLURY<sup>®</sup>], nirmatrelvir/ritonavir [PAXLOVID<sup>™</sup>] and molnupiravir), and several antibody treatments have received emergency use authorization from the FDA (sotrovimab, bebtelovimab, casirivimab/imdevimab [REGEN-COV<sup>®</sup>], tixagevimab/cilgavimab [EVUSHELD<sup>™</sup>] and bamlanivimab/etesevimab). We are aware due to the rapidly changing mutations that some of the EUA approved therapies have been restricted in many states according to the drug's susceptibility to the local variant outbreak. Additional therapies continue to be studied in clinical trials for the treatment of COVID-19.

In addition to the marketed therapies, we are aware of several companies currently developing and commercializing niclosamide for the treatment of COVID-19 symptoms, including Daewoong, Union Therapeutics, TFF and FirstWave. Approved therapies and additional therapies that may be approved in the near term could significantly and adversely affect the market opportunity for ANA001.

***Our commercial success depends upon attaining significant market acceptance of our product candidates, if approved, among hospitals, physicians, patients and healthcare payors.***

Even if we obtain regulatory approval for any of our product candidates that we may develop or acquire in the future, the product may not gain market acceptance among hospitals, physicians, health care payors, patients and the medical community. Market acceptance of any of our product candidates for which we receive regulatory approval depends on a number of factors, including:

- the clinical indications for which the product candidate is approved;
- acceptance by major operators of hospitals, physicians and patients of the product candidate as a safe and effective treatment, particularly the ability of our product candidates to establish themselves as a new standard of care in the treatment paradigm for the indications that we are pursuing;
- the potential and perceived advantages of our product candidates over alternative treatments as compared to the relative costs of the product candidates and alternative treatments;
- the willingness of physicians to prescribe, and patients to take, a product candidate that is based on a botanical source;
- the prevalence and severity of any side effects with respect to our product candidates, and any elements that may be imposed by the FDA under a REMS program that could discourage market uptake of the products;
- the availability of adequate reimbursement and pricing for any approved products by third party payors and government authorities;
- inability of certain types of patients to take our product;
- demonstrated ability to treat patients and, if required by any applicable regulatory authority in connection with the approval for target indications, to provide patients with incremental cardiovascular disease benefits, as compared with other available therapies;
- the relative convenience and ease of administration of our product candidates, including as compared with other treatments available for approved indications;
- limitations or warnings contained in the labeling approved by the FDA;
- availability of alternative treatments already approved or expected to be commercially launched in the near future;
- the effectiveness of our sales and marketing strategies;
- guidelines and recommendations of organizations involved in research, treatment and prevention of various diseases that may advocate for alternative therapies;
- the willingness of patients to pay out-of-pocket in the absence of third-party coverage;
- physicians or patients may be reluctant to switch from existing therapies even if potentially more effective, safe or convenient;
- efficacy, safety, and potential advantages compared to alternative treatments;
- the ability to offer our product for sale at competitive prices;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- any restrictions on the use of our product together with other medications;
- interactions of our product with other medicines patients are taking; and
- the timing of market introduction of our products as well as competitive products.

There may be delays in getting our product candidates, if approved, on hospital or insurance formularies or limitations on coverages that may be available in the early stages of commercialization for newly approved drugs. If any of our product candidates are approved but fail to achieve market acceptance among hospitals, physicians, patients or health care payors, we will not be able to generate significant revenues, which would have a material adverse effect on our business, prospects, financial condition and results of operations.

***Even if we are able to commercialize a future pharmaceutical drug candidate, the profitability of such product candidate will likely depend in significant part on third-party reimbursement practices, which, if unfavorable, would harm our business.***

Our ability to commercialize a drug successfully will depend in part on the extent to which coverage and adequate reimbursement will be available from government health administration authorities, private health insurers and other

organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that coverage will be available for any product candidate that we commercialize and, if coverage is available, whether the level of reimbursement will be adequate. Assuming we obtain coverage for our product candidates, if approved, by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. Patients who are prescribed medications for the treatment of their conditions, and their prescribing physicians, generally rely on third-party payors to reimburse all or part of the costs associated with their prescription drugs. Patients are unlikely to use a product candidate, if approved, unless coverage is provided and reimbursement is adequate to cover all or a significant portion of the cost of our products. Therefore, coverage and adequate reimbursement is critical to new product acceptance. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval.

There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which a product candidate is approved by the FDA or similar regulatory authorities outside the United States. Moreover, eligibility for reimbursement does not imply that any product will be paid for in all cases or at a rate that covers its costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for a new product, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the product and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost medicines and may be incorporated into existing payments for other services. Net prices for products may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of medicines from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. However, no uniform policy requirement for coverage and reimbursement for drug products exists among third-party payors in the United States. Therefore, coverage and reimbursement for drug products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products that we develop could have an adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

***Product liability lawsuits against us could cause us to incur substantial liabilities and could limit commercialization of any product candidate that we may develop.***

We face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials and will face an even greater risk if we commercially sell any product that we may develop including any nutraceuticals. Product liability claims might be brought against us by patients, healthcare providers or others selling or otherwise coming into contact with any of our products or future product candidate during product testing, manufacturing, marketing or sale. For example, we may be sued on allegations that a product candidate caused injury or that the product is otherwise unsuitable. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, including as a result of interactions with alcohol or other drugs, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection acts.

Nutraceuticals are classified as food ingredients, dietary supplements, or natural health products, and, in most cases, are not necessarily subject to pre-market regulatory approval in the United States. However, if we pursue nutraceutical products, we may, in the future, be subject to various product liability claims, including, among others, claims alleging inadequate instructions for use or inadequate warnings concerning possible side effects and interactions with other substances.

If we cannot successfully defend against claims that our product caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any product candidate that we are developing;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- increased FDA warnings on product labels;
- significant costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- distraction of management's attention from our primary business;
- loss of revenue;
- the inability to commercialize any product candidate that we may develop;
- the removal of a product from the market; and
- increased insurance costs.

We do not currently maintain clinical trial insurance coverage for clinical trials. Even if we obtain such insurance in the future, it may not be adequate to cover all liabilities that we may incur. Insurance coverage is increasingly expensive. We may not be able to obtain or maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

***If we or our third-party manufacturers fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have an adverse effect on the success of our business.***

Our research and development activities involve the controlled use of potentially hazardous substances, including chemical and biological materials, by us and our third-party manufacturers. Our manufacturers are subject to federal, state and local laws and regulations in the United States and abroad governing laboratory procedures and the use, manufacture, storage, handling and disposal of medical and hazardous materials. Although we believe that our manufacturers' procedures for using, handling, storing and disposing of these materials comply with legally prescribed standards, we cannot completely eliminate the risk of contamination or injury resulting from medical or hazardous materials. As a result of any such contamination or injury, we may incur liability or local, city, state or federal authorities may curtail the use of these materials and interrupt our business operations. In the event of an accident, we could be held liable for damages or penalized with fines, and the liability could exceed our resources. We do not have any insurance for liabilities arising from medical or hazardous materials. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. Compliance with applicable environmental, health and safety laws and regulations is expensive, and current or future environmental regulations may impair our research, development and production efforts, which could harm our business, prospects, financial condition or results of operations.

***If we are unable to establish sales and marketing capabilities to market and sell our product candidates, if they are approved for such marketing, we may be unable to generate any revenue.***

In order to market and sell our product candidates in development, we currently intend to build and develop our own sales, marketing and distribution operations. Although our management team has previous experience with such efforts for pharmaceutical products, there can be no assurance that we will be successful in building these operations. The establishment and development of our own commercial sales and marketing teams to discuss any products we may develop will be expensive and time-consuming and could delay any product launch.

If we decide to pursue NB-01 as a nutraceutical product, its success will depend significantly on sales and marketing activities. None of our management team has experience with nutraceutical marketing. Accordingly, our future ability to achieve sales and profits for NB-01 as a nutraceutical product would depend on our ability to attract, train, retain and motivate qualified personnel with sales and marketing expertise. There is a risk that we will be unable to attract, train,

retain or motivate such qualified personnel, both near term or in the future, and the failure to do so may severely damage our prospects.

If we are unable to establish adequate sales, marketing and distribution capabilities, we may not be able to generate product revenue and may not become profitable. We will also be competing with many companies that currently have extensive and well-funded sales and marketing operations. If any of our product candidates are approved, we may be unable to compete successfully against these more established companies.

***If, in the future, we are unable to establish sales and marketing capabilities or to selectively enter into agreements with third parties to sell and market our product candidates, we may not be successful in commercializing our product candidates if and when they are approved.***

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any approved product for which we retain sales and marketing responsibilities, we must either develop a sales and marketing organization or outsource these functions to other third parties. In the future, we may choose to build a focused sales and marketing infrastructure to sell some of our product candidates if and when they are approved.

There are risks involved both with establishing our own sales and marketing capabilities and with entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize our product candidates on our own include:

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future pharmaceutical products; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

If we enter into arrangements with third parties to perform sales, marketing and distribution services, our product revenue or the profitability of these product revenue may be lower than if we were to market and sell any products that we develop ourselves. In addition, we may not be successful in entering into arrangements with third parties to sell and market our product candidates or may be unable to do so on terms that are favorable to us. We may have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish sales and marketing capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates.

***Any product candidate for which we obtain marketing approval could be subject to marketing restrictions or withdrawal from the market, and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our products.***

Any pharmaceutical product candidate for which we obtain marketing approval will be subject to continual requirements of and review by the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, cGMP requirements, quality assurance and corresponding maintenance of records and documents and requirements regarding the distribution of samples to physicians and recordkeeping. Even if marketing approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the medicine. The FDA closely regulates the post-approval marketing and promotion of drugs to ensure that they are marketed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on manufacturers' communications regarding off-label use and if we do not market our products for their approved indications, we may be subject to enforcement action for off-label marketing and/or promotion.

In addition, later discovery of previously unknown problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling, marketing, distribution or use of a product;
- requirements to conduct post-approval clinical trials;
- warning or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits or revenue;
- suspension or withdrawal of marketing approvals for the drug products;
- refusal to permit the import or export of our products;
- product seizure; and
- injunctions or the imposition of civil or criminal penalties.

Any product marketed as a nutraceutical could also be subject to FDA review or adverse action and we could be forced to remove such product from the market.

***We or any potential collaborator may never receive regulatory approval to market our product candidates outside of the United States.***

The activities associated with the development and commercialization of pharmaceutical drugs are subject to comprehensive regulation by the FDA, other regulatory agencies in the United States and by comparable authorities in other countries. Failure to obtain regulatory approval for our product candidates will prevent us or any potential collaborator from commercializing our product candidates as pharmaceutical drugs. We have not received regulatory approval to market any of our product candidates in any jurisdiction, and we do not expect to obtain FDA or any other regulatory approvals to market any of our product candidates for the foreseeable future, if at all. The process of obtaining regulatory approvals is expensive, often takes many years, if approval is obtained at all, and can vary substantially based upon the type, complexity and novelty of the product candidates involved.

***We may seek to avail ourselves of mechanisms to expedite and/or reduce the cost for development or approval of any of our product candidates or product candidates we may pursue in the future, such as fast track designation or orphan drug designation, but such mechanisms may not actually lead to a faster or less expensive development or regulatory review or approval process.***

We may seek fast track designation, priority review, orphan drug designation, or accelerated approval for any product candidate we may pursue in the future. For example, if a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the drug sponsor may apply for FDA fast track designation. However, the FDA has broad discretion with regard to these mechanisms, and even if we believe a particular product candidate is eligible for any such mechanism, it cannot assure you that the FDA would decide to grant it. Even if we obtain fast track or priority review designation or pursue an accelerated approval pathway, we may not experience a faster and/or less costly development process, review or approval compared to conventional FDA procedures. The FDA may withdraw a particular designation if it believes that the designation is no longer supported by data from our clinical development program.

***Current and future legislation may increase the difficulty and cost to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.***

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of our product candidates, restrict post-approval activities and affect our ability to profitably sell any product candidates for which we obtain marketing approval. See the section titled “Item 1—Business—Government Regulation” above.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. New legislation or regulations may adversely affect the potential for our products as nutraceuticals. We cannot be sure whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals, if any, of our product candidates may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing conditions and other requirements.

***Governments outside the United States tend to impose strict price controls, which may adversely affect our revenues, if any.***

In some countries, particularly the countries of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of its product candidate to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed, possibly materially.

***Our relationships with healthcare providers and third-party payors will be subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings, among other penalties and consequences.***

Healthcare providers and third-party payors will play a primary role in the recommendation and prescription of any product candidate for which we obtain marketing approval. Our arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute any product candidate for which we obtain marketing approval. Restrictions and obligations under applicable federal and state healthcare laws and regulations are noted in the section “Item 1—Business—Government Regulation” above.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to it, we may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion of products from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other healthcare providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

***We are subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, and anti-money laundering laws and regulations. Compliance with these legal standards could impair its ability to compete in domestic and international markets. We can face criminal liability and other serious consequences for violations which can harm its business.***

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors, and other partners from authorizing, promising, offering, or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We may engage third parties for clinical trials outside of the United States to sell our products abroad and/or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated

hospitals, universities, and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors, and other partners, even if it does not explicitly authorize or have actual knowledge of such activities. Our violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences.

***Our ability to use our NOLs to offset future taxable income may be subject to certain limitations.***

In general, under Section 382 of Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its carryforwards to offset future taxable income. Our existing NOL carryforwards, or NOLs, may be subject to limitations arising from previous ownership changes, including in connection with the 2019 and 2020 Mergers. Future changes in our stock ownership, some of which are outside of our control, could result in further ownership changes under Section 382 of the Code. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing and any future NOLs could expire or otherwise be unavailable to offset future income tax liabilities.

We believe that we have undergone an ownership change as a result of the 2019 and 2020 Mergers, however, we have not conducted a study to assess whether there have been multiple ownership changes since inception due to the significant complexity and cost associated with such a study.

***Tax matters, including the changes in corporate tax rates, disagreements with taxing authorities and imposition of new taxes could impact our results of operations and financial condition.***

We are subject to income and other taxes in the United States and our operations, plans and results are affected by tax and other initiatives. On December 22, 2017, comprehensive changes to the Code were signed into law, informally titled the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act included significant changes that could materially impact the taxation of corporations, like us, including among other things, changes to the corporate income tax rate, limitation of the tax deduction for interest expense to business interest income plus 30% of adjusted taxable income (except for certain small businesses), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits (including changes to the orphan drug tax credit and changes to the deductibility of research and experimental expenditures that will be effective in the future). The Tax Act also included a limitation of the deduction for net operating losses ("NOLs") generated in tax years beginning after December 31, 2017 to 80% of current year taxable income and the general elimination of carrybacks of NOLs generated in taxable years ending after December 31, 2017. However, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") signed into law on March 27, 2020, provided that NOLs generated in a taxable year beginning in 2018, 2019, or 2020, may now be carried back five years. In addition, the 80% taxable income limitation is temporarily removed, allowing NOLs to fully offset net taxable income. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the Tax Act and any future tax reform is uncertain and our business and financial condition could be adversely affected. The impact of the Tax Act and any future tax reform on holders of our common stock is likewise uncertain and could be adverse.

We are also subject to regular reviews, examinations, and audits by the IRS and other taxing authorities with respect to our taxes. Although we believe our tax estimates are reasonable, if a taxing authority disagrees with the positions we have taken, we could face additional tax liability, including interest and penalties. There can be no assurance that payment of such additional amounts upon final adjudication of any disputes will not have a material impact on our results of operations and financial position.

We also need to comply with new, evolving or revised tax laws and regulations. The enactment of or increases in tariffs, or other changes in the application or interpretation of the Tax Act, or on specific products that we may ultimately sell or with which our products compete, may have an adverse effect on our business or on our results of operations.

***Inadequate funding for the FDA and other government agencies could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.***

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, the ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of other government agencies on which the combined organization's operations may rely, including those that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA and other government employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Further, upon completion of the 2019 and 2020 Mergers and in our operations as a public company, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

***Federal legislation and actions by state and local governments may permit reimportation of drugs from foreign countries into the United States, including foreign countries where the drugs are sold at lower prices than in the United States, which could adversely affect our operating results.***

We may face competition for our product candidates, if approved, from cheaper alternatives sourced from foreign countries that have placed price controls on pharmaceutical products. The Medicare Modernization Act contains provisions that may change U.S. importation laws and expand pharmacists' and wholesalers' ability to import cheaper versions of an approved drug and competing products from Canada, where there are government price controls. These changes to U.S. importation laws will not take effect unless and until the Secretary of Health and Human Services certifies that the changes will pose no additional risk to the public's health and safety and will result in a significant reduction in the cost of products to consumers. In July of 2021 President Biden issued an executive order to bolster health-care industry competition in the interest of lowering drug prices. Among its proposals are a push for the Food and Drug Administration to work with states to import prescription drugs from Canada. It remains to be seen how this action will affect the Company and the pharmaceutical industry as a whole.

#### **Risks Related to Dependence on Third Parties**

***We have relied and will rely on third-party clinical research organizations (CROs) to conduct our preclinical studies and clinical trials. If these CROs do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.***

We have relied upon and plan to continue to rely upon CROs and clinical data management organizations to monitor and manage data for our ongoing preclinical and clinical programs. Although we control only certain aspects of their activities, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities. We also rely on third parties to conduct our preclinical studies in accordance with Good Laboratory Practice, or GLP, requirements and the Laboratory Animal Welfare Act of 1966 requirements. We, our CROs and our clinical trial sites are required to comply with regulations and current Good Clinical Practices, or GCP, and comparable foreign requirements to ensure that the health, safety and rights of patients are protected in clinical trials, and that data integrity is assured. Regulatory authorities ensure compliance with GCP requirements through periodic inspections of trial sponsors and trial sites. If we, any of our CROs or our clinical trial sites fail to comply with applicable GCP requirements, the clinical data generated in our clinical trials or a specific site may be deemed unreliable

and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications.

Our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and preclinical programs. If CROs do not successfully carry out their contractual obligations or meet expected timelines or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

***We rely on third parties to manufacture our product candidates and preclinical and clinical drug supplies.***

We have no experience manufacturing our product candidates on a large clinical or commercial scale and have no manufacturing facility. We are currently dependent on Dong-A ST as our sole third party manufacturer for the manufacture of NB-01. We rely completely on third parties to supply and manufacture our preclinical and clinical drug supplies for Gemcabene and ANA001, and we intend to rely on third parties to produce commercial supplies of these product candidates.

We do not own or operate facilities for the manufacture of Gemcabene. We currently have no plans to build our own clinical or commercial scale manufacturing capabilities. We currently work exclusively with Dong-A ST as the sole manufacturer for the production of NB-01 and rely completely on third parties to supply and manufacture our preclinical and clinical drug supplies for Gemcabene and ANA001. To meet our projected needs for clinical supplies to support our activities through regulatory approval and commercial manufacturing, Dong-A ST or our other third party providers will need to provide sufficient scale of production for these projected needs. If any issues arise in the manufacturing and we are unable to arrange for alternative third-party manufacturing sources, we are unable to find an alternative third party capable of reproducing the existing manufacturing method or we are unable to do so on commercially reasonable terms or in a timely manner, we may not be able to complete development of our product candidates, or market or distribute them.

In addition, under FDA's guidelines for botanical drug products, the harvesting and processing of the botanical raw materials that are the basis of our product candidates must be done in compliance with Good Agricultural and Collection Processes, or GACPs. We are relying on Dong-A ST and other third parties to ensure that their practices comply with applicable GACPs.

Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured our product candidates and preclinical and clinical drug supplies, including:

- reliance on the third party for regulatory compliance and quality assurance;
- the possibility of breach of the manufacturing agreement by the third party because of factors beyond our control (including a failure to synthesize and manufacture our product candidates or any products that we may eventually commercialize in accordance with our specifications);
- the possibility of termination or nonrenewal of the agreement by the third party, based on our own business priorities, at a time that is costly or damaging to us;
- delay in, or failure to obtain, regulatory approval of any of our product candidates because of the failure by our third-party manufacturer to comply with cGMP or failure to scale up manufacturing processes; and
- current manufacturer and any future manufacturers may not be able to manufacture our product candidates at a cost or in quantities or in a timely manner necessary to make commercially successful products.

If third-party manufacturers do not successfully carry out their contractual obligations or meet expected timelines or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates.

***We may engage in future acquisitions or in-licenses of technology that could disrupt our business, cause dilution to the organization's stockholders and harm our financial condition and operating results.***

While we currently have no specific plans to acquire any other businesses or in-license any additional products or technology, we may, in the future, make acquisitions or licenses of, or investments in, companies, products or technologies that we believe are a strategic or commercial fit with its current product candidates and business or otherwise offer opportunities for us. In connection with these acquisitions or investments, the organization may:

- issue stock that would dilute its stockholders' percentage of ownership;
- expend cash;
- incur debt and assume liabilities; and
- incur amortization expenses related to intangible assets or incur large and immediate write-offs.

We also may be unable to find suitable acquisition or license candidates and we may not be able to complete acquisitions or licenses on favorable terms, if at all. If we do complete an acquisition or license, we cannot assure you that it will ultimately strengthen our competitive position or that it will not be viewed negatively by customers, financial markets or investors. Further, future acquisitions or licenses could also pose numerous additional risks to our operations, including:

- problems integrating the purchased or licensed business, products or technologies;
- increases to our expenses;
- the failure to have discovered undisclosed liabilities of the acquired or licensed asset or company;
- diversion of management's attention from their day-to-day responsibilities;
- harm to our operating results or financial condition;
- entrance into markets in which we have limited or no prior experience; and
- potential loss of key employees, particularly those of the acquired entity.

We may not be able to complete one or more acquisitions or effectively integrate the operations, products or personnel gained through any such acquisition without a material adverse effect on our business, financial condition and results of operations.

***We may form or seek strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements.***

We may form or seek strategic alliances, create joint ventures or collaborations or enter into additional licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our products and any future product candidates that we may develop. Any strategic alliance or collaboration may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing stockholders or disrupt our management and business. Our likely collaborators include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies. If we enter into any such arrangements with any third parties, we will likely have limited control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of our products or any future product candidate. Our ability to generate revenues from these arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements. We cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction.

Collaborations involving our product candidates or any future product candidate pose the following risks to us:

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators may not perform their obligations as expected;
- collaborators may not pursue development and commercialization or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborator's strategic focus or available funding or external factors such as an acquisition that diverts resources or creates competing priorities;

- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive;
- a collaborator with marketing and distribution rights to one or more product candidates may not commit sufficient resources to the marketing and distribution of any such product candidate;
- collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our proprietary information or expose us to potential litigation;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development or commercialization of our product candidate or that result in costly litigation or arbitration that diverts management's attention and resources;
- we may lose certain valuable rights under circumstances identified in its collaborations, including if it undergoes a change of control;
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates;
- collaborators may learn about our discoveries and use this knowledge to compete with us in the future;
- the results of collaborators' preclinical or clinical studies could harm or impair other development programs;
- there may be conflicts between different collaborators that could negatively affect those collaborations and potentially others;
- the number and type of our collaborations could adversely affect our attractiveness to future collaborators or acquirers;
- collaboration agreements may not lead to development or commercialization of our product candidate in the most efficient manner or at all. If our present or future collaborator were to be involved in a business combination, the continued pursuit and emphasis on our product development or commercialization program under such collaboration could be delayed, diminished or terminated; and
- collaborators may be unable to obtain the necessary marketing approvals.

If future collaboration partners fail to develop or effectively commercialize our product candidates or any future product candidate for any of these reasons, such product candidate may not be approved for sale and our sales of such product candidate, if approved, may be limited, which would have an adverse effect on our operating results and financial condition.

***If we are not able to establish new collaborations on commercially reasonable terms, we may have to alter our development and commercialization plans.***

We may selectively seek additional third-party collaborators for the development and commercialization of our product candidates. Our likely collaborators for any collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies. If we enter into any such arrangements with any third parties, we will likely have limited control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of our product candidates. Our ability to generate revenue from these arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements.

We may be restricted under existing collaboration agreements from entering into future agreements on certain terms with potential collaborators. Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators.

We may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate, reduce or delay our development program or one or more of our other development programs, delay our potential

commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop our product candidate or bring it to market and generate product revenue.

***Our employees, principal investigators, CROs and consultants may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.***

We are exposed to the risk that our employees, principal investigators, CROs and consultants may engage in fraudulent conduct or other illegal activity. Misconduct by these parties could include failures to comply with FDA regulations or similar regulations of comparable foreign regulatory authorities, to provide accurate information to the FDA or comparable foreign regulatory authorities, to comply with manufacturing standards we have established, to comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee or third-party misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity, such as employee training, may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending such action or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant fines or other sanctions.

#### **Risks Related to Intellectual Property**

***If we are unable to obtain and maintain sufficient intellectual property rights, our competitive position could be harmed.***

We depend on our ability to protect our proprietary technology. We rely on trade secret, patent, copyright and trademark laws, and confidentiality, licensing and other agreements with employees and third parties, all of which offer only limited protection. Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our proprietary technology and products. Where we have the right to do so under our license agreements, we seek to protect our proprietary position by filing patent applications in the United States and abroad related to our novel technologies and products that are important to our business.

The patent positions of biotechnology and pharmaceutical companies generally are highly uncertain, involve complex legal and factual questions and have in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patents, including those patent rights licensed to us by third parties, are highly uncertain.

The steps we have taken to police and protect our proprietary rights may not be adequate to preclude misappropriation of our proprietary information or infringement of our intellectual property rights, both inside and outside the United States. The rights already granted under any of our currently issued patents and those that may be granted under future issued patents may not provide us with the proprietary protection or competitive advantages that we are seeking. If we are unable to obtain and maintain patent protection for our technology and products, or if the scope of the patent protection obtained is not sufficient, our competitors could develop and commercialize technology and products similar or superior to ours, and our ability to successfully commercialize our technology and products may be adversely affected.

With respect to patent rights, we do not know whether any of our pending patent applications for any of our product candidates will result in the issuance of patents that protect our technology or products, or which will effectively prevent

others from commercializing competitive technologies and products. Our pending applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications. Further, the examination process may require us or our licensors to narrow the claims, which may limit the scope of patent protection that may be obtained. Although our license agreement with Dong-A ST includes a number of issued patents that are exclusively licensed to us, the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, issued patents that we own or have licensed from third parties may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in the loss of patent protection, the narrowing of claims in such patents, or the invalidity or unenforceability of such patents, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection for our technology and products. Protecting against the unauthorized use of our patented technology, trademarks and other intellectual property rights is expensive, difficult and may, in some cases, not be possible. In some cases, it may be difficult or impossible to detect third party infringement or misappropriation of our intellectual property rights, even in relation to issued patent claims, and proving any such infringement may be even more difficult.

***Laws and rulings by U.S. courts make it difficult to predict how patents will be issued or enforced in the biotechnology industry.***

Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may have a significant impact on our ability to protect our technology and enforce our intellectual property rights. There have been numerous changes to the patent laws and to the rules of the United States Patent and Trademark Office, or USPTO, which may have a significant impact on our ability to protect our technology and enforce our intellectual property rights. For example, the Leahy-Smith America Invents Act, which was signed into law in 2011, includes a transition from a "first-to-invent" system to a "first-to-file" system, and changes the way issued patents are challenged. Certain changes, such as the institution of inter partes review proceedings, came into effect on September 16, 2012. Substantive changes to patent law associated with the America Invents Act may affect our ability to obtain patents, and, if obtained, to enforce or defend them in litigation or post-grant proceedings, all of which could harm our business.

Furthermore, the patent positions of companies engaged in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Two cases involving diagnostic method claims and "gene patents" have been decided by the Supreme Court. On March 20, 2012, the Supreme Court issued a decision in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, or *Prometheus*, a case involving patent claims directed to measuring a metabolic product in a patient to optimize a drug dosage amount for the patient. According to the Supreme Court, the addition of well-understood, routine or conventional activity such as "administering" or "determining" steps was not enough to transform an otherwise patent ineligible natural phenomenon into patent eligible subject matter. On July 3, 2012, the USPTO issued guidance indicating that process claims directed to a law of nature, a natural phenomenon or an abstract idea that do not include additional elements or steps that integrate the natural principle into the claimed invention such that the natural principle is practically applied and the claim amounts to significantly more than the natural principle itself should be rejected as directed to non-statutory subject matter. On June 13, 2013, the Supreme Court issued its decision in *Association for Molecular Pathology v. Myriad Genetics, Inc.*, or *Myriad*, a case involving patent claims held by Myriad Genetics, Inc. relating to the breast cancer susceptibility genes BRCA1 and BRCA2. Myriad held that isolated segments of naturally occurring DNA, such as the DNA constituting the BRCA1 and BRCA2 genes, is not patent eligible subject matter, but that complementary DNA, which is an artificial construct that may be created from RNA transcripts of genes, may be patent eligible.

We cannot assure you that our current patent protection and our efforts to seek patent protection for our technology and products will not be negatively impacted by the decisions described above, rulings in other cases or changes in guidance or procedures issued by the USPTO.

Moreover, although the Supreme Court has held in *Myriad* that isolated segments of naturally occurring DNA are not patent-eligible subject matter, certain third parties could allege that activities that we may undertake infringe other gene-related patent claims, and we may deem it necessary to defend against these claims by asserting non-infringement and/or invalidity positions, or pay to obtain a license to these claims. In any of the foregoing or in other situations involving third-party intellectual property rights, if we are unsuccessful in defending against claims of patent infringement, we could be forced to pay damages or be subjected to an injunction that would prevent us from utilizing the patented subject matter. Such outcomes could harm our business.

***We may not be able to protect or practice our intellectual property rights throughout the world.***

In jurisdictions where we have not obtained patent protection, competitors may use our intellectual property to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but where it is more difficult to enforce a patent as compared to the U.S. competitor products may compete with our product candidates, if approved, or any future product candidate in jurisdictions where we do not have issued or granted patents or where we issued or granted patent claims or other intellectual property rights are not sufficient to prevent competitor activities in these jurisdictions. The legal systems of certain countries, particularly certain developing countries, make it difficult to enforce patents and such countries may not recognize other types of intellectual property protection, particularly that relating to pharmaceuticals. This could make it difficult for us to prevent the infringement of its patents or marketing of competing products in violation of our proprietary rights generally in certain jurisdictions. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert its efforts and attention from other aspects of our business.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws in the United States, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. If we, or our licensors, encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition from others in those jurisdictions. Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we, or any of our licensors, are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position in the relevant jurisdiction may be impaired and our business and results of operations may be adversely affected.

***We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful.***

In addition to the possibility of litigation relating to infringement claims asserted against us, we may become a party to other patent litigation and other proceedings, including inter partes review proceedings, post-grant review proceedings, derivation proceedings declared by the USPTO and similar proceedings in foreign countries, regarding intellectual property rights with respect to our current or future technologies or product candidates or products. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Patent litigation and other proceedings may also absorb significant management time. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could impair our ability to compete in the marketplace.

Competitors may infringe or otherwise violate our intellectual property, including patents that may issue to or be licensed by us. As a result, we may be required to file claims in an effort to stop third-party infringement or unauthorized use. Any such claims could provoke these parties to assert counterclaims against us, including claims alleging that we infringe their patents or other intellectual property rights. This can be prohibitively expensive, particularly for a company of our size, and time-consuming, and even if we are successful, any award of monetary damages or other remedy we may receive may not be commercially valuable. In addition, in an infringement proceeding, a court may decide that our asserted intellectual property is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our intellectual property does not cover its technology. An adverse determination in any litigation or defense proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

If the breadth or strength of our patent or other intellectual property rights is compromised or threatened, it could allow third parties to commercialize our technology or products or result in our inability to commercialize our technology and products without infringing third-party intellectual property rights. Further, third parties may be dissuaded from collaborating with us.

Interference or derivation proceedings brought by the USPTO or its foreign counterparts may be necessary to determine the priority of inventions with respect to our patent applications, and we may also become involved in other proceedings, such as re-examination proceedings, before the USPTO or its foreign counterparts. Due to the substantial competition in the pharmaceutical space, the number of such proceedings may increase. This could delay the prosecution of our pending patent applications or impact the validity and enforceability of any future patents that we may obtain. In addition, any such litigation, submission or proceeding may be resolved adversely to us and, even if successful, may result in substantial costs and distraction to our management.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Moreover, intellectual property law relating to the fields in which we operate is still evolving and, consequently, patent and other intellectual property positions in our industry are subject to change and are often uncertain. We may not prevail in any of these suits or other efforts to protect its technology, and the damages or other remedies awarded, if any, may not be commercially valuable. During the course of this type of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, the market price for the combined organization's common stock could be significantly harmed.

***Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.***

Our commercial success depends upon our ability to develop, manufacture, market and sell our product candidates, and to use our proprietary technologies without infringing the proprietary rights of third parties. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology, including interference and various post grant proceedings before the USPTO or non-U.S. opposition proceedings. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future.

As a result of any such infringement claims, or to avoid potential claims, we may choose or be compelled to seek intellectual property licenses from third parties. These licenses may not be available on acceptable terms, or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, and the rights granted to us likely would be nonexclusive, which would mean that our competitors also could obtain licenses to the same intellectual property. Ultimately, we could be prevented from commercializing a product candidate or technology or be forced to cease some aspect of our business operations if, as a result of actual or threatened infringement claims, we are unable to enter into licenses of the relevant intellectual property on acceptable terms. Further, if we attempt to modify a product candidate or technology or to develop alternative methods or products in response to infringement claims or to avoid potential claims, we could incur substantial costs, encounter delays in product introductions or interruptions in sales. Ultimately, such efforts could be unsuccessful.

***Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.***

Litigation or other legal proceedings relating to intellectual property claims, with or without merit, is unpredictable and generally expensive and time consuming and is likely to divert significant resources from our core business, including distracting our technical and management personnel from their normal responsibilities. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock and negatively impact our ability to raise additional funds. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating or from successfully challenging our intellectual property rights. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

***We may be subject to damages resulting from claims that our employees or we have wrongfully used or disclosed alleged trade secrets of their former employers.***

Our employees and consultants have been previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we are not aware of any claims currently pending against us, we may be subject to claims that these employees, or we have, inadvertently or otherwise used or disclosed trade secrets or other proprietary information or intellectual property of the former employers of our employees. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. If we fail in defending such claims, in addition to paying money claims, we may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to commercialize product candidates, which would adversely affect our commercial development efforts.

***Our trade secrets are difficult to protect and if we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.***

In addition to seeking patents for some of our technologies and product candidates, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality, non-competition, non-solicitation, and invention assignment agreements with our employees and consultants that obligate them to assign to us any inventions developed in the course of their work for us. However, we cannot guarantee that we have executed these agreements with each party that may have or have had access to our trade secrets or that the agreements we have executed will provide adequate protection. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to seek patent protection on technology relating to our product candidates or obtain adequate remedies for such breaches. As a result, we may be forced to bring claims against third parties, or defend claims that they bring against us, to determine ownership of what we regard as our intellectual property. Monitoring unauthorized disclosure is difficult and we do not know whether the procedures that we have followed to prevent such disclosure are or will be adequate. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States may be less willing or unwilling to protect trade secrets. If any of the technology or information that we protect as trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to, or independently developed by, a competitor, our competitive position would be harmed.

***Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.***

Periodic maintenance fees on any issued patent are due to be paid to the USPTO, and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other requirements during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to

official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensors fail to maintain the patents and patent applications covering our product candidates, our competitors might be able to enter the market, which would have a material adverse effect on our business.

***Intellectual property rights do not necessarily address all potential threats to our competitive advantage.***

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make product candidates that are similar to our candidates but that are not covered by the claims of the patents that we own or have exclusively licensed;
- we or our future licensors or collaborators might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or have exclusively licensed;
- we or our future licensors or collaborators might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own or have exclusively licensed may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on our business.

Should any of these events occur, they could significantly harm our business, results of operations and prospects.

**Risks Related Operations, Employee Matters and Managing Growth**

***Our business is subject to risks arising from epidemic diseases, such as the recent COVID-19 pandemic.***

The recent outbreak of COVID-19 disease, which has been declared by the World Health Organization to be a pandemic, has spread across the globe and is impacting worldwide economic activity. A pandemic, including COVID-19, or other public health epidemic poses the risk that we or our employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to spread of the disease within these groups or due to shutdowns that may be requested or mandated by governmental authorities. While it is not possible at this time to estimate the impact that COVID-19 could have on our business, the continued spread of COVID-19 and the measures taken by the governments of countries affected could disrupt the supply chain and the manufacture or shipment of both drug substance and finished drug product for our product candidates for preclinical testing and clinical trials and adversely impact our business, financial condition or results of operations. We often attend and present updates at various medical and investor conferences throughout the year. The COVID-19 pandemic has caused, and is likely to continue to cause, cancellations or reduced attendance of these conferences and we may need to seek alternate methods to present clinical updates and to engage with the medical and investment communities. The spread of COVID-19 may also slow potential enrollment of clinical trials and reduce the number of eligible patients for our clinical trials. The COVID-19 pandemic and mitigation measures may also have an adverse impact on global economic conditions which could have an adverse effect on our business and financial condition and our potential to conduct financings on terms acceptable to us, if at all. The extent to which the COVID-19 pandemic impacts our results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact.

***We currently have a limited number of employees and our future success depends on our ability to retain our executive officers and to attract, retain and motivate qualified personnel.***

Because of the specialized scientific nature of our business, we rely heavily on our ability to attract and retain qualified scientific, technical and managerial personnel. We are highly dependent upon current members of our management team. Our employment relationships with our senior executives are at-will and do not prevent management from terminating their employment with us at any time by providing the requisite advance notice. We intend to increase our technical and management staff as needs arise and supporting resources become available, but the loss of one or more of our senior executive officers could be detrimental to us if we cannot recruit suitable replacements in a timely manner. The competition for qualified personnel in the pharmaceutical field is intense and as a result, we may be unable to continue to attract and retain qualified personnel necessary for the development of our business or to recruit suitable replacement personnel.

***We will need to grow the size of our organization, and we may experience difficulties in managing this growth.***

As of December 31, 2021, we had 5 full-time employees, 3 full-time consultants and 3 part-time consultants, all located in the United States. As our development and commercialization plans and strategies develop, or as a result of any future acquisitions, we will need additional managerial, operational, development, sales, marketing, financial and other resources. Our management, personnel and systems currently in place will not be adequate to support our future growth. Future growth would impose significant added responsibilities on our employees, including:

- managing our clinical trials effectively;
- identifying, recruiting, maintaining, motivating and integrating additional employees;
- managing our internal development efforts effectively while complying with our contractual obligations to licensors, contractors and other third parties;
- improving our managerial, development, operational and finance systems; and
- expanding our facilities.

As our operations expand, we will need to manage additional relationships with various strategic partners, suppliers and other third parties. Our future financial performance and our ability to commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively. To that end, we must be able to manage our development efforts and clinical trials effectively and hire, train and integrate additional management, administrative, research and development, and sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing the Company.

***We intend to market our product candidates outside of the United States, and if we do, we will be subject to the risks of doing business outside of the United States.***

Because we intend to market our product candidates, if approved, outside of the United States, our business is subject to risks associated with doing business outside of the United States. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including:

- failure to develop an international sales, marketing and distribution system for our products;
- changes in a specific country's or region's political and cultural climate or economic condition;
- unexpected changes in foreign laws and regulatory requirements;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- inadequate intellectual property protection in foreign countries;
- inadequate data protection against unfair commercial use;
- trade-protection measures, import or export licensing requirements such as Export Administration Regulations promulgated by the United States Department of Commerce and fines, penalties or suspension or revocation of export privileges;
- the effects of applicable foreign tax structures and potentially adverse tax consequences; and
- significant adverse changes in foreign currency exchange rates.

***The pharmaceutical industry is highly competitive and is subject to rapid and significant technological change, which could render our technologies and products obsolete or uncompetitive.***

The pharmaceutical industry is highly competitive and is subject to rapid and significant technological change, which could render certain of our products obsolete or uncompetitive. This is particularly true in the development of therapeutics for indications where new products and combinations of products are rapidly being developed that change the treatment paradigm for patients. There is no assurance that our product candidates will be the most effective, have the best safety profile, be the first to market, or be the most economical to make or use. The introduction of competitive therapies as alternatives to our product candidates could dramatically reduce the value of those development projects or chances of successfully commercializing those product candidates, which could have a material adverse effect on our long-term financial success.

We will compete with companies in the United States and internationally, including major pharmaceutical and chemical companies, specialized CROs, research and development firms, universities and other research institutions. Many of our competitors have greater financial resources and selling and marketing capabilities, greater experience in clinical testing and human clinical trials of pharmaceutical products and greater experience in obtaining FDA and other regulatory approvals than we do. In addition, some of our competitors may have lower development and manufacturing costs.

***Risks Related to Common Stock***

***The price of our common stock may be volatile and fluctuate substantially, which could result in substantial losses of our common stock.***

The trading price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control, including limited trading volume. In addition to the factors discussed in this "Risk Factors" section, these factors include:

- adverse results or delays in preclinical studies, clinical trials, regulatory decisions or the development status of our product candidates or any product candidates we may pursue in the future;
- our ability to raise sufficient additional funds necessary for the continued development of our product candidates whether through potential collaborative, partnering or other strategic arrangements or otherwise;
- our ability to develop and obtain regulatory approval for our product candidates for different indications such as COVID-19;
- our ability to realize any value from Gemcabene, particularly in light of the partial clinical hold and the terminated NAFLD trial;
- our ability to realize value from NB-01 and NB-02, in light of their current clinical status;
- the terms and timing of any future collaborative, licensing or other strategic arrangements that we may establish;
- uncertainties created by our future management turnover;
- our inability to comply with the minimum listing requirements of the Nasdaq Stock Market LLC;
- the timing of achievement of, or failure to achieve, our, or any potential collaborator's clinical, regulatory and other milestones, such as the commencement of clinical development, the completion of a clinical trial or the receipt of regulatory approval;
- decisions to initiate a clinical trial, not initiate a clinical trial, or terminate an existing clinical trial;
- adverse regulatory decisions, including failure to receive regulatory approval for our product candidates or regulatory actions requiring or leading to a delay or stoppage of any clinical trials;
- the commercial success of any product approved by the FDA or its foreign counterparts;
- changes in applicable laws, rules or regulations;
- disputes with Pfizer regarding our licensed rights to Gemcabene;
- an inability to commercialize Gemcabene before April 16, 2024 as stipulated in the Pfizer license;
- adverse developments concerning our manufacturers, suppliers, collaborators and other third parties;
- occurrence of health epidemics or contagious diseases, such as COVID-19, and potential effects on our business, clinical trial sites, supply chain and manufacturing facilities;
- our failure to commercialize our product candidates;
- the success of competitive drugs;

- if our patents covering our product candidates expire or are invalidated or are found to be unenforceable, or if some or all of our patent applications do not result in issued patents or result in patents with narrow, overbroad, or unenforceable claims;
- additions or departures of key scientific or management personnel;
- unanticipated safety concerns related to the use of any product candidates;
- our announcements or our competitor's announcements regarding new products, enhancements, significant contracts, acquisitions or strategic partnerships and investments;
- the size and growth of our target markets;
- our, or companies perceived to be similar to us, failure to meet external expectations or management guidance;
- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- publication of research reports about us or our industry, recommendations, earning results or estimates or withdrawal of research coverage by securities analysts;
- changes in the market valuations of similar companies;
- changes in general economic, political and market conditions in any of the regions in which we conduct our business;
- changes in our capital structure or dividend policy, future issuances of securities, sales of common stock by officers, directors and significant stockholders or our incurrence of additional debt;
- trading volume of our common stock;
- changes in accounting practices and ineffectiveness of our internal controls;
- disputes, litigation or developments relating to proprietary rights;
- timing of milestones and royalty payments; and
- other events or factors, many of which are beyond our control.

In addition, the stock market in general, Nasdaq, and the stock of biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. In the past, securities class action litigation has often been instituted against companies following periods of volatility in the market price of a company's securities. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which would harm our business, operating results or financial condition.

***We are not currently in compliance with the continued listing requirements for Nasdaq. If the price of our common stock continues to trade below \$1.00 per share for a sustained period or we do not meet other continued listing requirements, our common stock may be delisted from the Nasdaq Capital Market, which could affect the market price and liquidity for our common stock and reduce our ability to raise additional capital.***

On March 18, 2022, we received written notice (the “**Notification Letter**”) from The Nasdaq Stock Market LLC (“**Nasdaq**”) notifying us that the Company was not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2) for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5550(a)(2) requires listed securities maintain a minimum closing bid price of \$1.00 per share, and Nasdaq Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum closing bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. Based on the closing bid price of the Company’s common stock for the 30 consecutive business days prior to the date of the Notification Letter, the Company did not meet the minimum closing bid price requirement. To regain compliance, the closing bid price of the Company’s common stock must be at least \$1.00 per share for a minimum of 10 consecutive business days at any time prior to September 14, 2022.

We continue to monitor the closing bid price of our common stock and consider our available options to resolve our noncompliance with the minimum bid price requirement. There can be no assurance that we will be able to regain compliance with the minimum bid price requirement or we will otherwise be in compliance with other Nasdaq listing criteria. If we fail to regain compliance with the minimum bid requirement or to meet the other applicable continued listing requirements for the Nasdaq Capital Market in the future and Nasdaq may delist our common stock.

Delisting from the NASDAQ could adversely affect our ability to raise additional financing through the public or private sale of equity securities, would significantly affect the ability of investors to trade our securities and would negatively

affect the value and liquidity of our common stock. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities. If our common stock is delisted by the NASDAQ the price of our common stock may decline and our common stock may be eligible to trade on the OTC Bulletin Board, another over-the-counter quotation system, or on the pink sheets where an investor may find it more difficult to dispose of their common stock or obtain accurate quotations as to the market value of our common stock. Further, if we are delisted, we would incur additional costs under requirements of state “blue sky” laws in connection with any sales of our securities. These requirements could severely limit the market liquidity of our common stock and the ability of our stockholders to sell our common stock in the secondary market.

In addition, if our common stock is delisted from the NASDAQ Capital Market and the trading price remains below \$5.00 per share, trading in our common stock might also become subject to the requirements of certain rules promulgated under the Exchange Act, which require additional disclosure by broker-dealers in connection with any trade involving a stock defined as a “penny stock” (generally, any equity security not listed on a national securities exchange or quoted on NASDAQ that has a market price of less than \$5.00 per share, subject to certain exceptions).

If we seek to implement a reverse stock split to remain listed on the NASDAQ Capital Market, the announcement or implementation of a reverse stock split could significantly negatively affect the price of our common stock. Additionally, in 2020, the SEC approved a previously proposed NASDAQ rule change to expedite delisting of securities with a closing bid price at or below \$0.10 for 10 consecutive trading days during any bid price compliance period and that have had one or more reverse stock splits with a cumulative ratio of one for 250 or more shares over the prior two-year period. In addition, if a company falls out of compliance with the \$1.00 minimum bid price after completing reverse stock splits over the immediately preceding two years that cumulatively result in a ratio one for 250 shares, the company will not be able to avail itself of any bid price compliance periods under Rule 5810(c)(3)(A), and NASDAQ will instead require the issuance of a Staff delisting determination. The company could appeal the determination to a hearings panel, which could grant the company a 180-day exception to remain listed if it believes the company would be able to achieve and maintain compliance with the bid price requirement. Following the exception, the company would be subject to the procedures applicable to a company with recurring deficiencies (NASDAQ Rule 5815(d)(4)(B)).

We continue to actively monitor our performance with respect to the listing standards and are considering available options to resolve the deficiency and regain compliance with the NASDAQ rules. There can be no assurance that we will be able to regain compliance with any deficiency, or maintain compliance even if we implement an option that regains our compliance.

***We may enter into financing transactions that are dilutive to our stockholders, impose material restrictions on our business and/or require us to relinquish valuable rights.***

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances, and marketing, distribution or licensing arrangements with third parties. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of current stockholders may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect the rights of our current stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, scale back or discontinue the development and commercialization of one or more of our product candidates or delay our pursuit of potential in-licenses or acquisitions.

***Our largest shareholder may use its significant interest to take actions not supported by our other shareholders.***

As of March 25, 2022, our largest shareholder, E&Investment, Inc. and its affiliates (collectively, the “E&H Entities”), beneficially owned 27.5% of our voting rights. As a result, the E&H Entities may be able to exert a significant influence on the outcome of corporate actions requiring shareholder approval, including mergers, share capital increases and other extraordinary items.

The interests and time horizons of the E&H Entities may differ from those of other shareholders. As a result of its potential influence on our business, the E&H Entities could prevent us from making certain decisions or taking certain actions that would protect the interests of our other shareholders. For example, this concentration of ownership may delay or prevent a change of control of the Company, even in the event that this change of control may benefit other shareholders generally. Similarly, the E&H Entities could prevent us from taking certain actions that would dilute its percentage interest in our shares, even if such actions would generally be beneficial to us and/or to other shareholders. These and other factors related to the E&H Entities’ holding of a significant interest in our shares may reduce the liquidity of our shares and their attractiveness to investors.

***Our business could be negatively impacted as a result of shareholder activism, an unsolicited takeover proposal, or a proxy contest.***

In recent years, proxy contests and other forms of shareholder activism have been directed against numerous public companies. On March 11, 2021, the E&H Entities publicly disclosed that (i) the E&H Entities entered into a Voting Agreement (the “Voting Agreement”) with Dong-A ST (Dong-A ST, together with the E&H Entities, the “Significant Stockholders”) on March 9, 2021; and (ii) the Significant Stockholders intend, as contemplated by the Voting Agreement, to nominate a slate of directors to be elected to the Board of Directors of NeuroBo (the “Board”) at NeuroBo’s 2021 Annual Meeting of Stockholders and 2022 Annual Meeting of Stockholders and to propose the declassification of the Board. The Significant Shareholders also publicly disclosed that, to accomplish these goals, the Significant Shareholders intend to seek the proxy of a legally sufficient number of shares of NeuroBo’s common stock to take such corporate actions. Ultimately, the Voting Agreement was amended and restated in August 2021 to remove these provisions.

If a proxy contest, such as what was originally contemplated by the Voting Agreement, or an unsolicited takeover proposal was made with respect to us, we could incur significant costs in defending the Company, which would have an adverse effect on our financial results. Shareholder activists may also seek to involve themselves in the governance, strategic direction and operations of the Company. Such proposals may disrupt our business and divert the attention of our management and employees, and any perceived uncertainties as to our future direction resulting from such a situation could result in the loss of potential business opportunities, be exploited by our competitors, cause concern to our current or potential customers, and make it more difficult to attract and retain qualified personnel and business partners, all of which could adversely affect our business. In addition, actions of activist shareholders may cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

***Provisions in our corporate charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.***

Provisions in our certificate of incorporation and the bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which our stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by stockholders to replace or remove their current management by making it more difficult for stockholders to replace members of our board. Among other things, these provisions:

- establish a classified board of directors such that not all members of the board are elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which our stockholders can remove directors from the board;

- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- prohibit our stockholders from calling special meetings;
- authorize our board to issue preferred stock without stockholder approval, which preferred stock may include rights superior to the rights of the holders of common stock, and which could be used to institute a shareholder rights plan, or so-called "poison pill," that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board; and
- require the approval of the holders of at least two-thirds of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with it for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

***Our executive officers, directors, and their affiliates exercise significant control over us, which will limit the ability of our stockholders to influence corporate matters and could delay or prevent a change in corporate control.***

As of December 31, 2021, our officers, directors, and their respective affiliates had beneficial ownership, in the aggregate, of approximately 27.9% of our outstanding common stock. These stockholders, if they act together, may be able to influence our management and affairs and control the outcome of matters submitted to our stockholders for approval, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction. Some of these stockholders may have interests, with respect to our common stock, that are different from other stockholders. In addition, this concentration of ownership might adversely affect the market price of our common stock, have the effect of delaying, deferring or preventing a change of control of us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

***We are a "smaller reporting company" and we cannot be certain if the reduced reporting requirements applicable to such companies could make our common stock less attractive to investors.***

We are a "smaller reporting company", as defined in the Exchange Act. For as long as we continue to be an smaller reporting company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies", including exemption from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act), only being required to provide two years of audited financial statements in annual reports and reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements..

We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

***We have identified material weaknesses in our internal control over financial reporting that could, if not remediated, result in material misstatements in our financial statements or impair our ability to produce accurate and timely consolidated financial statements.***

We concluded that there were material weaknesses relating to our internal control over financial reporting relating to a lack of segregation of duties over certain financial processes, and logical access to financial reporting systems. For more information about these material weaknesses, see Part II, Item 9A (Controls and Procedures) of this report. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Although we have begun to take measures to remediate these material weaknesses, the measures we have taken, and expect to take, to improve our internal controls may not be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weaknesses will not result in a material misstatement of our annual or interim consolidated financial statements. If we are unable to correct material weaknesses or deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and materially and adversely impact our business and financial condition.

## **General Risk Factors**

### ***Our business and operations would suffer in the event of system failures or unplanned events.***

Despite the implementation of security measures, our internal computer systems and those of our current and future contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we are not aware of any such material system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development and commercialization of our product candidates could be delayed.

Furthermore, any unplanned event, such as flood, fire, explosion, tornadoes, earthquake, extreme weather condition, medical epidemics, power shortage, telecommunication failure or other natural or manmade accidents or incidents that result in us being unable to fully utilize the facilities, may have an adverse effect on our ability to operate the business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our product candidates or interruption of our business operations.

***We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology or loss of data, including any cyber security incidents, could compromise sensitive information related to our business, prevent us from accessing critical information or expose us to liability which could harm our ability to operate our business effectively and adversely affect our business and reputation.***

In the ordinary course of our business, our contract research organizations and other third parties on which we rely collect and store sensitive data, including legally protected patient health information, personally identifiable information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems. These applications and data encompass a wide variety of business-critical information, including research and development information and business and financial information.

The secure processing, storage, maintenance and transmission of this critical information is vital to our operations and business strategy. Despite the implementation of security measures, our internal computer systems and those of third parties with which we contract are vulnerable to damage from cyber-attacks, computer viruses, breaches, unauthorized access, interruptions due to employee error or malfeasance or other disruptions, or damage from natural disasters, terrorism, war and telecommunication and electrical failures. Any such event could compromise our networks and the information stored there could be accessed by unauthorized parties, publicly disclosed, lost or stolen. We have measures in place that are designed to detect and respond to such security incidents and breaches of privacy and security mandates. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, government enforcement actions and regulatory penalties. Unauthorized access, loss or dissemination could also disrupt our operations, including our ability to conduct research, development and commercialization activities, process and prepare Company financial information, manage various general and administrative aspects of our business and damage our reputation, in addition to possibly requiring substantial expenditures of resources to remedy, any of which could adversely affect our business. The loss of clinical trial data

could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. In addition, there can be no assurance that we will promptly detect any such disruption or security breach, if at all. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and our research, development and commercialization efforts could be delayed.

***An active trading market for our common stock may not be maintained.***

Our common stock is currently traded on the Nasdaq Capital Market, but we can provide no assurance that we will be able to maintain an active trading market for our shares on the Nasdaq Capital Market or any other exchange in the future. If there is no active market for our common stock, it may be difficult for our stockholders to sell shares without depressing the market price for the shares or at all.

***If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.***

If one or more analysts cover our business and downgrade their evaluations of our stock or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price and trading volume to decline.

***We incur increased costs as a result of operating as a public company and our management is required to devote substantial time to compliance initiatives.***

The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the stock exchange upon which our common stock is listed and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

We are subject to Section 404 of the Sarbanes-Oxley Act and the related rules of the SEC that generally require our management and independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting. However, for so long as we remain an "emerging growth company" as defined in the JOBS Act or a "smaller reporting company", we intend to take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies and/or smaller reporting companies, including, but not limited to, for emerging growth companies, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. Once we are no longer an "emerging growth company" and if our public float is above \$75 million as of the last business day of our most recently completed second fiscal quarter or, if before such date, we opt to no longer take advantage of the applicable exemption, we will be required to include an opinion from our independent registered public accounting firm on the effectiveness of our internal control over financial reporting.

To achieve compliance with Section 404, we are required to engage in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we must dedicate internal resources, hire additional finance and accounting personnel, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting.

During the course of our review and testing, we may identify deficiencies and be unable to remediate them before we must provide the required reports. We or our independent registered public accounting firm may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting, which could harm our operating results, cause investors to lose confidence in our reported financial information and cause the trading price of our stock to fall.

In addition, as a public company we are required to timely file accurate quarterly and annual reports with the SEC under the Exchange Act. In order to report our results of operations and financial statements on an accurate and timely basis, we will depend on CROs to provide timely and accurate notice of their costs to it. Any failure to report our financial results on an accurate and timely basis could result in sanctions, lawsuits, delisting of our shares from Nasdaq or other adverse consequences that would materially harm our business.

***We do not anticipate declaring or paying, in the foreseeable future, any cash dividends on our capital stock and, consequently, the ability of our stockholders to achieve a return on their investment will depend on appreciation in the price of our common stock.***

We have never declared or paid any cash dividend on our capital stock and do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business. Therefore, the success of an investment in shares of our common stock will depend upon any future appreciation in their value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which you purchased them.

***Our Bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will generally be the sole and exclusive forum for any derivative action or proceeding brought on its behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, as amended, the certificate of incorporation or the bylaws or any other action asserting a claim governed by the internal affairs doctrine. This provision does not apply to claims arising under the Securities Act and the Exchange Act or any claim for which the federal courts have exclusive jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of the bylaws described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find this provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

***Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and stock price.***

The global credit and financial markets have experienced extreme volatility and disruptions in the past several years, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. We cannot assure you that further deterioration in credit and financial markets and confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, or do not improve, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require it to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers, manufacturers and other partners may not

survive these difficult economic times, which could directly affect our ability to attain our operating goals on schedule and on budget.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable

**ITEM 2. PROPERTIES**

We currently lease space in Boston, Massachusetts and in Seoul, South Korea. Effective May 14, 2021, we entered into an amendment to our lease agreement for a new corporate headquarters in Boston, for approximately 80 square feet, which expired in January 2022. In December 2021 and February 2022, we subsequently entered into amendments to reduce the space to 40 square feet to expire in March 2022 and June 2022, respectively. Our research facilities in South Korea, which include lab and office space, consists of approximately 574 square feet. We believe that our leased properties are adequate for our purposes and to pursue our strategy.

**ITEM 3. LEGAL PROCEEDINGS**

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

***Common Stock***

Our common stock is listed on The Nasdaq Capital Market ("Nasdaq") under the symbol "NRBO." Before December 31, 2019, our common stock was listed on Nasdaq under the symbol "GEMP."

***Stockholders***

On March 25, 2022, we had 26,661,771 shares of common stock outstanding and 69 holders of record of our common stock. The transfer agent and registrar for our common stock is Computershare, Inc.

***Dividend Policy***

We have never declared or paid any dividends on our common stock, and we do not currently intend to pay any dividends on our common stock for the foreseeable future. Any future determination to pay dividends on our common stock will be, subject to applicable law, at the discretion of our Board of Directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements, and contractual restrictions in loan or other agreements.

**ITEM 6. [Reserved]**

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and notes included in Part II, Item 8 "Consolidated Financial Statements and Supplementary Data" of this report.*

## Overview

NeuroBo Pharmaceuticals Inc. (the “Company”, “we”, “us”, or “our”) is a clinical-stage biotechnology company focused on developing and commercializing novel pharmaceuticals to treat neurodegenerative disorders affecting millions of patients worldwide. For more information on our business and our four product candidates, ANA001, NB-01, NB-02 and Gemcabene, see “Business-Overview” in Part I, Item 1 of this report.

## Recent Developments

### COVID-19

We are subject to risks and uncertainties as a result of the COVID-19 pandemic. The extent of the impact of the COVID-19 pandemic on our business is highly uncertain and difficult to predict, as the responses that we, other businesses and governments are taking continue to evolve. Furthermore, capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic, and it is possible that it could cause a lasting national or global economic recession. Policymakers around the globe have responded with fiscal policy actions to support the healthcare industry and economy as a whole. The magnitude and overall effectiveness of these actions remain uncertain.

To date, except for the adjustments to scientific activity described under “Current Scientific Activity” below, we have not experienced any significant external changes in our business that would have a significant negative impact on our consolidated statements of operations or cash flows.

Exclusive of the development of certain of our proposed therapies, the severity of the impact of the COVID-19 pandemic on our business will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on our service providers, suppliers, contract research organizations and our clinical trials, all of which are uncertain and cannot be predicted. As of the date of issuance of our financial statements, the extent to which the COVID-19 pandemic may in the future materially impact our financial condition, liquidity or results of operations is uncertain.

### Current Scientific Activity

In light of the present business environment, including the impact of the COVID-19 pandemic, we are currently conducting the scientific activities described below with a view toward conserving financial resources.

**ANA001**, our lead drug candidate, is a proprietary oral niclosamide formulation and was developed as a treatment for patients with moderate COVID-19. Niclosamide is a potential oral antiviral and anti-inflammatory agent with a long history of use and well-understood safety in humans. ANA001 is currently being studied in a 60-subject Phase 2 clinical trial conducted in the United States with a Phase 3 component dependent on the outcome of the Phase 2 data.

**NB-01**. For NB-01, the Company has determined to cease development of NB-01 on the prior regulatory pathway and not to advance to Phase 3 clinical trials.

The Company is currently evaluating various alternatives regarding the NB-01 asset. These alternatives include two potential development pathways.

- Orphan drug. Development of NB-01 as an orphan drug is among the alternatives the Company is considering. The Company believes that development for such indication would depend on its ability to renegotiate milestone payments under its exclusive license agreement with Dong-A ST to reflect the potential revenue from such indication.
- Nutraceutical. The Company has considered marketing NB-01 as a nutraceutical (non-pharmaceutical) product, and the Company may re-explore this pathway if the identified rare disease indication for NB-01 does not proceed.

**NB-02.** In order to preserve operating capital, we have postponed continued work on the Investigation New Drug application to the FDA for NB-02 and the first human clinical trials for NB-02 until global health and macroeconomic conditions improve. We are also considering engaging with a strategic partner with respect to further development of NB-02.

**Gemcabene.** We are currently exploring additional therapeutic indications for Gemcabene that may strengthen our pipeline of assets, this includes COVID-19, either as a stand-alone treatment or in combination with ANA001.

### ***Going Concern***

As of December 31, 2021, we had cash and cash equivalents of \$16.4 million. Operating at such level of scientific activity, we expect that our cash will be adequate to fund operations into the fourth quarter of 2022.

We will need to raise additional capital to fund continued operations at the current level through the fourth quarter of 2022 and beyond. Although we are exploring financing opportunities and carefully monitoring the capital markets, we do not yet have any commitments for additional financing and may not be successful in our efforts to raise additional funds. Any amounts raised will be used for further development of our product candidates and for other working capital purposes.

If we are unable to raise additional capital (which is not assured at this time, particularly as a result of recent depressed capital market conditions), our long-term business plan may not be accomplished, and we may be forced to cease, reduce, or delay operations. We have some ability to reduce costs further in 2022, thereby potentially lengthening our operational window further into the first quarter of 2023.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), which contemplate our continuation as a going concern. We have not established a source of revenues and, as such, have been dependent on funding operations through the sale of equity securities. Since inception, we have experienced significant losses and incurred negative cash flows from operations. We expect to incur further losses over the next several years as we develop our business. We have spent, and expect to continue to spend, a substantial amount of funds in connection with implementing our business strategy.

We will need substantial additional funding to support our continuing operations and to pursue our business strategy and, in the meantime, we have reduced scientific activity (as indicated above) and we are carefully controlling expenses. Until such time as we can generate significant revenue from product sales, if ever, we expect to continue to finance our operations primarily through proceeds derived from the sale of equity.

These factors individually and collectively raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments or classifications that may result from our possible inability to continue as a going concern. The report of our independent registered public accounting firm on our financial statements for the year ended December 31, 2021 includes an explanatory paragraph regarding the existence of substantial doubt about our ability to continue as a going concern.

### ***Key operating data***

We have incurred significant operating losses since inception. Our ability to generate product revenue sufficient to achieve profitability will depend on the successful development and eventual commercialization of one or more of our current or future product candidates. Our net losses were \$15.3 million and \$29.7 million for the years ended December 31, 2021 and 2020, respectively. To date, we have not generated any revenue from product sales, collaborations with other companies, government grants or any other source, and do not expect to generate any revenue in the foreseeable future.

As of December 31, 2021, we had an accumulated deficit of \$81.8 million. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. We expect that our expenses and capital requirements will increase substantially in connection with our ongoing activities, particularly if and as we:

- pursue clinical development for any of our current product candidates;
- initiate preclinical studies and clinical trials with respect to any additional indications for our current product candidates and any future product candidates that we may pursue;
- acquire or in-license other product candidates and/or technologies;
- develop, maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, scientific and commercial personnel;
- establish a commercial manufacturing source and secure supply chain capacity sufficient to provide commercial quantities of any product candidates for which we may obtain regulatory approval;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- establish a sales, marketing and distribution infrastructure and/or enter into partnership arrangements to commercialize any products for which we may obtain regulatory approval; or
- add administrative, operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts, and to support our being a public reporting company.

## **Components of Results of Operations**

### ***Revenue***

To date, we have not generated any revenue from product sales, collaborations with other companies, government grants or any other source, and do not expect to generate any revenue in the foreseeable future. If our product development efforts for our product candidates are successful and result in regulatory approval, we may generate revenue in the future from product sales. We cannot predict if, when, or to what extent we will generate revenue from the commercialization and sale of our product candidates. We may never succeed in obtaining regulatory approval for any of our product candidates or generating revenue through alternative marketing strategies such as nutraceuticals.

### ***Cost of Revenue***

To date, we have not generated any revenue and thus have no cost of revenue. If our development efforts for our product candidates are successful and result in regulatory approval, we may generate revenue in the future from product sales and have corresponding cost of revenue. We cannot predict if, when, or to what extent we will incur costs from revenue from the commercialization and sale of our product candidates. If we are successful at commercialization, the cost of revenues would include all costs directly related to providing the commercial asset, which would consist primarily of labor, material, facilities, warehousing and other overhead expenses. Cost of revenues would also include depreciation expense related to certain equipment used as part of the commercial asset.

### ***Operating Expenses***

#### ***Research and Development Expenses***

Research and development expenses consist primarily of costs incurred in connection with the development of our product candidates. We expense research and development costs to operations as incurred. These expenses include:

- employee-related expenses, including salaries, related benefits and stock-based compensation, for employees engaged in research and development functions;
- expenses incurred in connection with the clinical development of our product candidates, including under agreements with third parties, such as consultants and Clinical Research Organizations (“CROs”);
- the cost of manufacturing and storing drug products for use in our preclinical studies and clinical trials, including under agreements with third parties, such as consultants and Clinical Manufacturing Organizations (“CMOs”);

- facilities, depreciation and other expenses, which include direct or allocated expenses for rent and maintenance of facilities and insurance;
- costs related to compliance with regulatory requirements; and
- payments made under third-party licensing agreements.

We recognize external development costs based on an evaluation of the progress toward completion of specific tasks using information provided to us by our service providers. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf, and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual costs. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. Such amounts are recognized as an expense when the goods have been delivered or the services have been performed, or when it is no longer expected that the goods will be delivered, or the services rendered.

Our direct research and development expenses consist primarily of external costs, such as fees paid to outside consultants, CROs, CMOs and research laboratories in connection with our clinical development, quality assurance and quality control processes, manufacturing, and clinical development activities. Our direct research and development expenses also include fees incurred under third-party license agreements. We use our employee and infrastructure resources across multiple research and development projects. We do not allocate employee costs and costs associated with our facilities, including depreciation or other indirect costs, to specific product candidates because these costs are deployed across multiple programs and, as such, are not separately classified. We use internal resources primarily to conduct manufacturing and clinical development activities. These employees work across multiple programs and, therefore, we do not track our costs by product candidate.

Clinical development activities are central to our business model. We do not believe that our historical costs are indicative of the future costs associated with these programs, nor do they represent the costs of other future programs we may initiate. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We have some control over the timing of these expenses, but costs may be difficult to control once clinical trials have commenced.

The successful development and commercialization of our product candidates are highly uncertain. At this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the preclinical and clinical development of any of our product candidates. Additionally, because of the risks inherent in novel treatment discovery and development, we cannot reasonably estimate or know:

- the timing and progress of preclinical and clinical development activities;
- the number and scope of clinical programs that we decide to pursue;
- our ability to maintain our current development programs and to establish new ones;
- establishing an appropriate safety profile with IND-enabling studies;
- successful patient enrollment in, and the initiation and completion of, clinical trials;
- the successful completion of clinical trials with safety, tolerability and efficacy profiles that are satisfactory to the FDA or any comparable foreign regulatory authority;
- the receipt of regulatory approvals from applicable regulatory authorities;
- the timing, receipt and terms of any marketing approvals from applicable regulatory authorities;
- our ability to establish new licensing or collaboration arrangements;
- establishing agreements with third-party manufacturers for clinical supply for our clinical trials and commercial manufacturing, if any of our product candidates is approved;
- development and timely delivery of clinical-grade and commercial-grade drug formulations that can be used in our clinical trials and for commercial launch;
- obtaining, maintaining, defending and enforcing patent claims and other intellectual property rights;
- launching commercial sales of our product candidates, if approved, whether alone or in collaboration with others;
- maintaining a continued acceptable safety profile of the product candidates following commercialization; or
- the effect of competing technological and market developments.

A change in the outcome of any of these variables with respect to the development of our product candidates could significantly change the costs and timing associated with the development of that product candidate.

#### ***Acquired In-Process Research and Development***

We include costs to acquire or in-license product candidates in acquired in-process research and development expenses (“IPR&D”). When we acquire the right to develop and commercialize a new product candidate, any up-front payments, or any future milestone payments that relate to the acquisition or licensing of such a right are immediately expensed as acquired in-process research and development in the period in which they are incurred. These costs are immediately expensed provided that the payments do not also represent processes or activities that would constitute a “business” as defined under GAAP, or provided that the product candidate has not achieved regulatory approval for marketing and, absent obtaining such approval, has no alternative future use. Royalties owed on future sales of any licensed product will be expensed in the period the related revenues are recognized.

#### ***General and Administrative Expenses***

General and administrative expenses consist primarily of salaries and related costs, including stock-based compensation, for personnel in executive, finance and administrative functions. General and administrative expenses also include direct and allocated facility-related costs as well as professional fees for legal, patent, consulting, investor and public relations, accounting, and audit services.

We anticipate that our general and administrative expenses will increase in the future as a result of accounting, audit, legal, regulatory, compliance, and director and officer insurance costs as we pursue the development of our product pipeline, as well as investor and public relations expenses associated with being a public company.

#### ***Interest Income***

Interest income consists of bank interest earned on our cash and cash equivalents.

#### ***Other Expense, net***

Other expense, net reflects non-operating expenses associated mainly with realized foreign currency exchange gains and losses.

#### ***Income Taxes***

The 2020 Merger was intended to qualify as a tax-free reorganization under Section 368 of the Code, the former ANA shareholders owned approximately 16.5% of the outstanding common stock of the Company immediately after the 2020 Merger.

The 2019 Merger was intended to qualify as a tax-free reorganization under Section 368 of the Code. Based on the exchange ratio under the 2019 Merger Agreement, the former stockholders of Private NeuroBo owned approximately 96.2% of the outstanding common stock of the Company immediately after the 2019 Merger. Therefore, the 2019 Merger was treated as a reverse acquisition for U.S. federal income tax purposes. As a result of the reverse acquisition, the Company became part of the Private NeuroBo (now NeuroBo Therapeutics) consolidated group with the Company as its new parent. In addition, the Company had a short taxable year in 2019 ending on the date of the 2019 Merger.

Since our inception, we have not recorded any income tax benefits for the NOLs we have incurred in each year or for our earned research and development tax credits, as we believe, based upon the weight of available evidence, that it is more likely than not that all of our NOL carryforwards and tax credits will not be realized. As of December 31, 2021, we had federal, state and foreign NOLs carryforwards of \$81.8 million, \$42.6 million, and \$1.3 million, respectively, which may be available to offset future income tax liabilities and begin to expire in 2037 for federal carryforwards incurred prior to 2018, in 2038 for state carryforwards and in 2028 for the foreign carryforwards. Federal operating loss carryforwards incurred beginning in 2018 do not expire. As of December 31, 2021, we also had federal and state research and development tax credit carryforwards of \$1.0 million and \$0.6 million, respectively, which may

be available to offset future tax liabilities and each begin to expire in 2038. We have recorded a full valuation allowance against our net deferred tax assets at each balance sheet date. Utilization of the NOL and research and development credit carryforwards may be subject to a substantial annual limitation due to ownership changes that may have occurred previously or that could occur in the future, as provided by Section 382 of the Code, as well as similar state provisions. Ownership changes may limit the amount of NOL and tax credit carry forwards that can be utilized to offset future taxable income and tax, respectively.

## Results of Operations

### Comparison of the Years Ended December 31, 2021 and December 31, 2020

The following table summarizes our results of operations for the years ended December 31, 2021 and December 31, 2020 (in thousands):

|                                              | For the Year Ended |                    |                  |
|----------------------------------------------|--------------------|--------------------|------------------|
|                                              | December 31,       |                    |                  |
|                                              | 2021               | 2020               | Change           |
| Operating expenses:                          |                    |                    |                  |
| Research and development                     | \$ 6,546           | \$ 4,531           | \$ 2,015         |
| Acquired in-process research and development | —                  | 17,339             | (17,339)         |
| General and administrative                   | 8,752              | 7,846              | 906              |
| Total operating expenses                     | 15,298             | 29,716             | (14,418)         |
| Loss from operations                         | (15,298)           | (29,716)           | 14,418           |
| Interest income                              | 14                 | 39                 | (25)             |
| Other expense, net                           | —                  | (1)                | 1                |
| Loss before income taxes                     | (15,284)           | (29,678)           | 14,394           |
| Provision for income taxes                   | —                  | —                  | —                |
| Net loss                                     | <u>\$ (15,284)</u> | <u>\$ (29,678)</u> | <u>\$ 14,394</u> |

### Research and Development Expenses

Research and development expenses were \$6.5 million for the year ended December 31, 2021 as compared to \$4.5 million for the year ended December 31, 2020. The \$2.0 million increase during the year ended December 31, 2021 was primarily attributed to increased clinical trial and drug manufacturing of \$1.9 million and \$0.4 million, respectively for the development of ANA001, offset by a reduction of preclinical costs of \$0.3 million.

### Acquired In-process Research and Development

Acquired in-process research and development for the year ended December 31, 2020 amounted to \$17.3 million and was attributable to research and development projects of Niclosamide which were in-process at the 2020 Merger date. There was no acquired in-process research and development for the year ended December 31, 2021.

### General and Administrative Expenses

General and administrative expenses were \$8.8 million for the year ended December 31, 2021, compared to \$7.8 million for the year ended December 31, 2020. The increase of \$1.0 million was primarily due to increased personnel costs of \$0.6 million, increased costs associated with operating as a public company of \$0.3 million, and increased insurance costs of \$0.4 million, offset by reductions of facilities and professional fees costs of \$0.3 million and \$0.1 million, respectively, when compared to the comparable prior year.

### *Interest Income*

Interest income for the year ended December 31, 2021 was \$14,000 compared to \$39,000 for the year ended December 31, 2020. Interest income for the years ended December 31, 2021 and 2020 were related to cash deposits.

### *Other Expense*

Other expense, net was \$1,000 during the year ended December 31, 2020, due to a nominal increase in net realized foreign currency exchange losses.

## **Liquidity and Capital Resources**

### ***Recent Financing***

On October 1, 2021, we entered into a securities purchase agreement (the “October 2021 Securities Purchase Agreement”) with several institutional investors for the purchase and sale in a registered direct offering (“Registered Offering”) of 4,307,693 shares of our common stock, at a purchase price of \$3.25 per share for gross proceeds of approximately \$14.0 million. The October 2021 Securities Purchase Agreement also provides for a concurrent private placement of warrants to purchase our common stock (the “October 2021 Warrants”) with the purchasers in the October 2021 Registered Offering. Net proceeds, after deducting placement agent fees and expense, related offering expenses, was \$12.8 million.

On January 18, 2021, we entered into a Securities Purchase Agreement (the “2021 Purchase Agreement”) with certain institutional and accredited investors, pursuant to which we, in a private placement (the “2021 Private Placement”), agreed to issue and sell an aggregate of 2,500,000 shares (the “2021 Shares”) of our common stock, par value \$0.001 per share at a purchase price of \$4.00 per share, and warrants to purchase an aggregate of 2,500,000 shares of common stock (the “2021 Warrants”), resulting in total gross proceeds to us in the amount of \$10.0 million. Net proceeds, after deducting placement agent fees and relating offering expenses, was \$9.1 million.

On April 13, 2020, we entered into a Securities Purchase Agreement with an institutional investor, pursuant to which we sold in a registered direct offering 750,000 shares of our common stock, at an offering price of \$10.00 per share, resulting in gross proceeds of \$7.5 million. Net proceeds, after deducting the placement agent’s fees and related offering expenses, were \$6.9 million.

### ***Cash Flows***

The following table summarizes our sources and uses of cash for each of the periods presented:

|                                                     | For the Year Ended |                   |
|-----------------------------------------------------|--------------------|-------------------|
|                                                     | December 31,       |                   |
|                                                     | 2021               | 2020              |
|                                                     | (in thousands)     |                   |
| Net cash used in operating activities               | \$ (15,134)        | \$ (10,764)       |
| Net cash (used in) provided by investing activities | (586)              | 69                |
| Net cash provided by financing activities           | 22,026             | 6,858             |
| Net increase (decrease) in cash                     | <u>\$ 6,306</u>    | <u>\$ (3,837)</u> |

### ***Operating Activities***

During the year ended December 31, 2021 operating activities used \$15.1 million of cash, primarily consisting of our net loss of \$15.3 million and a net decrease of accounts payable and accrued expenses of \$1.0 million, offset by stock-based compensation and other non-cash charges of \$0.7 million and \$0.4 from a decrease in prepaid expenses and other current assets.

During the year ended December 31, 2020, operating activities used \$10.8 million of cash, primarily resulting from our net loss of \$29.7 million offset by non-cash expenses related to IPR&D, stock-based compensation and

depreciation in the aggregate of \$18.1 million. Net cash provided by changes in our operating assets and liabilities for the year ended December 31, 2020 was \$0.8 million which primarily consisted of a net increase in accounts payable and accrued expenses. The net increase in accounts payable and accrued expenses was primarily attributed to the timing of vendor invoicing and payments and increases in clinical trial termination costs.

#### *Investing Activities*

During the year ended December 31, 2021, net cash used in investing activities \$0.6 million. Investing activities during the period consisted mainly of cash paid for transaction costs associated with the 2020 Merger. Purchases of property and equipment in the amount of \$3,000 comprised the balance of investing activities during the period.

During the year ended December 31, 2020, net cash provided by investing activities was \$0.1 million. Investing activities during the period consisted mainly of cash received, net of transaction costs paid, in connection with the 2020 Merger in the amount of \$0.1 million. Purchases of property and equipment in the amount of \$4,000 comprised the balance of investing activities during the period.

#### *Financing Activities*

During the year ended December 31, 2021, net cash provided by financing activities was \$22.0 million, consisting of gross proceeds from our 2021 Private Placement and 2021 Registered Offering of \$24.0 million, offset by \$2.1 million of issuance costs, and \$0.1 million received from the exercise of stock options.

During the year ended December 31, 2020, net cash provided by financing activities was \$6.9 million, consisting of gross proceeds from the 2020 registered direct offering of \$7.5 million, offset by \$0.7 million of issuance costs, and \$0.1 million received from the exercise of stock options.

#### **Funding Requirements**

Since inception, we have experienced significant losses and incurred negative cash flows from operations. We expect to incur further losses over the next several years as we develop our business. We have spent, and expect to continue to spend, a substantial amount of funds in connection with implementing our business strategy.

As of December 31, 2021, we had cash and cash equivalents of \$16.4 million. Operating at such level of scientific activity, we expect that our cash will be adequate to fund operations into the fourth quarter of 2022. We will need substantial additional funding to support our continued operations and to pursue our business strategy. Our priority uses of our funding would be to complete the Phase 2 ANA001 clinical trial, and general corporate purposes, and a potential Phase 3 trial with ANA001. Our cash requirements within the next twelve months include accounts payable, accrued expenses, vendor commitments and other current liabilities.

We will need to raise additional capital to fund continued operations at the current level through the fourth quarter of 2022 and beyond. Although we are exploring financing opportunities and carefully monitoring the capital markets, we do not yet have any commitments for additional financing and may not be successful in our efforts to raise additional funds. If we are unable to raise additional capital (which is not assured at this time), our long-term business plan may not be accomplished, and we may be forced to cease, reduce, or delay operations. We have some ability to reduce costs further in 2022, thereby potentially lengthening our operational window further into the first quarter of 2023.

We expect our expenses to increase substantially over time in connection with our ongoing activities, particularly as we advance the preclinical activities and clinical trials of our product candidates. The timing and amount of our preclinical and clinical expenditures will depend largely on:

- the availability of capital;
- the scope, number, initiation, progress, timing, costs, design, duration, any potential delays, and results of clinical trials and nonclinical studies for our current or future product candidates;

- the clinical development plans we establish for our product candidates;
- the number and characteristics of product candidates and programs that we develop or may in-license;
- the outcome, timing and cost of regulatory reviews, approvals or other actions to meet regulatory requirements established by the FDA and comparable foreign regulatory authorities, including the potential for the FDA or comparable foreign regulatory authorities to require that we perform more studies for our product candidates than those that we currently expect;
- our ability to obtain marketing approval for our product candidates;
- the cost of filing, prosecuting, defending and enforcing our patent claims and other intellectual property rights covering our product candidates, including any such patent claims and intellectual property rights that we have licensed pursuant to the terms of our license agreement;
- our ability to maintain, expand and defend the scope of our intellectual property portfolio, including the cost of defending intellectual property disputes, including patent infringement actions brought by third parties against us or our product candidates;
- the cost and timing of completion of commercial-scale outsourced manufacturing activities with respect to our product candidates;
- our ability to establish and maintain licensing, collaboration or similar arrangements on favorable terms and whether and to what extent we retain development or commercialization responsibilities under any new licensing, collaboration or similar arrangement;
- the cost of establishing sales, marketing and distribution capabilities for any product candidates for which we may receive regulatory approval in regions where we choose to commercialize our products on our own;
- the success of any other business, product or technology that we acquire or in which we invest;
- the costs of acquiring, licensing or investing in businesses, product candidates and technologies; and
- our need and ability to hire additional management and scientific and medical personnel.

### ***Contractual and Other Obligations***

#### *Lease Commitments*

##### *Boston Leases:*

On May 14, 2021, we entered into a non-cancelable operating lease for its corporate headquarters located in Boston Massachusetts. The agreement, effective August 1, 2021, had a six month term, and rental costs of approximately \$3,000 per month prior to the application of certain rent concessions granted by the landlord in the amount of approximately \$2,000 over the term of the lease. In December 2021 and February 2022, we entered into amendments to this lease to extend the term to expire in March 2022 and June 2022, respectively, and reduce the size of the space rented for rental costs of approximately \$1,000 per month.

##### *Korea Lease:*

In May 2019, we entered a non-cancelable operating lease for our new facility in Korea. The initial lease term is five years with an option to renew for an additional five-year term. The lease commenced on July 2, 2019 and expires on July 1, 2024. The operating lease is subject to a deposit, base rent payments and additional charges for utilities and other common costs. Rental costs are approximately \$3,000 per month over the term of the lease.

#### *License Agreements*

We are party to license agreements with respect to certain of our product candidates that would obligate us to pay royalties with respect to revenue from such product candidates and milestone payments upon achievement of certain development milestones. As of the date hereof, we do not expect to achieve such milestones in the near term, but we would have to obtain additional capital to pay such milestone payments.

#### *Cultivation Service Agreement*

On September 1, 2018, the Company entered into a cultivation service agreement with Xiehecheng Chinese Herm Limited Corporation for the cultivation of two plants used to manufacture the Company's clinical asset, NB-01.

As of December 31, 2021, \$132,000 in future minimum payments remain under the agreement, which is expected to be paid in 2022.

#### *Other Obligations*

We enter into contracts in the normal course of business with various third parties for clinical trials, preclinical research studies, and testing, manufacturing, and other services and products for operating purposes. These contracts provide for termination upon notice. Payments due upon cancellation generally consist only of payments for services provided or expenses incurred, including non-cancellable obligations of our service providers, up to the date of cancellation. These payments have not been included separately within these contractual and other obligations disclosures.

#### **Critical Accounting Policies and Significant Judgments and Estimates**

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, costs, and expenses, and related disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. On an on-going basis, our management evaluates its estimates, including those related to accounting for clinical trials, income taxes including the valuation allowance for deferred tax assets, accrued expenses, contingencies and stock-based compensation. We base our estimates on historical experience, known trends and events, and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in reported results in the period in which they become known.

While our significant accounting policies are described in more detail in Note 2 to our consolidated financial statements included elsewhere in this report, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

#### ***Research and Development Expenses***

Research and development costs are charged to expense as incurred. Research and development expenses may comprise of costs incurred in performing research and development activities, including clinical trial costs, manufacturing costs for both clinical and pre-clinical materials as well as other contracted services, license fees, and other external costs. Nonrefundable advance payments for goods and services that will be used in future research and development activities are expensed when the activity is performed or when the goods have been received, rather than when payment is made, in accordance with ASC 730, *Research and Development*.

As part of the process of preparing our consolidated financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with applicable personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual costs. Certain of our service providers invoice us in arrears for services performed, on a pre-determined schedule or when contractual milestones are met; however, some service providers require advance payments. We make estimates of our accrued and prepaid expenses as of each balance sheet date in the consolidated financial statements based on facts and circumstances known to us at that time. We periodically confirm the accuracy of these estimates with the service providers and make adjustments, if necessary. Examples of estimated accrued research and development expenses include fees paid to:

- vendors in connection with preclinical development activities;
- CROs and investigative sites in connection with preclinical studies and clinical trials; and
- CMOs in connection with the production of preclinical and clinical trial materials.

We base the expense recorded related to external research and development on our estimates of the services received and efforts expended pursuant to quotes and contracts with multiple CMOs and CROs that supply, conduct and

manage preclinical studies and clinical trials on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the expense. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from the estimate, we adjust the accrual or the amount of prepaid expenses accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period.

#### ***Acquired In-Process Research and Development Expenses***

We include costs to acquire or in-license product candidates in acquired in-process research and development expenses. These costs are immediately expensed provided that the payments do not also represent processes or activities that would constitute a “business” as defined under GAAP or provided that the product candidate has not achieved regulatory approval for marketing and absent obtaining such approval, has no alternative future use. Royalties owed on future sales of any licensed product will be expensed in the period the related revenues are recognized.

#### ***Stock-Based Compensation***

We account for stock-based compensation in accordance with the provisions of ASC 718, *Compensation — Stock Compensation* (“ASC 718”). Accordingly, compensation costs related to equity instruments granted are recognized at the grant-date fair value. We record forfeitures when they occur. Stock-based compensation arrangements to non-employees are accounted for in accordance with the applicable provisions of ASC 718 using a grant date fair value approach.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which uses as inputs the fair value of our common stock and assumptions we make for the volatility of the common stock, the expected term of the stock options, the risk-free interest rate for a period that approximates the expected term of the stock options and the expected dividend yield.

#### ***Leases***

We adopted Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (Topic 842) (“ASU 2016-02”) in 2019. We assess our contracts at inception to determine whether the contract contains a lease, including evaluation of whether the contract conveys the right to control an explicitly or implicitly identified asset for a period of time. We have recognized right-of-use assets and lease liabilities that represent the net present value of future operating lease payments utilizing a discount rate corresponding to our incremental borrowing rate which we amortize over the remaining terms of the leases. For operating leases of a short-term nature, i.e., those with a term of less than twelve months, we recognize lease payments as an expense on a straight-line basis over the remaining lease term.

#### **Recently Issued Accounting Pronouncements**

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations disclosed in Note 2 to our consolidated financial statements included in Part II, Item 8 “*Consolidated Financial Statements and Supplementary Data*” of this report.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

**ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**INDEX TO FINANCIAL STATEMENTS**

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## **Report of Independent Registered Public Accounting Firm**

Shareholders and Board of Directors  
NeuroBo Pharmaceuticals, Inc.  
Boston, Massachusetts

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of NeuroBo Pharmaceuticals, Inc. (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive loss, stockholders’ equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Going Concern Uncertainty**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and negative cash flows since inception that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

#### **Accrual for Research and Development Costs Related to Clinical Trial Activities**

As described in Note 2 to the consolidated financial statements, the Company’s accrued research and development costs balance was \$853,000 at December 31, 2021. This accrual includes liabilities for clinical trial activities such as clinical studies and certain manufacturing costs. Clinical studies are primarily managed internally, with the assistance of contract research organizations. The accrual for clinical trial activities is based on an estimate of the percentage of activities completed to date, contractual rates, and amounts invoiced and paid to date.

We identified the assessment of the accrual for research and development costs related to clinical trial activities as a critical audit matter. When estimating clinical trial expenses, the Company considers several factors including clinical trial

budgets, contract amendments and the progress toward completion. Auditing these elements involves especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address the critical audit matter included:

- Evaluating management’s process for estimating the accrual for clinical trial activities.
- For certain contract research organizations, testing the completeness and accuracy of the underlying billing information received from the contract research organizations used in determining the clinical trial accrual.
- For certain clinical trial studies, assessing the Company's estimates of the activities completed to date by (i) inspecting original contract terms, change orders and the expected timeline for the related study, (ii) obtaining third party reports detailing site visit information, (iii) discussing the status of the clinical trials with certain members of management and project teams and (iv) evaluating the payments made and the invoices received after December 31, 2021 for proper application in the determination of the accrual.
- Testing the completeness of the Company’s clinical trial accruals by evaluating i) publicly available information (such as press releases and public databases that track clinical trials) ii) board of directors’ materials regarding the status of clinical trials and inquiring of clinical staff to gain an understanding of the status of certain on-going clinical trials.

We have served as the Company's auditor since 2019.

/s/ BDO USA, LLP

Boston, Massachusetts

March 31, 2022

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

|                                                                                                                                                                                                                    | <u>December 31,</u><br><u>2021</u> | <u>December 31,</u><br><u>2020</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Assets</b>                                                                                                                                                                                                      |                                    |                                    |
| Current assets:                                                                                                                                                                                                    |                                    |                                    |
| Cash                                                                                                                                                                                                               | \$ 16,387                          | \$ 10,089                          |
| Prepaid expenses                                                                                                                                                                                                   | 197                                | 546                                |
| Other assets                                                                                                                                                                                                       | —                                  | 48                                 |
| Total current assets                                                                                                                                                                                               | 16,584                             | 10,683                             |
| Right-of-use assets and other                                                                                                                                                                                      | 105                                | 130                                |
| Property and equipment, net                                                                                                                                                                                        | 110                                | 155                                |
| Total assets                                                                                                                                                                                                       | <u>\$ 16,799</u>                   | <u>\$ 10,968</u>                   |
| <b>Liabilities and stockholders' equity</b>                                                                                                                                                                        |                                    |                                    |
| Current liabilities:                                                                                                                                                                                               |                                    |                                    |
| Accounts payable                                                                                                                                                                                                   | \$ 830                             | \$ 2,575                           |
| Accrued liabilities                                                                                                                                                                                                | 1,301                              | 1,096                              |
| Lease liability, short-term                                                                                                                                                                                        | 26                                 | 24                                 |
| Total current liabilities                                                                                                                                                                                          | 2,157                              | 3,695                              |
| Lease liability, long-term                                                                                                                                                                                         | 45                                 | 70                                 |
| Total liabilities                                                                                                                                                                                                  | 2,202                              | 3,765                              |
| Commitments and contingencies (Notes 4, 5, 6 and 12)                                                                                                                                                               |                                    |                                    |
| Stockholders' equity                                                                                                                                                                                               |                                    |                                    |
| Preferred stock, \$0.001 par value; 10,000,000 shares authorized as of December 31, 2021 and 2020; no shares issued or outstanding as of December 31, 2021 and 2020.                                               | —                                  | —                                  |
| Common stock, \$0.001 par value per share, 100,000,000 shares authorized as of December 31, 2021 and 2020; 26,661,771 and 19,671,182 shares issued and outstanding as of December 31, 2021 and 2020, respectively. | 27                                 | 20                                 |
| Additional paid-in capital                                                                                                                                                                                         | 96,394                             | 73,713                             |
| Accumulated other comprehensive income                                                                                                                                                                             | 4                                  | 14                                 |
| Accumulated deficit                                                                                                                                                                                                | (81,828)                           | (66,544)                           |
| Total stockholders' equity                                                                                                                                                                                         | 14,597                             | 7,203                              |
| Total liabilities and stockholders' equity                                                                                                                                                                         | <u>\$ 16,799</u>                   | <u>\$ 10,968</u>                   |

See accompanying notes.

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

|                                               | For the Year Ended |             |
|-----------------------------------------------|--------------------|-------------|
|                                               | December 31,       |             |
|                                               | 2021               | 2020        |
| Operating expenses:                           |                    |             |
| Research and development                      | \$ 6,546           | \$ 4,531    |
| Acquired in-process research and development  | —                  | 17,339      |
| General and administrative                    | 8,752              | 7,846       |
| Total operating expenses                      | 15,298             | 29,716      |
| Loss from operations                          | (15,298)           | (29,716)    |
| Interest income                               | 14                 | 39          |
| Other expense, net                            | —                  | (1)         |
| Loss before income taxes                      | (15,284)           | (29,678)    |
| Provision for income taxes                    | —                  | —           |
| Net loss                                      | (15,284)           | (29,678)    |
| Other comprehensive (loss) income, net of tax | (10)               | 2           |
| Comprehensive loss                            | \$ (15,294)        | \$ (29,676) |
| Loss per share:                               |                    |             |
| Net loss per share, basic and diluted         | \$ (0.66)          | \$ (1.83)   |
| Weighted average common shares outstanding:   |                    |             |
| Basic and diluted                             | 23,143,792         | 16,217,339  |

See accompanying notes.

**NeuroBo Pharmaceuticals, Inc.**  
**Consolidated Statements of Stockholders' Equity**  
(in thousands, except share amounts)

|                                                                                     | Common Stock |        | Additional<br>Paid-In<br>Capital | Accumulated<br>Comprehensive<br>Income | Accumulated<br>Deficit | Total<br>Equity |
|-------------------------------------------------------------------------------------|--------------|--------|----------------------------------|----------------------------------------|------------------------|-----------------|
|                                                                                     | Shares       | Amount |                                  |                                        |                        |                 |
| Balance at January 1, 2020                                                          | 15,592,718   | \$ 16  | \$ 49,130                        | \$ 12                                  | \$ (36,866)            | \$ 12,292       |
| Issuance of common stock in connection with equity financing                        | 750,000      | 1      | 7,499                            | —                                      | —                      | 7,500           |
| Transaction costs in connection with equity financing                               | —            | —      | (984)                            | —                                      | —                      | (984)           |
| Issuance of broker warrants in connection with equity financing                     | —            | —      | 289                              | —                                      | —                      | 289             |
| Issuance of common stock to former ANA stockholders and effect of asset acquisition | 3,243,875    | 3      | 17,027                           | —                                      | —                      | 17,030          |
| Stock-based compensation                                                            | —            | —      | 699                              | —                                      | —                      | 699             |
| Exercise of stock options                                                           | 84,589       | —      | 53                               | —                                      | —                      | 53              |
| Foreign currency translation adjustment                                             | —            | —      | —                                | 2                                      | —                      | 2               |
| Net loss                                                                            | —            | —      | —                                | —                                      | (29,678)               | (29,678)        |
| Balance at December 31, 2020                                                        | 19,671,182   | 20     | 73,713                           | 14                                     | \$ (66,544)            | \$ 7,203        |
| Issuance of common stock and warrants in connection with equity financing           | 6,807,693    | 7      | 23,993                           | —                                      | —                      | 24,000          |
| Transaction costs in connection with equity financings                              | —            | —      | (2,089)                          | —                                      | —                      | (2,089)         |
| Exercise of stock options                                                           | 182,896      | —      | 115                              | —                                      | —                      | 115             |
| Stock-based compensation                                                            | —            | —      | 662                              | —                                      | —                      | 662             |
| Foreign currency translation adjustment                                             | —            | —      | —                                | (10)                                   | —                      | (10)            |
| Net loss                                                                            | —            | —      | —                                | —                                      | (15,284)               | (15,284)        |
| Balance at December 31, 2021                                                        | 26,661,771   | \$ 27  | \$ 96,394                        | \$ 4                                   | \$ (81,828)            | \$ 14,597       |

See accompanying notes.

**NeuroBo Pharmaceuticals, Inc.**  
**Consolidated Statements of Cash Flows**  
(in thousands)

|                                                                                                 | <b>For the Year Ended</b> |                  |
|-------------------------------------------------------------------------------------------------|---------------------------|------------------|
|                                                                                                 | <b>December 31,</b>       |                  |
|                                                                                                 | <b>2021</b>               | <b>2020</b>      |
| <b>Operating activities</b>                                                                     |                           |                  |
| Net loss                                                                                        | \$ (15,284)               | \$ (29,678)      |
| Adjustments to reconcile net loss to net cash used in operating activities:                     |                           |                  |
| In process research and development, non-cash portion                                           | —                         | 17,339           |
| Stock-based compensation                                                                        | 662                       | 699              |
| Non-cash lease expense                                                                          | 24                        | 21               |
| Depreciation                                                                                    | 48                        | 46               |
| Change in assets and liabilities, net of the effects of the asset acquisition:                  |                           |                  |
| Prepaid expenses and other assets                                                               | 396                       | 33               |
| Accounts payable                                                                                | (1,162)                   | 1,123            |
| Accrued and other liabilities                                                                   | 182                       | (347)            |
| Net cash used in operating activities                                                           | <u>(15,134)</u>           | <u>(10,764)</u>  |
| <b>Investing activities</b>                                                                     |                           |                  |
| Cash acquired in connection with asset acquisitions                                             | —                         | 180              |
| Transaction costs in connection with asset acquisitions                                         | (583)                     | (107)            |
| Purchases of property and equipment                                                             | (3)                       | (4)              |
| Net cash (used in) provided by investing activities                                             | <u>(586)</u>              | <u>69</u>        |
| <b>Financing activities</b>                                                                     |                           |                  |
| Proceeds from equity offering                                                                   | 24,000                    | 7,500            |
| Issuance costs                                                                                  | (2,089)                   | (695)            |
| Exercise of stock options                                                                       | 115                       | 53               |
| Net cash provided by financing activities                                                       | <u>22,026</u>             | <u>6,858</u>     |
| Net increase (decrease) in cash                                                                 | 6,306                     | (3,837)          |
| Net foreign exchange difference                                                                 | (8)                       | 3                |
| Cash at beginning of year                                                                       | 10,089                    | 13,923           |
| Cash at end of year                                                                             | <u>\$ 16,387</u>          | <u>\$ 10,089</u> |
| <i>Supplemental non-cash investing and financing transactions:</i>                              |                           |                  |
| Common stock and warrants issued in connection with asset acquisitions                          | <u>\$ —</u>               | <u>\$ 17,030</u> |
| Net assets assumed in connection with asset acquisitions                                        | <u>\$ —</u>               | <u>\$ 201</u>    |
| Unpaid transaction costs in accounts payable and accrued expenses related to asset acquisitions | <u>\$ —</u>               | <u>\$ 583</u>    |
| Placement warrants issued in connection with equity financing                                   | <u>\$ —</u>               | <u>\$ 289</u>    |

See accompanying notes.

**NeuroBo Pharmaceuticals, Inc.**  
**Notes to Consolidated Financial Statements**  
**(Dollar Amounts in Thousands, Except Per Share Amounts)**

**1. The Company and Basis of Presentation**

NeuroBo Pharmaceuticals, Inc. (together with its subsidiaries, the "Company" or "NeuroBo"), formerly known as Gemphire Therapeutics Inc. ("Gemphire"), is a clinical-stage biotechnology company with four therapeutic programs designed to impact a range of indications in neurodegenerative, infectious diseases and cardiometabolic disease:

- *ANA001*, which is focused on the development for coronavirus indications, currently in Phase 2/3 clinical trials as a treatment for COVID-19.
- *NB-01*, which was primarily focused on the development of a treatment for painful diabetic neuropathy (PDN). We are currently exploring alternatives with respect to the future of NB-01, including bringing NB-01 asset to the market through a different regulatory pathway, such as with an orphan drug indication or as a nutraceutical
- *NB-02*, which has the potential to treat the symptoms of cognitive impairment and modify the progression of neurodegenerative diseases associated with the malfunction of a protein called tau, and with amyloid beta plaque deposition; and
- *Gemcabene*, which is currently being assessed as an acute indication for COVID-19. Gemcabene was previously focused on developing and commercializing therapies for the treatment of dyslipidemia, a serious medical condition that increases the risk of life-threatening cardiovascular disease, focused on orphan indications such as homozygous familial hypercholesterolemia, as well as nonalcoholic fatty liver disease/nonalcoholic steatohepatitis.

The Company's operations have consisted principally of performing research and development activities, clinical development and raising capital. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional funding before sustainable revenues and profit from operations are achieved.

***Mergers***

*2020 Merger with ANA*

On December 31, 2020, the Company acquired 80% of ANA Therapeutics, Inc., a Delaware corporation ("ANA"), pursuant to an Agreement and Plan of Merger, dated December 31, 2020 (the "2020 Merger Agreement" or "2020 Merger"). Pursuant to the 2020 Merger Agreement, NeuroBo issued to the stockholders of ANA 3,243,875 shares of its common stock. The 2020 Merger, which closed on December 31, 2020, was accounted for as an asset acquisition pursuant to Topic 805, *Business Combinations*, as substantially all of the fair value of the assets acquired were concentrated in a group of similar non-financial assets.

*2019 Merger with Gemphire*

On July 24, 2019, Gemphire Therapeutics Inc. ("Gemphire"), and NeuroBo Pharmaceuticals, Inc. ("Private NeuroBo") entered into a definitive agreement, which was amended on October 29, 2019 (the "2019 Merger Agreement"). The merger closed on December 30, 2019 whereby Private NeuroBo merged with a wholly-owned subsidiary of the Company in an all-stock transaction (the "2019 Merger").

Upon completion of the 2019 Merger, the Company changed its name to NeuroBo Pharmaceuticals, Inc., Private NeuroBo changed its name to NeuroBo Therapeutics, Inc., and the Company changed its ticker symbol on the Nasdaq Capital Market from "GEMP" to "NRBO". Except as otherwise indicated, references herein to "NeuroBo", "the Company", the "combined company", "we", "us", and "our", refer to NeuroBo Pharmaceuticals, Inc. on a post-2019 Merger basis.

**NeuroBo Pharmaceuticals, Inc.**  
**Notes to Consolidated Financial Statements – continued**  
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***Basis of presentation and consolidation principles***

The accompanying financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”)

The consolidated financial statements of the Company include a South Korean subsidiary, NeuroBo Co., Ltd., which is fully owned by the Company. All significant intercompany accounts and transactions have been eliminated in the preparation of the financial statements.

***Going Concern***

From its inception through December 31, 2021, the Company has devoted substantially all of its efforts to drug discovery and development and conducting clinical trials. The Company has a limited operating history and the sales and income potential of the Company's business and market are unproven. Successful transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support the Company's cost structure. As of December 31, 2021, the Company had \$16.4 million in cash. The Company has experienced net losses and negative cash flows from operating activities since its inception and had an accumulated deficit of \$81.8 million as of December 31, 2021.

To date, the Company has raised capital principally through the private placements of common stock and redeemable convertible preferred stock as well as via the issuance of convertible notes. The Company will need to continue to raise a substantial amount of funds until it is able to generate revenues to fund its development activities.

On March 18, 2022, the Company received written notice (the “**Notification Letter**”) from The Nasdaq Stock Market LLC (“**Nasdaq**”) notifying that the Company was not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2) for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5550(a)(2) requires listed securities maintain a minimum closing bid price of \$1.00 per share, and Nasdaq Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum closing bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. Based on the closing bid price of the Company's common stock for the 30 consecutive business days prior to the date of the Notification Letter, the Company did not meet the minimum closing bid price requirement. To regain compliance, the closing bid price of the Company's common stock must be at least \$1.00 per share for a minimum of 10 consecutive business days at any time prior to September 14, 2022.

The determination as to whether the Company can continue as a going concern contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company expects to continue to incur net losses and negative cash flows from operations into the foreseeable future. Successful transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support the Company's cost structure. The Company has incurred net losses since inception and has relied on its ability to fund its operations through debt and equity financings. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business.

The Company believes that its existing cash will be sufficient to fund its operations into the fourth quarter of 2022. The Company plans to continue to fund its operations and capital funding needs through a combination of equity offerings, debt financings, or other sources, potentially including collaborations, licenses and other similar arrangements. There can be no assurance that the Company will be able to obtain any sources of financing on acceptable terms, or at all. To the extent that the Company can raise additional funds by issuing equity securities, the Company's stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that impact the Company's ability to conduct its business.

**NeuroBo Pharmaceuticals, Inc.**  
**Notes to Consolidated Financial Statements – continued**  
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**COVID-19**

The Company is subject to risks and uncertainties as a result of the COVID-19 pandemic. The extent of the impact of the COVID-19 pandemic on the Company's business is highly uncertain and difficult to predict, as the responses that the Company, other businesses and governments are taking continue to evolve. Furthermore, economies worldwide have also been negatively impacted by the COVID-19 pandemic, and it is possible that it could cause a lasting national or global economic recession. Policymakers around the globe have responded with fiscal policy actions to support the healthcare industry and economy as a whole. The magnitude and overall effectiveness of these actions remain uncertain.

To date, except for the adjustments to scientific activity described under "Current Scientific Activity" below, the Company has not experienced any significant external changes in our business that would have a significant negative impact on our consolidated statements of operations or cash flows.

Exclusive of the development of certain of the Company's proposed therapies, the severity of the impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Company's service providers, suppliers, contract research organizations and the Company's clinical trials, all of which are uncertain and cannot be predicted. As of the date of issuance of Company's financial statements, the extent to which the COVID-19 pandemic may in the future materially impact the Company's financial condition, liquidity or results of operations is uncertain.

**War in Ukraine**

The Company is subject to risks and uncertainties relating to its clinical trials as a result of the war in Ukraine that commenced in February 2022. The severity of the impact will depend on the Company's ability to conduct its ANA001 trial in Ukraine and potentially conduct a Phase 3 clinical trial.

**2. Summary of Significant Accounting Policies**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, expenses, and related disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. The most significant estimates in the Company's consolidated financial statements relate to accrued expenses and the fair value of stock-based compensation and warrant issuances. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgements about the carrying values of assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in reported results in the period in which they become known.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash. The Company's cash is principally held by one financial institution in the United States. Amounts on deposit may at times exceed federally insured limits. Management believes that the financial institution is financially sound, and accordingly, minimal credit risk exists with respect to the financial institution. As of December 31, 2021, the Company had deposits in excess of federally insured amounts by \$16.0 million.

**NeuroBo Pharmaceuticals, Inc.**  
**Notes to Consolidated Financial Statements – continued**  
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***Fair Value of Financial Instruments***

The Company's financial instruments principally include cash, prepaid, other current assets, right of use assets, accounts payable, accrued liabilities and lease liabilities. The carrying amounts of prepaid expenses, accounts payable, and accrued liabilities are reasonable estimates of their fair value because of the short maturity of these items. See Note 10 - *Fair Value Measurements*.

***General and Administrative Expenses***

General and administrative expenses consist primarily of personnel-related costs, including salaries and stock-based compensation costs, for personnel in functions not directly associated with research and development activities. Other significant costs include legal fees related to intellectual property and corporate matters and professional fees for accounting and other services.

***Research and Development Costs***

Research and development costs are charged to expense as incurred. Research and development expenses are comprised of costs incurred in performing research and development activities, including clinical trial costs, manufacturing costs for both clinical and pre-clinical materials as well as other contracted services, license fees, and other external costs. Nonrefundable advance payments for goods and services that will be used in future research and development activities are expensed when the activity is performed or when the goods have been received, rather than when payment is made, in accordance with Accounting Standards Codification ("ASC") 730, *Research and Development*.

***Acquired In-Process Research and Development***

The Company includes costs to acquire or in-license product candidates in acquired in-process research and development expenses ("IPR&D"). When the Company acquires the right to develop and commercialize a new product candidate, any up-front payments, or any future milestone payments that relate to the acquisition or licensing of such a right are immediately expensed as acquired in-process research and development in the period in which they are incurred. These costs are immediately expensed provided that the payments do not also represent processes or activities that would constitute a "business" as defined under GAAP, or provided that the product candidate has not achieved regulatory approval for marketing and absent obtaining such approval, has no alternative future use. Royalties owed on future sales of any licensed product will be expensed in the period the related revenues are recognized.

***Income Taxes***

The Company utilizes the liability method of accounting for income taxes as required by ASC 740, *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and the tax basis of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Currently, there is no provision for income taxes, as the Company has incurred operating losses to date, and a full valuation allowance has been provided on the net deferred tax assets.

***Stock-Based Compensation***

The Company accounts for stock-based compensation in accordance with the provisions of ASC 718, *Compensation — Stock Compensation* ("ASC 718"). Accordingly, compensation costs related to equity instruments granted are recognized at the grant-date fair value. The Company records forfeitures when they occur. Stock-based compensation arrangements to non-employees are accounted for in accordance with the applicable provisions of ASC 718 using a grant date fair value approach.

***Leases***

The Company accounts for leases under Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02"). The Company assesses its contracts at inception to determine whether the contract contains a

**NeuroBo Pharmaceuticals, Inc.**  
**Notes to Consolidated Financial Statements – continued**  
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lease, including evaluation of whether the contract conveys the right to control an explicitly or implicitly identified asset for a period of time. The Company has recognized right-of-use assets and lease liabilities that represent the net present value of future operating lease payments utilizing a discount rate corresponding to the Company's incremental borrowing rate and amortized over the remaining terms of the leases. For operating leases of a short-term nature, i.e., those with a term of less than twelve months, the Company recognizes lease payments as an expense on a straight-line basis over the remaining lease term.

***Property and Equipment***

Property and equipment is recorded at cost and reduced by accumulated depreciation. Depreciation expense is recognized over the estimated useful lives of the assets using the straight-line method. The estimated useful life for property and equipment ranges from three to five years. Tangible assets acquired for research and development activities and that have an alternative use are capitalized over the useful life of the acquired asset. Estimated useful lives are periodically reviewed, and when appropriate, changes are made prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts. Maintenance and repairs are charged directly to expense as incurred.

***Foreign Currency Translation***

The foreign subsidiary uses the South Korean Won (KRW) as their functional currency. The Company translates the assets and liabilities of its foreign operation into U.S. dollars based on the rates of exchange in effect as of the transaction date. The resulting adjustments from the translation process are included in accumulated other comprehensive (loss) income in the accompanying consolidated balance sheets.

Certain transactions of the Company are settled in foreign currency and are thus translated to U.S. dollars at the rate of exchange in effect at the end of each month. Gains and losses resulting from the translation are included in other income or expense in the accompanying consolidated statements of operations and comprehensive loss.

***Patent Costs***

Costs related to filing and pursuing patent applications are expensed as incurred, as recoverability of such expenditures is uncertain. These costs are included in general and administrative expenses.

***Comprehensive Loss***

Comprehensive loss is comprised of net loss and other comprehensive income or loss. Comprehensive loss includes net loss as well as other changes in stockholders' equity that result from transactions and economic events other than those with stockholders. Comprehensive loss currently consists of net loss and changes in foreign currency translation adjustments.

***Segment Information***

Operating segments are components of an enterprise for which separate financial information is available and is evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is its Chief Executive Officer. The Company's Chief Executive Officer views the Company's operations and manages its business in one operating segment, which is principally the business of development and commercialization of therapeutics.

***Recent Accounting Pronouncements Adopted***

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial position or results of operations upon adoption.

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In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740)* which amends the existing guidance relating to the accounting for income taxes. This ASU is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles of accounting for income taxes and to improve the consistent application of GAAP for other areas of accounting for income taxes by clarifying and amending existing guidance. The ASU is effective for fiscal years beginning after December 15, 2020. The Company adopted this new guidance on January 1, 2021 and the adoption did not have a material impact on the Company’s consolidated financial statements.

In August 2020, FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, which, among other things, provides guidance on how to account for contracts on an entity’s own equity. This ASU eliminates the beneficial conversion and cash conversion accounting models for convertible instruments. It also amends the accounting for certain contracts in an entity’s own equity that are currently accounted for as derivatives because of specific settlement provisions. In addition, this ASU modifies how particular convertible instruments and certain contracts that may be settled in cash or shares impact the diluted EPS computation. The amendments in this ASU are effective for smaller reporting companies as defined by the SEC for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The Company adopted this new guidance on January 1, 2021 and the adoption did not have a material impact on the Company’s consolidated financial statements.

***Recent Accounting Pronouncements Not Yet Adopted***

In June 2016, the FASB issued ASU 2016-13, “*Financial Instruments – Credit Losses*”. The ASU sets forth a “current expected credit loss” (CECL) model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost and applies to some off-balance sheet credit exposures. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted. Recently, the FASB issued the final ASU to delay adoption for smaller reporting companies to calendar year 2023. The Company is currently assessing the impact of the adoption of this ASU on its consolidated financial statements.

**NeuroBo Pharmaceuticals, Inc.**  
**Notes to Consolidated Financial Statements – continued**  
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**3. Balance Sheet Detail****Property and Equipment**

Property and equipment consist of the following:

|                                    | <b>As of December 31,</b> |               |
|------------------------------------|---------------------------|---------------|
|                                    | <b>2021</b>               | <b>2020</b>   |
| Research and development equipment | \$ 158                    | \$ 158        |
| Office equipment                   | 63                        | 60            |
| Total property and equipment       | 221                       | 218           |
| Less accumulated depreciation      | (111)                     | (63)          |
| Property and equipment, net        | <u>\$ 110</u>             | <u>\$ 155</u> |

**Accrued liabilities**

Accrued liabilities consist of the following:

|                                            | <b>December 31,</b> |                 |
|--------------------------------------------|---------------------|-----------------|
|                                            | <b>2021</b>         | <b>2020</b>     |
| External research and development expenses | \$ 854              | \$ 218          |
| Payroll related                            | 376                 | 277             |
| Professional services                      | 59                  | 561             |
| Other                                      | 12                  | 40              |
| Total                                      | <u>\$ 1,301</u>     | <u>\$ 1,096</u> |

**4. Mergers****ANA Merger**

The 2020 Merger, which closed on December 31, 2020, was accounted for as an asset acquisition pursuant to Topic 805, *Business Combinations*, as substantially all of the fair value of the assets acquired were concentrated in one asset, and the acquired assets did not have outputs. Because the assets had not yet received regulatory approval, the fair value attributable to the asset was recorded as IPR&D expenses in the Company's consolidated statements of comprehensive loss for the year ended December 31, 2020.

The total purchase price paid in the 2020 Merger has been allocated to the net assets acquired and liabilities assumed based on their fair values as of the completion of the 2020 Merger. The following summarizes the purchase price paid in the 2020 Merger (in thousands, except share and per share amounts):

|                                                                                      |                  |
|--------------------------------------------------------------------------------------|------------------|
| Number of shares of the combined organization owned by ANA's pre-merger stockholders | 3,243,875        |
| Multiplied by the fair value per share of NeuroBo's common stock (1)                 | \$ 5.25          |
| Fair value of common stock issued to effect the 2020 Merger                          | 17,030           |
| Transaction costs                                                                    | 690              |
| Purchase price                                                                       | <u>\$ 17,720</u> |

**NeuroBo Pharmaceuticals, Inc.**  
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- (1) Based on the last reported sale price of the NeuroBo’s common stock on the Nasdaq Capital Market on December 31, 2020, the closing date of the 2020 Merger.

The allocation of the purchase price is as follows:

|                    |    |               |
|--------------------|----|---------------|
| Cash acquired      | \$ | 180           |
| Net assets assumed |    | 201           |
| IPR&D (2)          |    | 17,339        |
| Purchase price     | \$ | <u>17,720</u> |

- (2) Represents the pre-2020 Merger research and development projects of ANA which were in-process, but not yet completed, and which the Company plans to advance post-2020 Merger. This consists primarily of technology associated with the Niclosamide drug compound. Current accounting standards require that the fair value of IPR&D projects acquired in an asset acquisition with no alternative future use be allocated a portion of the consideration transferred and charged to expense on the acquisition date.

Pursuant to the 2020 Merger Agreement, following the closing of the 2020 Merger, the Company is obligated to pay milestone payments (each, a “Milestone Payment”) to certain persons identified in the 2020 Merger Agreement (each a “Stakeholder” and collectively, the “Stakeholders”) in the form, time and manner as set forth in the 2020 Merger Agreement, upon the achievement of the following milestone events set forth below by the Company or any of its affiliates (each, a “Milestone Event”):

| <b>Milestone Event</b>                                                                                                                                           | <b>Milestone Payment</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| First receipt of Marketing Approval (as defined in the 2020 Merger Agreement) from the FDA for any Niclosamide Product (as defined in the 2020 Merger Agreement) | \$ 45.0 million          |

Sales Milestones:

| <b>Milestone Event – Worldwide Cumulative Net Sales of a Niclosamide Product equal to or greater than:</b> | <b>Milestone Payment</b> |
|------------------------------------------------------------------------------------------------------------|--------------------------|
| \$500 million                                                                                              | \$ 9.0 million           |
| \$1 billion                                                                                                | \$ 13.5 million          |
| \$3 billion                                                                                                | \$ 36.0 million          |
| \$5 billion                                                                                                | \$ 72.0 million          |

In connection with the acquisition of ANA, the Company assumed a license agreement between ANA and YourChoice Therapeutics, Inc. (“YourChoice”) (the “YourChoice Agreement”). YourChoice granted to ANA, during the term of the YourChoice Agreement, an exclusive, worldwide, fee-bearing license derived from the licensed intellectual property throughout the world.

Additionally, pursuant to the 2020 Merger Agreement, the Company is obligated to pay a royalty of two and a half percent (2.5%) of annual worldwide net sales of each Niclosamide Product (as defined in the Merger Agreement) (each such payment, a “Royalty Payment”) to the Stakeholders in the form, time and manner as set forth in the 2020 Merger Agreement, following the first commercial sale of each Niclosamide Product (as defined in the 2020 Merger Agreement) on a country-by-country and Niclosamide Product-by-Niclosamide Product basis.

As of the December 31, 2021, no Royalty Payments had been accrued as there were no potential milestones yet considered probable.

Pursuant to Topic 805, *Business Combinations*, in an asset acquisition, contingent consideration is only recognized when it becomes probable or reasonably possible to occur as prescribed under ASC 450, *Contingencies*. As of the 2020 Merger close date, the contingent consideration outlined above was not deemed probable or reasonably possible to occur, and as such, was excluded from the 2020 Merger purchase price.

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***Gemphire Merger***

*Contingent Value Rights Agreement*

On December 30, 2019, in connection with the 2019 Merger, Gemphire entered into the Contingent Value Rights Agreement (the “CVR Agreement”) with Grand Rapids Holders’ Representative, LLC, as representative of Gemphire’s stockholders prior to the 2019 Merger (the “Holders’ Representative”), and Computershare Inc. and Computershare Trust Company, N.A. as the rights agents (collectively, the “Rights Agent”). Under the CVR Agreement, which NeuroBo assumed in connection with the 2019 Merger, the holders of Gemphire shares at the time of the 2019 Merger (collectively, the “CVR Holders”) were entitled to receive 80% of the proceeds from the grant, sale, or transfer of rights to Gemcabene.

On March 23, 2021, NeuroBo, the Holders’ Representative, and the Rights Agent entered into the First Amendment to Contingent Value Rights Agreement (the “CVR Amendment”) to amend the CVR Agreement. Pursuant to the CVR Amendment, (i) the CVR Holders will continue to have the right to receive 80% of the proceeds from the grant, sale, or transfer of rights to Gemcabene as a treatment for cardiovascular conditions and (ii) the CVR Holders will now also receive 10% of the proceeds from the grant, sale, or transfer of rights to Gemcabene as a treatment for any indication outside of treating cardiometabolic diseases.

As of the December 31, 2021, no milestones had been accrued as there were no potential payments under the CVR Agreement or the CVR Amendment that were yet considered probable.

**5. Commitments and Contingencies**

***Operating Leases***

***Boston Leases***

On May 14, 2021, the Company entered into a non-cancelable operating lease for its corporate headquarters located in Boston Massachusetts. The agreement, effective August 1, 2021, has a six month term, and rental costs of approximately \$3 per month prior to the application of certain rent concessions granted by the landlord in the amount of approximately \$2 over the term of the lease. In December 2021, the Company signed an amendment to its corporate headquarters lease to extend the term until March 31, 2022 for rental costs of approximately \$1 per month.

Prior to August 2021, the Company was party to a non-cancelable operating lease for its corporate headquarters effective February 1, 2021. The lease had a six month term, and rental costs of approximately \$3 per month prior to the application of certain rent concessions granted by the landlord in the amount of approximately \$1 over the term of the lease. Prior to February 1, 2021, a non-cancelable operating lease was in effect as of February 1, 2020 which had a one-year term and rental costs of \$21 per month prior to the application of certain rent concessions granted by the landlord in the amount of \$32.

No assets and liabilities were recognized for the corporate headquarters leases at December 31, 2021 and 2020. Due to the short-term nature of the leases, the Company recognized lease payments as an expense on a straight-line basis over the remaining lease term. For the years ended December 31, 2021 and 2020, expense under the corporate headquarters leases in the aggregate was \$48 and \$308, respectively.

***Lease in Korea:***

In May 2019, the Company entered a non-cancelable operating lease for its new facility in Korea (the “Korea Lease”). The initial lease term is five years with an option to renew for an additional five-year term. The lease commenced on July 2, 2019 and expires on July 1, 2024. The operating lease is subject to a deposit, base rent payments and additional charges for utilities and other common costs. The Company’s lease liability represents the net present value of future lease payments utilizing a discount rate of 10%, which corresponds to the Company’s incremental borrowing rate. As of December 31, 2021, the weighted average remaining lease term was 2.5 years. For the years ended December 31, 2021

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and 2020, the Company recorded non-cash expense of \$24 and \$21, respectively, related to the Korea Lease. During the year ended December 31, 2021 and 2020, the Company made cash payments of \$32 during each annual period, for amounts included in the measurement of lease liabilities.

The following table reconciles the undiscounted lease liabilities to the total lease liabilities recognized on the consolidated balance sheet as of December 31, 2021:

|                            | <b>As of<br/>December 31,</b> |
|----------------------------|-------------------------------|
| 2022                       | 32                            |
| 2023                       | 32                            |
| 2024                       | 16                            |
| Total lease payments       | 80                            |
| Less effect of discounting | (9)                           |
| Total                      | 71                            |
| Short-term portion         | (26)                          |
| Long-term portion          | <u>\$ 45</u>                  |

***Xiehecheng Cultivation Service Agreement***

On September 1, 2018, the Company entered into a cultivation service agreement with Xiehecheng Chinese Herm Limited Corporation for the cultivation of two plants used to manufacture the Company's clinical asset, NB-01.

As of December 31, 2021, future minimum payments under the agreement, which is cancellable annually at the end of each research year, are as follows:

|      | <b>December 31,</b> |
|------|---------------------|
| 2022 | <u>\$ 132</u>       |
|      | <u>\$ 132</u>       |

***Pfizer License Agreement***

Upon the close of the 2019 Merger, the exclusive license agreement with Pfizer Inc. (“Pfizer”) for the clinical product candidate Gemcabene (the “Pfizer Agreement”) was assumed by the Company. Under the Pfizer Agreement, in exchange for this worldwide exclusive right and license to certain patent rights to make, use, sell, offer for sale and import the clinical product Gemcabene, the Company has agreed to certain milestone and royalty payments on future sales.

The Company agreed to make milestone payments totaling up to \$37 million upon the achievement of certain milestones, including the first new drug application (or its foreign equivalent) in any country, regulatory approval in each of the United States, Europe and Japan, the first anniversary of the first regulatory approval in any country, and upon achieving certain aggregate sales levels of Gemcabene. Future milestone payments under the Pfizer Agreement, if any, are not expected to begin for at least several years and extend over a number of subsequent years.

The Company also agreed to pay Pfizer tiered royalties on a country-by-country basis based upon the annual amount of net sales, as specified in the Pfizer Agreement, until the later of: (a) five (5) years after the first commercial sale in such country; (b) the expiration of all regulatory or data exclusivity for Gemcabene in such country; and (c) the expiration or abandonment of the last valid claim of the licensed patents, including any patent term extensions or supplemental protection certificates in such country (collectively, the Royalty Term). Under the Pfizer Agreement, the Company is obligated to use commercially reasonable efforts to develop and commercialize Gemcabene.

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None of the future milestone or royalty payments were triggered through December 31, 2021.

The Pfizer Agreement will expire upon expiration of the Royalty Term. On expiration (but not earlier termination), the Company will have a perpetual, exclusive, fully paid-up, royalty-free license under the licensed patent rights and related data to make, use, develop, commercialize, import and otherwise exploit the clinical product candidate Gemcabene. Either party may terminate the Pfizer Agreement for the other party's material breach following a cure period or immediately upon certain insolvency events relating to the other party. Pfizer may immediately terminate the Pfizer Agreement in the event that (i) the Company or any of its affiliates or sublicensees contests or challenges, or supports or assists any third party to contest or challenge, Pfizer's ownership of or rights in, or the validity, enforceability or scope of any of the patents licensed under the Pfizer Agreement or (ii) the Company or any of its affiliates or sublicensees fails to achieve the first commercial sale in at least one country by April 16, 2024.

Furthermore, upon termination of the Pfizer Agreement by Pfizer for any of the foregoing reasons, the Company grants Pfizer a non-exclusive, fully paid-up, royalty free, worldwide, transferrable, perpetual and irrevocable license to use any intellectual property rights arising from the development or commercialization of Gemcabene by the Company and any trademarks identifying Gemcabene and agrees to transfer regulatory filings and approvals to Pfizer or permit Pfizer to cross-reference and rely on such regulatory filings and approvals for Gemcabene. The Company may terminate the Pfizer Agreement for convenience upon 90 days' written notice and payment of an early termination fee of \$3.0 million.

As of December 31, 2021 and 2020, there was sufficient uncertainty with regard to both the outcome of the clinical trials and the ability to obtain sufficient funding to support any of the cash milestone payments under the license agreement, and as such, no liabilities were recorded related to the Pfizer Agreement.

***YourChoice License Agreement***

As described in Note 4, - *Mergers*, in connection with the acquisition of ANA, the Company assumed the YourChoice Agreement" between ANA and YourChoice. The fees due under the YourChoice Agreement include royalty payments of 0.5% of annual worldwide net sales of each Niclosamide Product (as defined in the 2020 Merger Agreement) and milestone payments in the aggregate of \$19.5 million. The first milestone payment due is \$5 million upon first receipt of Marketing Approval (as defined in the 2020 Merger Agreement) for the FDA for any Nicolsamide Product (as defined by the 2020 Merger Agreement), followed by sales milestones of \$1 million, \$1.5 million, \$4 million, and \$8 million if worldwide cumulative net sales of a Nicolsamide Product are equal or greater than \$500 million, \$1, billion, \$3, billion, and \$5 billion, respectively. The term of the YourChoice Agreement will expire on the expiration or invalidation of the last of the licensed patents under the YourChoice Agreement.

As of December 31 2021 and 2020, there was sufficient uncertainty with regard to both the outcome of the clinical trials and the ability to obtain sufficient funding to support any of the cash milestone payments under the YourChoice Agreement, and as such, no liabilities were recorded related to the YourChoice Agreement.

***Contingencies***

From time to time, the Company may be subject to various claims and suits arising in the ordinary course of business. The Company does not expect that the resolution of these matters will have a material adverse effect on its financial position or results of operations.

**6. License Agreement**

***Beijing SL License and Collaboration Agreement***

Upon the close of the 2019 Merger, the License and Collaboration Agreement (the "Beijing SL Agreement") with Beijing SL Pharmaceutical Co., Ltd. ("Beijing SL")(the "Beijing SL Agreement") was assumed by the Company, pursuant to which the Company granted Beijing SL an exclusive royalty-bearing license to research, develop,

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manufacture and commercialize pharmaceutical products comprising, as an active ingredient, Gemcabene in mainland China, Hong Kong, Macau and Taiwan (each, a “region”, and collectively, the “Territory”). The terms of the Beijing SL Agreement include payments based upon achievement of milestones and royalties on net product sales. Under the Beijing SL Agreement, the Company has variable consideration in the form of milestone payments. As of December 31, 2021, no revenue under the Beijing SL Agreement has been recognized.

Under the terms of the Beijing SL Agreement, Beijing SL will be responsible, at its expense, for developing and commercializing products containing Gemcabene (each, a “Licensed Product”) in the Territory, with certain assistance from the Company. To the extent mutually agreed to in writing, the Company and Beijing SL will collaborate on the Phase 3 clinical trial for homozygous familial hypercholesterolemia or other clinical trials with the Company as the sponsor designed to enroll patients both inside and outside the Territory (a “Global Study”), but Beijing SL will be responsible, at its expense, for the conduct of any Global Study to the extent solely in the Territory, subject to the Company’s final decision making authority, and the Company will be responsible, at its expense, for the conduct of any Global Study to the extent solely outside of the Territory. Under a territory development plan, the parties shall develop Licensed Products with respect to the Territory. Beijing SL will be responsible for development activities, including non-clinical and clinical studies directed at obtaining regulatory approval of the Licensed Product in the Territory. Beijing SL has agreed to use commercially reasonable efforts to commercialize the Licensed Products for each indication that receives regulatory approval in the Territory and shall prepare and present a commercialization plan that shall be subject to approval by the joint steering committee.

Pursuant to the Beijing SL Agreement, Beijing SL was to make a non-refundable upfront gross payment of \$2.5 million to the Company within 45 days of the effective date of the Beijing SL Agreement; the upfront payment was received in October 2019 and such funds were fully expended prior to the close of 2019 Merger. Additionally, with respect to each Licensed Product, the Company is eligible to receive (i) payments for specified developmental and regulatory milestones (including submission of a new drug application to China’s National Medical Product Administration, dosing of the first patient in a phase 3 clinical trial in mainland China and regulatory approval for the first and each additional indication of a Licensed Product in the Territory) totaling up to \$6 million in the aggregate and (ii) payments for specified global net sales milestones of up to \$20 million in the aggregate multiplied by the ratio of the net sales of a Licensed Product sold by Beijing SL in the Territory divided by the global net sales of a Licensed Product, which net sales milestone payments are payable once, upon the first achievement of such milestone.

Beijing SL is also obligated to pay the Company tiered royalties ranging from the mid-teens to twenty percent on the net sales of all Licensed Products in the Territory until the latest of (a) the date on which any applicable regulatory exclusivity with respect to such Licensed Product expires in such region, (b) the expiration or abandonment of the last valid patent claim or joint patent claim covering such Licensed Product in each region and (c) the fifth anniversary of the first commercial sale of such Licensed Product in such region (the “Royalty Term”). Future milestone payments under the Beijing SL Agreement, if any, are not expected to begin for at least one year and will extend over a number of subsequent years. The Company cannot determine the date on which Beijing SL’s potential royalty payment obligations to the Company would expire because Beijing SL has not yet developed any Licensed Products under the Beijing SL Agreement and therefore the Company cannot at this time identify the date of the first commercial sale or the periods of any regulatory exclusivity or patent claims with respect to any Licensed Product.

On a Licensed Product-by-Licensed Product and region-by-region basis upon the expiration of the Royalty Term, the license granted to Beijing SL shall be deemed perpetual, fully paid-up and royalty free with respect to such Licensed Product in such region. Either party may terminate the Agreement (x) with written notice in the event of the other party’s material breach following a cure period or (y) if the other party becomes subject to certain insolvency proceedings. In addition, the Company may terminate the agreement in its entirety if Beijing SL or its affiliates or sublicensees commence a proceeding challenging the validity, enforceability or scope of any of the Company’s patents.

To the extent rights granted to Beijing SL under the Beijing SL Agreement are controlled by the Company pursuant to the Pfizer Agreement, such rights are subject to the terms and conditions of such agreement with Pfizer, and Beijing SL has agreed to comply with such terms and conditions.

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The Beijing SL Agreement contemplates that Beijing SL and the Company shall, no later than twelve months prior to the anticipated date of the first commercial sale of a Licensed Product, if any, negotiate in good faith and execute a commercial supply agreement, pursuant to which Beijing SL shall purchase from the Company, and the Company shall use commercially reasonable efforts to supply, Gemcabene or Licensed Product for clinical or commercial purposes, as applicable, until manufacturing and regulatory transfers are complete.

Each of the Company and Beijing SL has agreed to indemnify the other party against certain losses and expenses relating to the development or commercialization of a Licensed Product by the indemnifying party, the negligence or willful misconduct of the indemnifying party or its directors, officers, employees or agents or a breach of the indemnifying party's representations, warranties or covenants.

## **7. Stockholders' Equity**

### *Common Stock*

The voting, dividend, and liquidation rights of the holders of the common stock are subject to and qualified by the rights, powers, and preferences of the holders of the preferred stock when outstanding. The holders of the common stock are entitled to one vote for each share of common stock held at all meetings of stockholders.

### *Dividend Rights*

Common stockholders are entitled to receive dividends at the sole discretion of the board of directors of the Company. There have been no dividends declared on common stock to date as of December 31, 2021.

### *Voting Rights*

The holders of common stock are entitled to one vote for each share of common stock along with all other classes and series of stock of the Company on all actions to be taken by the stockholders of the Company, including actions that would amend the certificate of incorporation of the Company to increase the number of authorized shares of the common stock.

### *Liquidation Rights*

In the event of any liquidation, dissolution, or winding-up of the Company, the holders of common stock shall be entitled to share in the remaining assets of the Company available for distribution post preferential distributions made to holders of the Company's preferred stock.

### *April 2020 Equity Financing*

On April 16, 2020, the Company closed on a Securities Purchase Agreement (the "Purchase Agreement") with an institutional investor, pursuant to which the Company sold, in a registered direct offering (the "2020 Registered Offering"), 750,000 shares (the "Shares") of the Company's common stock at an offering price of \$10 per share for gross proceeds of \$7.5 million.

In connection with the 2020 Registered Offering, the placement agent received a cash commission equal to 7% of the gross proceeds from the sale of the Common Stock and warrants (the "Placement Agent's Warrants") to purchase up to 37,500 shares of Common Stock. The Placement Agent's Warrants have an exercise price of \$12.50 per share and a termination date of April 16, 2025. The fair value of the Placement Agent's Warrants was \$289 based on the Black-Scholes pricing model. Input assumptions used were as follows: a risk-free interest rate of 0.4%; expected volatility of 78.0%; expected life of 5 years; and expected dividend yield of 0%. The underlying traded stock price was used in the analysis. The Placement Agent's Warrants were classified in stockholders' equity as the number of shares were fixed

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and determinable and given that the Placement Agent's Warrants did not require cash settlement or have other provisions precluding equity treatment.

Issuance costs in connection with the 2020 Registered Offering were \$1.0 million which included cash commissions equal to \$0.5 million, legal and other fees of \$0.2 million and the value of the Placement Agent's Warrants of \$0.3 million.

*2021 Private Placement*

On January 21, 2021, the Company closed on a Securities Purchase Agreement (the "2021 Purchase Agreement") with certain institutional and accredited investors, pursuant to which the Company, in a private placement ("2021 Private Placement"), agreed to issue and sell an aggregate of 2,500,000 shares of the Company's common stock at a purchase price of \$4.00 per share, and warrants to purchase an aggregate of 2,500,000 shares of the Company's common stock (the "2021 Warrants"), resulting in total gross proceeds to the Company of \$10.0 million, before deducting placement agent fees and offering expenses. The 2021 Warrants have an initial exercise price of \$6.03 per share. The 2021 Warrants are exercisable beginning six months following the date of issuance and will expire five and one-half years following such date. The fair value of the 2021 Warrants was \$7.5 million and was based on the Black-Scholes pricing model. Input assumptions used were as follows: a risk-free interest rate of 0.5%; expected volatility of 76.0%; expected life of 5.5 years; expected dividend yield of 0%; and the underlying traded stock price. The relative fair value attributable to the stock and warrants was \$6.3 million and \$3.7 million, respectively. The 2021 Warrants were classified in stockholders' equity as the number of shares were fixed and determinable, no cash settlement required and no other provisions precluding equity treatment.

Issuance costs in connection with the 2021 Private Placement were \$0.9 million which included cash commissions equal to \$0.7 million and legal and other fees of \$0.2 million.

*October 2021 Registered Direct Offering*

On October 1, 2021, the Company entered into a Securities Purchase Agreement (the "October 2021 Securities Purchase Agreement") with several institutional investors for the purchase and sale in a registered direct offering of 4,307,693 shares of the Company's common stock, at a purchase price of \$3.25 per share for gross proceeds of approximately \$14.0 million.

The October 2021 Securities Purchase Agreement also provides for a concurrent private placement of warrants to purchase the Company's common stock (the "October 2021 Warrants") with the purchasers in the October 2021 Registered Offering. The October 2021 Warrants will be exercisable for up to an aggregate of 4,307,693 shares of common stock. The October 2021 Warrants will have an exercise price of \$3.75 per share, will be exercisable commencing six months from the issuance date (the "Initial Exercise Date"), and will expire three and one-half years following the Initial Exercise Date. The fair value of the 2021 Warrants was \$4.1 million and was based on the Black-Scholes pricing model. Input assumptions used were as follows: a risk-free interest rate of 0.5%; expected volatility of 80.0%; expected life of 3.5 years; expected dividend yield of 0%; and the underlying traded stock price. The relative fair value attributable to the stock and warrants was \$9.8 million and \$4.2 million, respectively. The 2021 Warrants were classified in stockholders' equity as the number of shares were fixed and determinable, no cash settlement required and no other provisions precluding equity treatment.

Issuance costs in connection with the October 2021 Registered Direct Offering were \$1.2 million which included cash commissions equal to \$1.0 million and legal and other fees of \$0.2 million.

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**Warrants**

The following warrants were outstanding as of December 31, 2021 and 2020:

|                                     | <u>Exercise Price</u> | <u>Number Outstanding</u> | <u>Expiration Date</u> | <u>Number Exercisable</u> |
|-------------------------------------|-----------------------|---------------------------|------------------------|---------------------------|
|                                     | \$ 186.75             | 1,440                     | July 2028              | 1,440                     |
|                                     | \$ 260.00             | 39,115                    | March 2022             | 39,115                    |
|                                     | \$ 12.50              | 37,500                    | April 2025             | 37,500                    |
| Total outstanding December 31, 2020 |                       | 78,055                    |                        | 78,055                    |
|                                     | \$ 6.03               | 2,500,000                 | July 2026              | 2,500,000                 |
|                                     | \$ 3.75               | 4,307,693                 | April 2025             | -                         |
|                                     |                       | <u>6,885,748</u>          |                        | <u>2,578,055</u>          |

**8. Stock-Based Compensation**

Stock-based compensation expense was included in general and administrative and research and development costs as follows in the accompanying statements of comprehensive loss:

|                                | Year Ended<br>December 31, |               |
|--------------------------------|----------------------------|---------------|
|                                | 2021                       | 2020          |
| Research and development       | \$ -                       | \$ 18         |
| General and administrative     | 662                        | 681           |
| Total stock-based compensation | <u>\$ 662</u>              | <u>\$ 699</u> |

**Stock Options**

In December 2018, Private NeuroBo adopted the NeuroBo Pharmaceuticals, Inc. 2018 Stock Plan (the "2018 Plan"), in December 2019 in connection with the 2019 Merger, the Company adopted the 2019 Equity Incentive Plan (the "2019 Plan"), and in November 2021, the Company adopted the 2021 Inducement Plan. The 2018 Plan, 2019 Plan and 2021 Inducement Plan provide for the grant of stock options, restricted stock and other equity awards of the Company's common stock to employees, officers, consultants, and directors. Options expire within a period of not more than ten years from the date of grant. During the years ended December 31, 2021 and 2020, 676,666 and 420,000 stock options were granted, respectively, to employees and non-employee consultants with service conditions. The options granted with service conditions vest over a period between one year and three years.

As of December 31, 2021, 1,000,000, 4,444,115 and 3,452,252 shares were authorized under the 2021 Inducement Plan, 2019 Plan and 2018 Plan, respectively, for issuance under these plans.

The following table summarizes the Company's stock option plan activity for the years ended December 31, 2021 and 2020 as follows:

|                                | <u>Number of<br/>Options</u> | <u>Weighted<br/>Average<br/>Exercise<br/>Price</u> | <u>Weighted-<br/>Average<br/>Remaining<br/>Contractual<br/>Term (years)</u> | <u>Aggregate<br/>Intrinsic<br/>Value(1)<br/>(in thousands)</u> |
|--------------------------------|------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------|
| Outstanding at January 1, 2020 | 633,277                      | \$ 0.63                                            | —                                                                           | —                                                              |

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|                                                  |                |                |            |                 |
|--------------------------------------------------|----------------|----------------|------------|-----------------|
| Granted                                          | 420,000        | \$ 8.05        | —          | —               |
| Exercised                                        | (84,589)       | \$ 0.63        | —          | \$ 639          |
| Forfeited/Cancelled                              | (48,333)       | \$ 8.39        | —          | —               |
| Outstanding at December 31, 2020                 | <u>920,355</u> | <u>\$ 3.61</u> | <u>8.5</u> | <u>\$ 2,535</u> |
| Granted                                          | 676,666        | \$ 2.26        | —          | —               |
| Exercised                                        | (182,896)      | \$ 0.63        | —          | \$ 364          |
| Forfeited/Cancelled                              | (439,126)      | \$ 1.93        | —          | —               |
| Outstanding at December 31, 2021                 | <u>974,999</u> | <u>\$ 3.99</u> | <u>9.3</u> | <u>\$ -</u>     |
| Vested and expected to vest at December 31, 2021 | <u>974,999</u> | <u>\$ 3.99</u> | <u>9.3</u> | <u>\$ -</u>     |
| Options exercisable at December 31, 2021         | <u>203,332</u> | <u>\$ 8.01</u> | <u>8.2</u> | <u>\$ -</u>     |

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying options and the fair value of our common stock per share at December 31, 2021 and 2020, as well as the dates options are exercised. Options with exercise prices above the fair value of the common stock were excluded from the intrinsic value calculations.

The weighted average fair value per share of options granted during the year ended December 31, 2021 and 2020 was \$1.53 and \$5.35, respectively.

The following table summarizes the Company's unvested stock options as of and for the year ended December 31, 2021:

|                                   | Number of<br>Options | Weighted<br>Average<br>Grant Date<br>Fair Value |
|-----------------------------------|----------------------|-------------------------------------------------|
| Nonvested at January 1, 2021      | 629,127              | \$ 2.48                                         |
| Granted                           | 676,666              | \$ 1.53                                         |
| Vested                            | (95,000)             | \$ 5.10                                         |
| Forfeited/Cancelled               | (439,126)            | \$ 1.35                                         |
| Nonvested as of December 31, 2021 | <u>771,667</u>       | <u>\$ 1.97</u>                                  |

The Company measures the fair value of stock options with service-based and performance-based vesting criteria to employees, consultants and directors on the date of grant using the Black-Scholes option pricing model. The Company does not have history to support a calculation of volatility and expected term. As such, the Company has used a weighted-average volatility considering the volatilities of several guideline companies.

For purposes of identifying similar entities, the Company considered characteristics such as industry, length of trading history, and stage of life cycle. The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. The average expected life of the options was determined based on the mid-point between the vesting date and the end of the contractual term according to the "simplified method" as described in SEC Staff Accounting Bulletin 110, or the contractual term in cases where the "simplified method" was precluded. The risk-free interest rate is determined by reference to implied yields available from U.S. Treasury securities with a remaining term equal to the expected life assumed at the date of grant. The Company records forfeitures when they occur.

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The assumptions used in the Black-Scholes option-pricing model are as follows:

|                                  | Year Ended<br>December 31, |        |
|----------------------------------|----------------------------|--------|
|                                  | 2021                       | 2020   |
| Expected stock price volatility  | 79.0-80.4 %                | 77.4 % |
| Expected life of options (years) | 5.8                        | 5.8    |
| Expected dividend yield          | — %                        | — %    |
| Risk free interest rate          | 0.93-1.33 %                | 1.51 % |

*Evergreen provision*

Under the 2019 Plan, the shares reserved automatically increase on January 1st of each year, for a period of not more than ten years commencing on January 1, 2020 and ending on (and including) January 1, 2029, to an amount equal to the lesser of 4% of the common shares outstanding as of January 1, or a lesser amount as determined by the Board. The aggregate maximum number of shares of common stock that may be issued pursuant to the 2019 Plan under the evergreen provision is 6,680,000 shares of common stock. On January 1, 2021, 786,847 shares were added to the 2019 Plan as a result of the evergreen provision.

During the years ended December 31, 2021 and 2020, 95,000 and 145,485 stock options vested, respectively. The weighted average fair value per share of options vesting during the years ended December 31, 2021 and 2020 was \$5.45 and \$4.23, respectively. During the years ended December 31, 2021 and 2020, 439,126 and 48,333 stock options were forfeited, respectively. As of December 31, 2021, 7,652,740 shares in the aggregate were available for future issuance under the 2021 Inducement Plan, the 2019 Plan and 2018 Plan.

Unrecognized stock-based compensation cost for the stock options issued under the 2021 Inducement Plan, the 2019 Plan and 2018 Plan was \$1.4 million as of December 31, 2021. The unrecognized stock-based expense is expected to be recognized over a weighted average period of 1.7 years.

**9. Net Loss Per Share of Common Stock**

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding for the period, without consideration for potentially dilutive securities if their effect is antidilutive. Diluted net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock and dilutive common stock equivalents outstanding for the period determined using the treasury stock and if-converted methods. Dilutive common stock equivalents are comprised of convertible preferred stock, convertible notes payable, options outstanding under the Company's stock option plan and warrants during the periods that these instruments are outstanding. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding as inclusion of the potentially dilutive securities would be antidilutive.

The following potential shares of common stock were not considered in the computation of diluted net loss per share as their effect would have been anti-dilutive:

|               | Year ended |         |
|---------------|------------|---------|
|               | 2021       | 2020    |
| Stock options | 974,999    | 920,355 |
| Warrants      | 6,885,748  | 78,055  |

**10. Fair Value Measurements**

The Company follows accounting guidance that emphasizes that fair value is a market-based measurement, not an entity specific measurement. Fair value is defined as “the price that would be received to sell an asset or paid to transfer a

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liability in an orderly transaction between market participants at the measurement date.” Fair value measurements are defined on a three level hierarchy:

**Level 1 inputs:** Unadjusted quoted prices for identical assets or liabilities in active markets;

**Level 2 inputs:** Quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active, or inputs which are observable, whether directly or indirectly, for substantially the full term of the asset or liability;

**Level 3 inputs:** Unobservable inputs that reflect the Company’s own assumptions about the assumptions market participants would use in pricing the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

There were no financial instruments measured on a recurring basis as of December 31, 2021 and 2020 and on a non-recurring basis for any of the periods presented.

#### **11. Income Taxes**

The effective tax rate for the years ended December 31, 2021 and 2020 was zero percent. A reconciliation of income tax computed at the statutory federal income tax rate to the provision (benefit) for income taxes included in the accompanying consolidated statements of operations and comprehensive loss is as follows:

|                                                          | <b>For the Year Ended December 31,</b> |             |
|----------------------------------------------------------|----------------------------------------|-------------|
|                                                          | <b>2021</b>                            | <b>2020</b> |
| Income tax (benefit) provision at federal statutory rate | 21.0 %                                 | 21.0 %      |
| State income tax, net of federal benefit                 | 3.5                                    | 1.9         |
| Acquired in-process research and development expense     | -                                      | (12.3)      |
| Valuation allowance                                      | (26.2)                                 | (44.3)      |
| Research credits                                         | 2.5                                    | 0.3         |
| Provision to tax return                                  | (1.0)                                  | 34.2        |
| Other                                                    | 0.2                                    | (0.8)       |
| Effective tax rate                                       | <u>— %</u>                             | <u>— %</u>  |

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Loss before provision for taxes for the years ended December 31, 2021 and 2020 consisted of the following:

|                           | Year Ended December 31, |                    |
|---------------------------|-------------------------|--------------------|
|                           | 2021                    | 2020               |
| Loss before Income taxes: |                         |                    |
| Domestic                  | \$ (14,954)             | \$ (29,297)        |
| Foreign                   | (330)                   | (381)              |
|                           | <u>\$ (15,284)</u>      | <u>\$ (29,678)</u> |

The components of income tax provision (benefit) consisted of the following for the years ended December 31, 2021 and 2020:

|                                          | Year Ended December 31, |                 |
|------------------------------------------|-------------------------|-----------------|
|                                          | 2021                    | 2020            |
| Tax Provision (Benefit):                 |                         |                 |
| Current                                  |                         |                 |
| Domestic                                 | \$ —                    | \$ —            |
| Foreign                                  | —                       | —               |
| Total current tax provision (benefit)    | <u>—</u>                | <u>—</u>        |
| Deferred                                 |                         |                 |
| Domestic                                 | (3,932)                 | (13,059)        |
| Foreign                                  | (81)                    | (95)            |
| Total deferred tax provision (benefit)   | <u>(4,013)</u>          | <u>(13,154)</u> |
| Change in valuation allowance - Domestic | 3,932                   | 13,059          |
| Change in valuation allowance - Foreign  | <u>81</u>               | <u>95</u>       |
| Total tax provision (benefit)            | <u>\$ —</u>             | <u>\$ —</u>     |

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Significant components of the Company’s deferred tax assets and liabilities are summarized in the tables below as of (in thousands):

|                                                       | Year Ended December 31, |           |
|-------------------------------------------------------|-------------------------|-----------|
|                                                       | 2021                    | 2020      |
| Deferred tax assets:                                  |                         |           |
| Federal and state operating loss carryforwards        | \$ 19,904               | \$ 14,052 |
| Foreign operating loss carryforwards                  | 324                     | 243       |
| Acquired intangibles                                  | 8,706                   | 11,050    |
| Stock-based compensation                              | 276                     | 161       |
| Lease liability                                       | 17                      | 24        |
| Other                                                 | 44                      | 52        |
| Research and development credit carryforwards         | 1,483                   | 1,166     |
|                                                       | 30,754                  | 26,748    |
| Valuation allowance - Domestic                        | (30,410)                | (26,478)  |
| Valuation allowance - Foreign                         | (324)                   | (243)     |
| Total deferred tax assets, net of valuation allowance | 20                      | 27        |
| Deferred tax liabilities:                             |                         |           |
| ROU asset                                             | (18)                    | (24)      |
| Other                                                 | (2)                     | (3)       |
| Net deferred tax assets                               | \$ —                    | \$ —      |

As of December 31, 2021 and 2020, the Company had deferred tax assets of approximately \$30.8 million and \$26.7 million, respectively. Realization of the deferred tax assets is primarily dependent upon future taxable income, if any, the amount and timing of which are uncertain. The Company has had significant pre-tax losses since its inception. The Company has not yet generated revenues and faces significant challenges to becoming profitable. Accordingly, the deferred tax assets have been fully offset by a valuation allowance of \$30.8 million and \$26.7 million as of December 31, 2021 and 2020, respectively. U.S. deferred tax assets will continue to require a valuation allowance until the Company can demonstrate their realizability through sustained profitability or another source of income.

As of December 31, 2021 and 2020, the Company’s federal net operating loss carryforwards were approximately \$81.8 million and \$57.5 million, respectively. The Company had federal research credit carryforwards as of December 31, 2021 and 2020 of approximately \$1.0 million and \$0.7 million, respectively. The federal net operating loss incurred prior to January 1, 2018 will begin to expire in 2034 and tax credit carryforwards will begin to expire in 2038 if not utilized. Federal net operating losses incurred after December 31, 2017 will not expire. As of December 31, 2021 and 2020, the Company had state net operating loss carryforwards of approximately \$42.6 million and \$25.1 million, respectively. The Company had state research credit carryforwards of \$0.6 million and \$0.5 million as of December 31, 2021 and 2020, respectively. The state net operating loss carryforwards and state research credit carryforwards will begin to expire in 2038, if not utilized. Lastly, the Company had foreign net operating loss carryforwards of approximately \$1.3 million and \$1.0 million as of December 31, 2021 and 2020, respectively. The foreign net operating loss carryforwards will begin to expire in 2028.

Utilization of the net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by Section 382 of the Internal Revenue Code of 1986, as amended, and similar state provisions. Generally, in addition to certain entity reorganizations, the limitation applies when one or more “5-percent shareholders” increase their ownership, in the aggregate, by more than 50 percentage points over a 36-month testing period, or beginning the day after the most recent ownership change, if shorter. The annual limitation may result in the expiration of net operating losses and credits before utilization.

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The Company recognizes interest and/or penalties related to uncertain tax positions in income tax expense. There were no uncertain tax positions as of December 31, 2021 and 2020, and as such, no interest or penalties were recorded to income tax expense.

The Company's corporate returns are subject to examination beginning with the 2017 tax year for federal and state jurisdictions, and beginning with the 2018 tax year for one foreign jurisdiction.

On March 27, 2020, the United States enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The CARES Act is an emergency economic stimulus package that includes spending and tax breaks to strengthen the United States economy and fund a nationwide effort to curtail the effect of COVID-19. As of December 31, 2021, the Company has analyzed the provisions of the CARES Act and determined it did not have a significant impact to the Company.

On December 27, 2020, the President of the United States signed the Consolidated Appropriations Act, 2021 ("Consolidated Appropriations Act") into law. The Consolidated Appropriations Act is intended to enhance and expand certain provisions of the CARES Act, allows for the deductions of expenses related to the Paycheck Protection Program funds received by companies, and provides an update to meals and entertainment expensing for 2021. The Consolidated Appropriations Act did not have a material impact to the Company's income tax provision for 2021.

## **12. Related Party Transactions**

### ***Agreements with Dong-A ST***

On September 28, 2018, Private NeuroBo entered into a five year manufacturing and supply agreement with Dong-A ST, a greater than 5% shareholder, for the manufacturing and supply of NB-01 drug substance and placebos for the purpose of research and development to be used in Phase 3 clinical trials (the "Manufacturing Agreement"). There were no manufacturing related costs under the Manufacturing Agreement for the years ended December 31, 2021 or 2020.

The Manufacturing Agreement will automatically terminate in the event that the license agreement with Dong-A ST is terminated for any reason. In addition, each of Dong-A ST and NeuroBo may terminate the Manufacturing Agreement (1) upon the material breach by the other party, if the breach is not cured within a specified number of days after receiving notice from the terminating party, or if the breach cannot reasonably be cured within such period and the breaching party has not started to remedy the breach within such period and diligently endeavored to cure the breach within a reasonable time thereafter, or (2) in the event that (i) the other party is the subject of a petition for bankruptcy, reorganization, or arrangement and the same is not dismissed within thirty days thereof, (ii) a receiver or trustee is appointed for all or a substantial portion of the assets of the other party, or (iii) the other party makes an assignment for the benefit of its creditors.

On June 7, 2020, the Company entered into a manufacturing and supply agreement (the "Manufacturing and Supply Agreement") with Dong-A ST for the manufacturing and supply of NB-02 drug product and placebo for the purpose of research and development of NB-02, including but not limited to, the use in the first NB-02 human clinical trial to be conducted by the Company. Under the terms of the Manufacturing and Supply Agreement, upon receipt of a purchase order from the Company no later than 270 days prior to the requested delivery date, Dong-A ST has agreed to produce for the Company tablets of the NB-02 drug substance and placebos at a specified supply price. The Company is obligated to manufacture, or have manufactured, and supply to Dong-A ST the active pharmaceutical ingredients which are necessary to manufacture the NB-02 drug product. The Manufacturing and Supply Agreement has a five year term, subject to earlier termination under certain circumstances.

### ***License Agreement with YourChoice***

As described in Note 5 – *Commitments and Contingencies*, in connection with the Company's acquisition of ANA, the Company assumed the YourChoice Agreement between ANA and YourChoice, effective as of the closing of the 2020 Merger. Pursuant to the YourChoice Agreement, YourChoice granted to ANA, during the term of the YourChoice Agreement, an exclusive, worldwide, fee-bearing license derived from the licensed intellectual property throughout the world. The fees due under the YourChoice Agreement include certain single-digit royalty payments and milestone

**NeuroBo Pharmaceuticals, Inc.**  
**Notes to Consolidated Financial Statements – continued**  
**(Dollar Amounts in Thousands, Except Per Share Amounts)**

payments in the aggregate of \$19.5 million. The term of the YourChoice Agreement will expire on the expiration or invalidation of the last of the licensed patents under the YourChoice Agreement. Akash Bakshi, the Company's former Chief Operating Officer serves as Chief Executive Officer and director of YourChoice.

**13. Defined Contribution Plan**

The Company adopted a 401(k) defined contribution plan in November 2018, effective as of January 1, 2019, for all employees over age 21. Employees can defer up to 90% of their compensation through payroll withholdings into the plan subject to federal law limits. Discretionary employer matches vest over a six-year period beginning on the second anniversary of an employee's date of hire. Employee contributions and any employer matching contributions made to satisfy certain non-discrimination tests required by the Internal Revenue Code are 100% vested upon contribution. No matching contributions were made during the years ended December 31, 2021 and 2020.

**14. Subsequent Events**

***2019 Plan Evergreen Provision***

On January 1, 2022, 1,066,470 shares were added to the 2019 Plan as a result of the evergreen provision.

***Boston Lease Extension***

In February 2022, the Company signed an amendment to its corporate headquarters lease to extend the term until June 2022 for rental costs of approximately \$1 per month.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None

**ITEM 9A. CONTROLS AND PROCEDURES**

***Evaluation of Disclosure Controls and Procedures***

As required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act, our management, with the participation of our principal executive officer (“PEO”) and principal financial officer (“PFO”), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act) as of the end of the period covered by this annual report for the Company. Based upon that evaluation, our PEO and PFO concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this annual report, as a result of a material weaknesses in our internal control over financial reporting, which is discussed further below.

**Management’s Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and Board; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. The scope of management’s assessment regarding the Company’s internal control over financial reporting includes the criteria set forth by the Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of The Treadway Commission. As a result of this assessment, management has concluded that our internal control over financial reporting was not effective.

In connection with the preparation of the audited financial statements included elsewhere in this report, management has identified a material weakness resulting from a lack of segregation of duties over financial reporting, and a material weakness related to logical access over computer applications. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Specifically, there was a lack of segregation of duties involved in the execution of wire transfers, preparing journal entries, and review over clinical trial accruals, and certain individuals in the accounting department have administrative access to the financial reporting systems. See “Remediation Efforts to Address the Material Weaknesses” below for steps we are taking to correct these material weaknesses.

**Remediation Efforts to Address the Material Weaknesses**

We are in the process of remediating, but have not yet remediated, the material weaknesses related to lack of segregation of duties and logical access as described above. Under the oversight of the audit committee, management is developing a detailed plan and timetable for the implementation of appropriate remedial measures to address the material weaknesses. As of the date of this report, we are taking or intend to take the following actions:

- we will enhance the controls over wire disbursements, separating the functions of initiating and wiring to two separate individuals;

- we have improved processes in the area of clinical site expense monitoring, including increasing communication between our accounting and clinical personnel, as well as with our clinical vendors;
- We will implement enhanced controls relative to the review and oversight of the accounting for clinical trial expenses and the review of journal entries.
- We will restrict administrator rights to only those individuals who require access.

Management may decide to take additional measures to remediate these material weaknesses as necessary.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to an exemption for non-accelerated filers set forth in Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

#### **Inherent Limitations of Disclosure Controls and Procedures and Internal Control over Financial Reporting**

Our management, including our PEO and PFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

#### **Changes in Internal Control Over Financial Reporting**

Other than the remediation activities related to the material weaknesses listed above, the Company has remediated a previous material weakness related to accounting for mergers. We have remediated this material weakness during the quarter ended December 31, 2021, by implementing controls to enhance the oversight over unusual transactions, including engaging subject matter experts for review of unusual transactions, and having accounting personnel present at board and committee meetings at which unusual transactions are considered.

#### **ITEM 9B. OTHER INFORMATION**

None

#### **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

None

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

##### **Directors and Executive Officers**

The Board is divided into three classes. Members of each class serve staggered three-year terms. The terms of office of directors in Class I, Class II and Class III expire at the annual meetings of stockholders to be held in 2023, 2024 and

2022, respectively. The following table provides information as to each person who is, as of the filing hereof, a director and/or executive officer of the Company.

| Name                 | Position(s)                              | Age |
|----------------------|------------------------------------------|-----|
| Andrew Koven         | Class II Director and Chair of the Board | 64  |
| Hyung Heon Kim       | Class II Director                        | 46  |
| Jason L. Groves      | Class II Director                        | 51  |
| Na Yeon (Irene) Kim  | Class I Director                         | 46  |
| D. Gordon Strickland | Class I Director                         | 75  |
| Michael Salisbury    | Class III Director                       | 72  |
| Richard Kang         | Class III Director                       | 50  |
| Ben Gil Price, M.D.  | President and Chief Executive Officer    | 66  |

#### **Business Experience and Background of Directors and Executive Officers**

**Mr. Andrew Koven**-Mr. Koven has served as a member of our Board since July 2021, and Chair of our Board since January 2022. Mr. Koven is the Lead Independent Director of Kala Pharmaceuticals, Inc., a public biopharmaceutical company focused on the discovery, development and commercialization of innovative therapies for diseases of the eye. He has served as the Lead Independent Director of Kala Pharmaceuticals, Inc. since December 2018 and as a member of the Kala board of directors since September 2017. Mr. Koven was, until his retirement in January 2019, the President and Chief Business Officer of Aralez Pharmaceuticals Inc., or Aralez, a public specialty pharmaceutical company, and served in that role with the company's predecessor, Pozen Inc., commencing in June 2015. Prior to joining Pozen, Mr. Koven served as Executive Vice President, Chief Administrative Officer and General Counsel of Auxilium Pharmaceuticals Inc., a public specialty biopharmaceutical company, from February 2012 until January 2015, when it was acquired by Endo International plc. Mr. Koven served as President and Chief Administrative Officer and a member of the board of directors of Neurologix, Inc., a company focused on the development of multiple innovative gene therapy development programs, from September 2011 to November 2011. Before Neurologix, Mr. Koven served as Executive Vice President and Chief Administrative and Legal Officer of Inspire Pharmaceuticals, Inc., a public specialty pharmaceutical company, from July 2010 until May 2011 when it was acquired by Merck & Co., Inc. Previously, Mr. Koven served as Executive Vice President, General Counsel and Corporate Secretary of Sepracor Inc. (now Sunovion), a public specialty pharmaceutical company, from March 2007 until February 2010 when it was acquired by Dainippon Sumitomo Pharma Co., Ltd. Prior to joining Sepracor, Mr. Koven served as Executive Vice President, General Counsel and Corporate Secretary of Kos Pharmaceuticals, Inc., a public specialty pharmaceutical company, from August 2003 until its acquisition by Abbott Laboratories (now AbbVie) in December 2006. Mr. Koven began his career in the pharmaceutical industry first as an Assistant General Counsel and then as Associate General Counsel at Warner-Lambert Company from 1993 to 2000, followed by his role as Senior Vice President and General Counsel at Lavipharm Corporation from 2000 to 2003. From 1986 to 1992 he was a corporate associate at Cahill, Gordon & Reindel in New York. From 1992 to 1993 he served as Counsel, Corporate and Investment Division, at The Equitable Life Assurance Society of the U.S. Mr. Koven holds a Master of Laws (LL.M.) Degree from Columbia University School of Law and a Bachelor of Laws (LL.B.) Degree and Bachelor of Arts Degree in Political Science from Dalhousie University. Our Board believes that Mr. Koven's extensive experience in the pharmaceutical industry qualifies him to serve as a director.

On March 9, 2021, Dong-A ST entered into a Voting Agreement with the E&H Funds (the "Voting Agreement"). Pursuant to the terms of the Voting Agreement and subject to the terms and conditions thereof, each of the E&H Funds and Dong-A ST agreed, among other things, to vote the shares of common stock of the Company owned by the E&H Funds and Dong-A ST together with any other shares of common stock of the Company that become beneficially owned by the E&H Funds and Dong-A ST in favor of the other party's nominees subject to the terms therein. Mr. Koven was nominated in accordance with the terms of the Voting Agreement and each of the E&H Funds and Dong-A ST voted their shares in favor of the election of Mr. Koven.

**Mr. Hyung Heon Kim**- Mr. Kim has served as a member of our Board since July 2021. Mr. Kim is the General Counsel and a Vice President of Dong-A ST and Dong-A Socio Group, a Korean-based group of companies mainly

engaged in the research, development, production and sale of pharmaceuticals, medical devices and APIs. Mr. Kim has served as General Counsel of Dong-A ST since January 2018 and as a Vice President of Dong-A ST since December 2020. Mr. Kim previously served as Executive Director of Dong-A ST from January 2018 through December 2020. Prior to his roles with Dong-A ST, Mr. Kim was Head of International Legal Affairs for Dong-A Socio Holdings Co., Ltd., a Korean-based holdings company for the Dong-A Socio group of companies from 2012 to 2018. Since April 2021, Mr. Kim has served as a director of AnaPath Services GmbH, a private Swiss-based provider of scientific research and development services, and STP America Research Corp, a private New Jersey-based research and development company. Prior to joining Dong-A Socio Group, Mr. Kim served as legal counsel to SK Energy Co., Ltd. and SK Innovation Co., Ltd. from 2008 to 2011. Mr. Kim received his Bachelor of Law degree from Soongshil University in Korea, and obtained his Juris Doctor from Washington University School of Law. Our Board believes that Mr. Kim's experiences gained as General Counsel and Head of International Legal Affairs to an established pharmaceutical group of companies qualify him to serve as a director.

Mr. Kim was nominated in accordance with the terms of the Voting Agreement and each of the E&H Funds and Dong-A ST voted their shares in favor of the election of Mr. Kim.

**Mr. Jason L. Groves, Esq.** has served a member of our Board since December 2019. He is the Executive Vice President and General Counsel of Medifast, Inc. (NYSE: MED), a publicly held leading manufacturer and distributor of clinically-proven, healthy-living products and programs. He has served in this position since November 2011, and as Corporate Secretary since June 2015. Preceding and during his current position, Mr. Groves was a Medifast, Inc. director from 2009 to 2015, serving on the Audit Committee from 2009 to 2011. Mr. Groves was Assistant Vice President of Government Affairs for Verizon Maryland from 2003 until 2011, after having joined Verizon in 2001. A United States Army veteran, Mr. Groves was a direct-commissioned Judge Advocate in the United States Army Judge Advocate General's (JAG) Corps. As a JAG officer, he practiced law and had the distinction of prosecuting criminal cases in the District Court of Maryland as a Special Assistant United States Attorney. Mr. Groves recently completed nine years with the Anne Arundel Medical Center Board of Trustees, chairing their international captive insurance company board for eight years. Mr. Groves received his Bachelor of Science degree, *cum laude*, in Hospitality Management from Bethune-Cookman University, and obtained his Juris Doctor from North Carolina Central University School of Law. Our Board believes that Mr. Groves's experience serving as an independent director, audit committee member and general counsel of a large corporation and assisting with the initial international introduction of such corporation's products qualify him to serve as a director.

Mr. Groves was nominated in accordance with the terms of the Voting Agreement and each of the E&H Funds and Dong-A ST voted their shares in favor of the election of Mr. Groves.

**Ms. Na Yeon ("Irene") Kim** has served as a member of our Board since December 2019 and served as the Chair of our Board from December 2019 to January 2021. Prior to December 2019, she had served on the Board of Private NeuroBo since April 2018. Ms. Kim also currently serves as the Chief Executive Officer of E&Investment, Inc., a South Korean venture capital firm specializing in investments in life sciences companies, a position she has held since March 2018. From October 2015 until March 2018, Ms. Kim was a Representative Director for The SEED Investment Co., Ltd. (formerly known as OST Investment Co., Ltd.), a South Korean investment and fund manager specializing in investments in life sciences companies, and from January 2015 until December 2017, Ms. Kim served as member of the board of directors of Macrogen, Inc., a South Korean, publicly-traded biotechnology company specializing in precision medicine and biotechnology. Ms. Kim also served as an officer of AJUIB Investment, Inc., a venture capital firm headquartered in South Korea specializing in investments in life-science companies from August 2014 until September 2015. Ms. Kim focuses on investment opportunities in a number of industries, particularly in the field of BioPharma, and has more than 15 years of accumulated experience of investment in private equity/venture capital markets. As an investor representative, Ms. Kim has successfully managed more than \$400 million in private equity and venture capital funds. Ms. Kim holds an M.S. and B.S. in biomolecular engineering, as well as an M.B.A. from Yonsei University in Korea. Our Board believes that Ms. Kim's specialized knowledge in building value in life sciences companies and her extensive investment management experience qualify her to serve as a director.

**D. Gordon Strickland**- has served a member of our Board since January 2022. He served as Chairman of Ampex Corporation, a publicly traded technology company, from March 2012 until June 2019. He also served as Ampex's

Chief Executive Officer from February 2007 to March 2012. Prior to Ampex, he served as President and Chief Executive Officer of Cardiff Holdings, a privately held producer of credit, debit, loyalty and other cards by Brookside Equity Partners from March 2012 to August 2013. Prior to Cardiff Holdings, Mr. Strickland was the chairman of Medical Resources, a public operator of diagnostic imaging centers. Mr. Strickland was also president and CEO of MCSi, Inc, a technical integrator of audio visual products, from March 2003 until March 2004. Prior to MCSi, Mr. Strickland was the president and CEO of Capitol Wire, Inc, an internet based news and information service provider from September 1999 until August 2002 and had leadership roles with Kerr Group, a manufacturer of glass containers and plastic packaging, from June 1986 until August 1997, including serving as the president and CEO, and as Senior Vice President, Finance and Chief Financial Officer. Mr. Strickland has over 35 years of experience as a senior executive and board member with public and private companies. Mr. Strickland received an M.B.A. from the Wharton School of the University of Pennsylvania and a B.A. from Yale University. Our Board believes that Mr. Strickland's experience serving as Chairman and Chief Executive Officer of a publicly traded company, Ampex, qualifies him to serve as a director.

**Mr. Michael Salsbury** has served a member of our Board since December 2019. He has served as Counsel to Verisma Systems, Inc., a provider of cloud-based automated disclosure management systems, since September 2017, and as counsel to Current Health Inc., a provider of remote care management products and services, since May 2021. From February 2013 to July 2017, he served as Secretary and General Counsel to Best Doctors, Inc., a provider of expert medical opinions. Mr. Salsbury has more than 25 years' experience as a senior executive with public and private companies and private law practice. Mr. Salsbury received a J.D. and M.B.A. from University of Virginia and a B.A. from Dartmouth College. Our Board believes that Mr. Salsbury's legal expertise and his experience serving as general counsel and secretary of a Fortune 100 corporation qualifies him to serve as a director.

**Dr. Richard Kang** has served a member of our Board since December 2019. He previously served as our President, Chief Executive Officer, Interim Chief Financial Officer, Secretary and Treasurer, from January 1, 2020 until November 2021. Previously, he served as an officer of NeoImmuneTech, Inc., a biotechnology company developing T cell-centered novel immunotherapeutics, from May 2014 to December 2019, most recently as Co-President and Chief Executive Officer and a member of the board of directors. Dr. Kang held various officer positions at Private NeuroBo, including as President and Chief Operating Officer from September 2017 through February 2019, and also served on Private NeuroBo's board of directors from July 2017 to February 2019. He was reappointed to Private NeuroBo's board of directors in December 2019. Dr. Kang also served as President and Chief Executive Officer of JK BioPharma Solutions, Inc. from January 2013 to February 2019. Dr. Kang received a Ph.D. in Molecular Plant Pathology from The University of Edinburgh, an M.S. in Plant Molecular Genetics from Seoul National University and a B.S. in Horticultural Science from Seoul National University. Our Board believes that Dr. Kang's business experience, executive officer positions at the Company and prior experience as Private NeuroBo's former President, Chief Operating Officer and director qualifies him to serve as a director.

**Dr. Ben Gil Price** has served as our President and Chief Executive Officer since November 15, 2021. Prior to joining NeuroBo, from June 2017, Dr. Price served as Chief Medical Officer of the pharmacovigilance team of ProPharma Group, a global industry leader in comprehensive compliance services that span the entire lifecycle of pharmaceuticals, biologics, and devices. He previously served as Chief Executive Officer and Chief Medical Officer of Drug Safety Solutions, Inc., a provider of solutions for clinical and drug safety operations, from 2002 until its acquisition by ProPharma Group in 2017. From 1997 to 2002, Dr. Price was the Director of Clinical Development for oncology at MedImmune, Inc., which is now the biologics subsidiary of AstraZeneca plc. Prior to joining MedImmune, Dr. Price worked in the contract research organization sector. Dr. Price began his pharmaceutical career at Glaxo Inc., which is now GlaxoSmithKline plc, where he worked for nearly nine years on both the commercial and research sides of that company. Dr. Price currently serves on the board of directors of Assay Quant Technologies, a privately held company focusing on developing assays for pharmaceutical research efforts, and AntiSense Therapeutics, Ltd., an Australian publicly traded company developing and commercializing antisense pharmaceuticals for large unmet markets in rare diseases. From 2007 to 2016, Dr. Price served on the board of directors of Sarepta Therapeutics, Inc., a publicly traded commercial-stage biopharmaceutical company focused on the discovery and development of unique RNA-targeted therapeutics for the treatment of rare neuromuscular diseases. Dr. Price is a clinical physician trained in internal medicine, and is a former member of the American Medical Association, the Academy of Pharmaceutical Physicians and a past member of the American Society for Microbiology.

## Code of Business Conduct and Ethics

Our Board has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive officers. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of these provisions, on our website, <http://www.neurobopharma.com>. The full text of our code of conduct is posted on the investor relations section of our website at <http://neurobopharma.com/corporate-governance/highlights>.

## Audit Committee

Our Board has established an audit committee, which is comprised of Mr. Strickland, Mr. Koven and Mr. Groves, with Mr. Strickland serving as chair of the committee. Each member of our audit committee meets the requirements for independence under the current Nasdaq and SEC rules and regulations and is financially literate. In addition, our Board has determined that Mr. Strickland qualifies as an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. This designation does not impose on either of them any duties, obligations or liabilities that are greater than are generally imposed on members of our audit committee and our Board.

## ITEM 11. EXECUTIVE COMPENSATION

### Executive Officer Compensation

The following tables and accompanying narrative disclosure discuss the compensation awarded to, earned by, or paid to:

- Dr. Ben Gil Price, our President, and Chief Executive Officer
- Dr. Richard Kang, our former President, Chief Executive Officer, Interim Chief Financial Officer, Secretary and Treasurer and
- Mr. Akash Bakshi, our former Chief Operating Officer.

We refer to these three executive officers as the “named executive officers.”

### Summary Compensation Table for 2021

The following table presents summary information regarding the total compensation for services rendered in all capacities that was earned by our named executive officers during the fiscal years ended December 31, 2021 and 2020.

| NAME AND PRINCIPAL POSITION                                                 | YEAR | SALARY<br>(\$)(4) | BONUS<br>(\$) | OPTION<br>AWARDS<br>\$(1) | ALL OTHER<br>COMPENSATION<br>(\$) | TOTAL<br>(\$) |
|-----------------------------------------------------------------------------|------|-------------------|---------------|---------------------------|-----------------------------------|---------------|
| Ben Gil Price (2)<br><i>President, and Chief Executive<br/>Officer</i>      | 2021 | 66,154            | —             | 854,122                   | —                                 | 920,276       |
|                                                                             | 2020 | —                 | —             | —                         | —                                 | —             |
| Richard Kang (3)<br><i>Former President and Chief<br/>Executive Officer</i> | 2021 | 260,769           | 130,680       | —                         | 160,000                           | 551,449       |
|                                                                             | 2020 | 302,308           | 125,000       | —                         | —                                 | 427,308       |
| Akash Bakshi (4)<br><i>Former Chief Operating Officer</i>                   | 2021 | 250,000           | —             | —                         | 125,000                           | 375,000       |
|                                                                             | 2020 | —                 | —             | —                         | —                                 | —             |

(1) Reflects the aggregate grant date fair value of options granted during the fiscal year ended December 31, 2021, as computed in accordance with ASC 718.

(2) Dr. Price was appointed as our President and Chief Executive Officer effective November 15, 2021.

- (3) Dr. Kang resigned as the Company's President and Chief Executive Officer effective November 15, 2021. All other compensation for Dr. Kang includes a severance payment of \$150,000 and \$10,000 of consulting fees.
- (4) Mr. Bakshi was appointed as our Chief Operating Officer, effective December 31, 2020 upon the Company's completion of its acquisition of ANA Therapeutics. Mr. Bakshi received no compensation from the Company during the fiscal year ended December 31, 2020. On December 31, 2021, Mr. Bakshi resigned from the Company. All other compensation for Mr. Bakshi includes a severance payment.

## **Narrative Disclosure to Summary Compensation Table**

### **Agreements with Our Named Executive Officers**

We have entered into written agreements with each of our named executive officers.

#### *Dr. Ben Gil Price*

On November 3, 2021, the Company and Dr. Price entered into an employment agreement (the "Price Employment Agreement"). The Price Employment Agreement has an initial term (the "Initial Term") of one year beginning on November 3, 2021 and automatically renews for an additional one year period at the end of the Initial Term a ("Renewal Term") provided that at least 60 days prior to the expiration of the Initial Term or any Renewal Term the Board does not notify Dr. Price of its intention not to renew.

The Employment Agreement entitles Dr. Price to an annual base salary of \$400,000, reviewed annually. Dr. Price is also eligible for annual incentive compensation targeted at 50% of his base salary. Pursuant to the terms of the Price Employment Agreement, and as approved by the independent members of the Board on November 3, 2021, Dr. Price was granted, effective as of Dr. Price's first day of full-time employment with the Company (the "Grant Date"), a non-qualified stock option "inducement award" to purchase 616,666 shares of the Company's common stock pursuant to the terms of a stock option award agreement (the "New Hire Option") under the Inducement Plan as an inducement material to Dr. Price becoming an employee of the Company in accordance with Nasdaq Listing Rule 5635(c)(4). The New Hire Option has a ten-year term and vests as to 266,666 of the shares underlying the stock option on the first anniversary of the Grant Date and as to the remaining 350,000 of the shares on the second anniversary of the Grant Date. The New Hire Option granted to Dr. Price has an exercise price per share equal to the closing price of the Company's common stock on the Grant Date.

In the event of Dr. Price's death during the employment period or a termination due to disability, Dr. Price or his beneficiaries or legal representatives shall be provided any annual base salary earned, but unpaid, for services rendered to the Company on or prior to the date on which the employment period ends, unreimbursed expenses and certain other benefits provided for in the Employment Agreements (the "Unconditional Entitlements"). In the event of termination for cause by the Company or the termination of employment as a result of resignation without good reason, Dr. Price shall be provided the Unconditional Entitlements.

In the event of a resignation by Dr. Price for good reason, the exercise by the Company of its right to terminate such officer other than for cause, death or disability or the Company's election not to extend the employment period upon expiration of the Initial Term or any renewal term (not within twelve months following or three months prior to the effective date of a Change in Control), Dr. Price will receive the Unconditional Entitlements and, subject to him signing and delivering to the Company and not revoking a general release of claims in favor of the Company and certain related parties, the Company shall provide Dr. Price a severance amount equal to \$100,000.

In the event of a resignation by Dr. Price for good reason, the exercise by the Company of its right to terminate such officer other than for cause, death or disability, in each case, within twelve months following or three months prior to the effective date of a Change in Control, Dr. Price will receive (i) the Unconditional Entitlements and (ii) 1.0 times the sum of his annual base salary and target cash bonus.

*Dr. Richard Kang*

On February 11, 2020, we entered into an Employment Agreement with Dr. Kang, our former President and Chief Executive Officer, which was given retroactive effect to January 1, 2020 (the “Kang Employment Agreement”). The Kang Employment Agreement provided for the at-will employment of Dr. Kang as our President and Chief Executive Officer, at a base salary of \$300,000 per year. Dr. Kang was also eligible to receive annual bonus compensation with an annual target bonus opportunity of 50% of his base salary, starting with the 2020 fiscal year. Dr. Kang was also eligible to receive an annual stock option grant and to participate in our employee benefit plans that are in effect for similarly-situated employees.

On November 3, 2021, Dr. Kang resigned from his position as President and Chief Executive Officer. In connection with Dr. Kang’s departure, the Company and Dr. Kang entered into a Separation Agreement effective as of November 3, 2021 (the “Separation Agreement”). Pursuant to the Separation Agreement, in exchange for granting and not revoking a customary release agreement after the Separation Date, Dr. Kang will be entitled to receive (i) severance pay in an amount equal to \$150,000, payable in substantially equal installments in accordance with the Company’s payroll practice over four months, provided that Dr. Kang has not breached any of his continuing obligations, (ii) an amount equal to \$130,680 as the prorated amount of his annual bonus for 2021, and (iii) reimbursement of COBRA premiums for health benefit coverage for up to twelve months, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to Dr. Kang had he remained employed with the Company. In addition, in exchange for granting and not revoking a customary release agreement after the Separation Date, the Company will enter into a consulting agreement with Dr. Kang pursuant to which Dr. Kang will provide consulting services to the Company for a period of one year following the effective date of such consulting agreement, during which period Dr. Kang will be entitled to receive \$10,000 per month as compensation for such services.

*Mr. Akash Bakshi*

On December 31, 2020, we entered into an Employment Agreement with Mr. Bakshi (the “Bakshi Employment Agreement”), our former Senior Vice President and Chief Executive Officer. The Bakshi Employment Agreement provided for at-will employment of Mr. Bakshi as our Senior Vice President and Chief Operating Officer at a base salary of \$250,000 per year. Mr. Bakshi was also eligible to receive an annual bonus compensation with an annual target bonus opportunity of 40% of his base salary, starting with the 2021 fiscal year.

On August 13, 2021, we entered into a Release Agreement (the “Bakshi Release Agreement”) with Mr. Bakshi, pursuant to which, we and Mr. Bakshi agreed that Mr. Bakshi’s employment with the Company will terminate as of December 31, 2021 or such earlier date as determined by the Company (the “Resignation Date”). Mr. Bakshi’s employment was terminated on December 31, 2021. Under the Bakshi Release Agreement, subject to non-revocation of a general release and waiver of claims in favor of the Company, the Company has agreed to pay Mr. Bakshi a total of \$125,000 less required deductions and withholdings, paid in approximately equal monthly installments during the six-month period commencing within 30 days after the Resignation Date.

### Outstanding Equity Awards at Fiscal Year-End 2021

The following table sets forth information regarding outstanding stock options held by our named executive officers as of December 31, 2021:

| NAME              | GRANT DATE             | VESTING<br>COMMENCEMENT<br>DATE | NUMBER OF<br>SECURITIES<br>UNDERLYING<br>UNEXERCISED<br>OPTIONS<br>EXERCISABLE | NUMBER OF<br>SECURITIES<br>UNDERLYING<br>UNEXERCISED<br>OPTIONS<br>UNEXERCISABLE | OPTION<br>PRICE<br>(\$) | OPTION<br>EXPIRATION<br>DATE |
|-------------------|------------------------|---------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------|------------------------------|
|                   |                        |                                 | (#)                                                                            | (#)                                                                              |                         |                              |
| Dr. Ben Gil Price | November 3,<br>2021(1) | November 3, 2021                | —                                                                              | 616,666 (2)                                                                      | 2.04                    | November 3,<br>2031          |
| Dr. Richard Kang  | —                      | —                               | —                                                                              | —                                                                                | —                       | —                            |
| Akash Bakshi      | —                      | —                               | —                                                                              | —                                                                                | —                       | —                            |

(1) All of the outstanding stock option awards were granted under the NeuroBo 2021 Inducement Plan.

(2) Subject to continued service: (a) 266,666 shares vest on the first anniversary of the vesting commencement date, and 350,000 shares vest on the second anniversary of the vesting commencement date.

### Non-Employee Director Compensation

Our non-employee directors receive a mix of cash and share-based compensation intended to encourage non-employee directors to continue to serve on our Board, further align the interests of the directors and stockholders, and attract new non-employee directors with outstanding qualifications. Directors who are employees or officers of the Company do not receive any additional compensation for Board service.

The following table provides compensation information for the fiscal year ended December 31, 2021 for each non-employee member of our Board.

| Name                     | Fees Earned or<br>Paid in Cash<br>(\$) | Option<br>Awards<br>(\$) | Total<br>(\$) |
|--------------------------|----------------------------------------|--------------------------|---------------|
| Ms. Na Yeon (Irene) Kim  | 31,843                                 | —                        | 31,843        |
| Jeong Gyun Oh (1)        | 30,693                                 | —                        | 30,693        |
| Jason Groves             | 81,033                                 | —                        | 81,033        |
| Michael Salsbury         | 79,319                                 | —                        | 79,319        |
| Tae Heum (Ted) Jeong (2) | 1,778                                  | —                        | 1,778         |
| Douglas Swirsky          | 153,979                                | —                        | 153,979       |
| Andrew Koven (3)         | 62,480                                 | 180,698(4)               | 243,178       |
| Hyung Heon Kim (3)       | 28,696                                 | —                        | 28,696        |

(1) Mr. Oh did not stand for re-election and his term ended July 9, 2021.

(2) Mr. Jeong resigned from the Board effective as of January 9, 2021.

(3) Mr. Koven and Mr. Kim were appointed to the Board effective as of July 9, 2021

(4) Mr. Koven was granted an option to purchase 60,000 shares at an exercise price of \$4.52 in September 2021. Each option vests, subject to continuing service, in 36 monthly installments beginning October 2, 2021. The amount reported reflects the aggregate grant date fair value of the option granted to Mr. Koven during the fiscal year ended December 31, 2021, as computed in accordance with ASC 718.

Under the Company’s prior Non-Employee Director Compensation Policy, which was in effect during 2021, non-employee directors were entitled to following compensation:

- Annual cash compensation of \$20,000 per year;
- \$20,000 per year for service on a committee, irrespective of the number of committees;
- \$35,000 additional per year of service for the Chair of the Board;
- \$20,000 additional per year for service for each of the Chair of the Nomination Committee and the Compensation Committee; and
- \$40,000 per year additional for service for each of the Chair of the Audit Committee; and
- Option to purchase 60,000 shares, vested monthly over 36 months upon election as a director;

In September 2021, the Board formed a transaction committee of the Board consisting of 4 members of the Board to review a licensing transaction presented to the Board. Pursuant to the authorizing resolution, the Board approved the following compensation for the members of the Board serving on such transaction committee: a monthly fee in the amount of \$5,000 per month (for each calendar month or portion thereof that such member serves on the transaction committee) and \$800 per meeting of the transaction committee attended by such member.

In January 2022, the compensation committee recommended and our Board approved the Company’s Amended and Restated Non-Employee Director Compensation (the “Amended Non-Employee Director Compensation Policy”). Under the Amended Non-Employee Director Compensation Policy, all of our non-employee directors receive an annual cash retainer of \$40,000 for Board service except for the Chair of the Board who will receive an annual cash retainer of \$75,000. A lead independent director, if applicable, would receive a total of \$60,000. In addition, directors receive an additional cash retainer for serving as a committee chair or member as follows:

|                                         | Audit Committee | Compensation Committee | Nominating and Corporate Governance Committee |
|-----------------------------------------|-----------------|------------------------|-----------------------------------------------|
| Committee Chair                         | \$18,000        | \$12,000               | \$8,000                                       |
| Committee Member (other than the Chair) | 9,000           | 6,000                  | 4,000                                         |

In addition, non-employee directors are entitled to an initial grant for a nonstatutory stock option to acquire 40,000 shares of the Company’s common stock pursuant to the terms and conditions of the Company’s 2019 Equity Incentive Plan (the “Plan”), which will vest in a series of three successive equal annual installments over the three-year period measured from the date of grant, subject to the director’s service to the Company through each applicable vesting date. In accordance with the Amended Non-Employee Director Compensation Policy, each non-employee director will also be eligible to be granted, immediately following the Company’s annual meeting of stockholders, a nonstatutory stock option to purchase 20,000 shares of Company common stock (the “Annual Grant”). Each Annual Grant will vest upon the earlier of the one (1) year anniversary of the grant date or the day prior to the Company’s next annual meeting occurring after the grant date, subject to such non-employee director’s service to the Company through the vesting date. Vesting will be accelerated upon a Corporate Transaction (as defined in the Plan) The nonstatutory stock options are subject to the terms and conditions of the Plan and its related agreements. Additionally, pursuant to the Restated Non-Employee Director Compensation Policy, non-employee directors may elect to receive a restricted stock unit award in lieu of the cash compensation payable.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information regarding beneficial ownership of our common stock, as of March 25, 2022 by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;

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- each of our named executive officers;
- each of our directors; and
- all of our current executive officers and directors as a group.

The table lists applicable percentage ownership based on 26,661,771 shares of common stock outstanding as of March 25, 2022. In addition, the rules include shares of our common stock issuable pursuant to the exercise of stock options and warrants that are either immediately exercisable or exercisable within 60 days of March 25, 2022. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws. Except as otherwise noted below, the address for each person or entity listed in the table is c/o NeuroBo Pharmaceuticals, Inc., 200 Berkeley Street, 19th Floor, Boston, Massachusetts, 02116.

| NAME OF BENEFICIAL OWNER                                            | SHARES BENEFICIALLY OWNED |         |
|---------------------------------------------------------------------|---------------------------|---------|
|                                                                     | NUMBER                    | PERCENT |
| <b>Greater than 5% stockholders</b>                                 |                           |         |
| JK BioPharma Solutions, Inc. (1)                                    | 1,817,842                 | 6.8 %   |
| Dong-A ST Co., Ltd. (2)                                             | 2,880,612                 | 10.8 %  |
| E&Investment, Inc. (3)                                              | 7,321,789                 | 27.5 %  |
| Roy Lester Freeman (4)                                              | 1,456,160                 | 5.5 %   |
| <b>Directors and Named Executive Officers</b>                       |                           |         |
| Andrew Koven, Chair of the Board of Directors (6)                   | 13,333                    | *       |
| Na Yeon (Irene) Kim, Director (3)(5)                                | 7,366,789                 | 27.6 %  |
| Jason Groves, Director (5)                                          | 45,000                    | *       |
| Michael Salsbury, Director (5)                                      | 45,000                    | *       |
| Hyung Heon Kim, Director                                            | —                         | —       |
| Richard Kang, Director                                              | —                         | —       |
| D. Gordon Strickland, Director (6)                                  | 3,333                     | *       |
| Ben Gil Price, President and Chief Executive Officer                | —                         | —       |
| All current executive officers and directors as a group (8 persons) | 7,473,455                 | 27.9 %  |

\* Represents beneficial ownership of less than one percent.

- (1) Based solely on the Company's review of a filing made on a Schedule 13D on November 5, 2021 with the SEC. JK BioPharma Solutions, Inc. ("JK") owns 1,817,842 shares of common stock. The address of the principal executive offices of JK is 1 Research Court, Suite 370, Rockville, MD 20850.
- (2) Based solely on the Company's review of a filing made on a Schedule 13D on September 1, 2021 with the SEC. Dong-A ST Co., Ltd. is a South Korean corporation. The address of Dong-A ST Co., Ltd. is 64, Cheonho-daero, Dongdaemun-gu, Seoul, Republic of Korea.
- (3) Based solely on the Company's review of a filing made on an amendment to Schedule 13D on August 30, 2021 with the SEC. The amendment to the Schedule 13D was filed by The E&Healthcare Investment Fund II ("Fund II"), The E&Healthcare Investment Fund No. 6 ("Fund 6"), The E&Healthcare Investment Fund No. 7 ("Fund 7"), E&Investment, Inc. ("GP"), and Na Yeon Kim. Fund II beneficially owns 4,335,800 shares of common stock, Fund

6 beneficially owns 1,121,190 shares of common stock, Fund 7 beneficially owns 1,864,799 shares of common stock and GP, as the general partner of each of Fund II, Fund 6 and Fund 7, may be deemed to beneficially own 7,321,789 shares of common stock. Ms. Kim has been granted stock options to purchase up to 60,000 shares of common stock in respect of her service on the Board, of which 45,000 are exercisable within 60 days of March 25, 2022. Ms. Kim, as the Chief Executive Officer of GP, may be deemed to hold shared voting and dispositive power over a total of 7,321,789 shares of Common Stock. The business address of Ms. Kim and the address of the principal office of the person and entities noted in this footnote is 16th floor, Yeoksam I-Tower, 326, Teheran-ro, Gangnam-gu, Seoul, Republic of Korea 06211.

- (4) Based solely on the Company’s review of a filing made on a Schedule 13G on February 13, 2020 with the SEC. The address of Mr. Freeman is 200 Berkeley Street, 19th Floor, Boston, Massachusetts, 02116.
- (5) Ms. Kim, Mr. Groves and Mr. Salsbury were each issued a stock option to purchase 60,000 shares of common stock on January 13, 2020. The option expires January 12, 2030, has an exercise price of \$8.39, and vests in 36 equal monthly installments beginning on February 29, 2020, subject to continued service with the Company, such that the option will be fully vested on the third anniversary of the date of grant. 41,666 shares underlying the option are vested as of March 25, 2022 and an additional 3,334 shares underlying the option will become vested within 60 days of March 25, 2022, subject to continued service with the Company.
- (6) Represents shares underlying outstanding stock options that are vested or will become vested within 60 days of March 25, 2022.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following table presents information as of December 31, 2021 with respect to compensation plans under which shares of our common stock may be issued.

| Plan Category                                              | Number of securities to be issued upon exercise of outstanding options, warrants and rights (#) | Weighted-average exercise price of outstanding options, warrants and rights (\$) | Number of securities remaining available for future issuance under equity compensation plans (#) |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders     | 358,333                                                                                         | 7.35                                                                             | 7,269,406(1)(2)                                                                                  |
| Equity compensation plans not approved by security holders | 616,666                                                                                         | 2.04                                                                             | 383,334 (3)                                                                                      |
| <b>Total</b>                                               | <b>974,999</b>                                                                                  | <b>3.99</b>                                                                      | <b>7,652,740</b>                                                                                 |

- (1) The number of shares of common stock remaining available for future issuance represent 4,085,782 shares available for issuance under the 2019 Plan and 3,183,624 shares subject to options awarded under the NeuroBo 2018 Plan.
- (2) The 2019 Plan provides that the number of shares that may be issued under the 2019 Plan shall be increased on the first day of each fiscal year by an amount equal to the lesser of (i) 4% of the number of outstanding shares of Common Stock on such date and (ii) an amount determined by the Administrator.
- (3) Our only equity compensation plan not approved by our security holders is our 2021 Inducement Plan. A total of 1,000,000 shares of common stock of the Company have been reserved for issuance under the Inducement Plan, subject to adjustment for stock dividends, stock splits, or other changes in the Company’s common stock or capital structure. The Inducement Plan was approved by the Compensation Committee without stockholder approval pursuant to Nasdaq Stock Market Listing Rule 5635(c)(4), and is to be utilized exclusively for the grant of stock awards to individuals who were not previously an employee or non-employee director of the Company (or following a bona fide period of non-employment with the Company) as an inducement material to such individual’s entry into employment with the Company, within the meaning of Nasdaq Listing Rule 5635(c)(4). The Inducement Plan is administered by the Board. Stock awards under the Inducement Plan may only be granted by: (i) the Compensation

Committee or (ii) another committee of the Board composed solely of at least two members of the Board who meet the requirements for independence under the Nasdaq Stock Market Listing Rules (the foregoing subsections (i) and (ii) are collectively referred to as the “Committee”). Under the 2021 Inducement Plan, the Committee may choose to grant (i) nonstatutory stock options, (ii) stock appreciation rights, (iii) restricted stock awards, (iv) restricted stock unit awards, (v) performance stock awards, (vi) performance cash awards, and (vii) other stock awards to eligible recipients, with each grant to be evidenced by an award agreement setting forth the terms and conditions of the grant as determined by the Committee in accordance with the terms of the Inducement Plan.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

**Certain Relationships and Related Party Transactions**

The following includes a summary of transactions since January 1, 2020 to which we have been a party, in which the amount involved in the transaction exceeded \$120,000, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than certain equity and other compensation, termination, change of control and other arrangements, which are described under “Executive Compensation.”

***Manufacturing Agreement with Dong-A ST***

On September 28, 2018, Private NeuroBo entered into a five year manufacturing and supply agreement with Dong-A ST for manufacturing and supply of NB-01 drug substance and placebos for the purpose of research and development to be used in Phase 3 clinical trials (the “Manufacturing Agreement”). As of March 25, 2022, Dong-A ST was the beneficial owner of more than 5% of our capital stock. Under the terms of the Manufacturing Agreement, Dong-A ST has agreed to produce for NeuroBo a specified number of tablets of the NB-01 drug substance and placebos at a supply price to be determined at the time of each individual order. In addition, prices were set for stability testing of the NB-01 drug substance and placebo. The Company incurred no such expenses for the years ended December 31, 2021 and 2020.

The Manufacturing Agreement will automatically terminate in the event that the license agreement with Dong-A ST is terminated for any reason. In addition, each of Dong-A ST and NeuroBo may terminate the Manufacturing Agreement (1) upon the material breach by the other party, if the breach is not cured within a specified number of days after receiving notice from the terminating party, or if the breach cannot reasonably be cured within such period and the breaching party has not started to remedy the breach within such period and diligently endeavored to cure the breach within a reasonable time thereafter, or (2) in the event that (i) the other party is the subject of a petition for bankruptcy, reorganization, or arrangement and the same is not dismissed within thirty days thereof, (ii) a receiver or trustee is appointed for all or a substantial portion of the assets of the other party, or (iii) the other party makes an assignment for the benefit of its creditors.

***ANA Merger and Lock-Up Agreements***

As described above in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Merger with ANA”, on December 31, 2020, the Company acquired ANA pursuant to the 2020 Merger Agreement by and among NeuroBo, the First Merger Sub, the Second Merger Sub, ANA, and Akash Bakshi, solely in his capacity as the representative of the securityholders of ANA. Immediately prior to the 2020 Merger, Mr. Bakshi served as Chief Executive Officer and a director of ANA. In connection with the 2020 Merger, in respect of Mr. Bakshi’s capacity as a former ANA securityholder, (i) the Company issued 884,072 shares to Mr. Bakshi, which, based on the closing price as of the consummation of the 2020 Merger, were collectively worth \$4,641,378.00 on such date; and (ii) Mr. Bakshi is also entitled to a pro rata portion of any milestone payments paid under the 2020 Merger Agreement, as described in more detail in “Merger with ANA” above.

Concurrently and in connection with the execution of the 2020 Merger Agreement, Mr. Bakshi, among other persons identified therein, entered into a lock-up agreement with the Company, pursuant to which Mr. Bakshi is subject to a lockup on the sale or transfer of shares of the Company’s common stock held by Mr. Bakshi at the closing of the 2020 Merger, including those shares issued in the 2020 Merger, for a period ending on the earlier of (i) 180 days after the

closing date or (ii) approval of a certain milestone payment proposal (described further in the 2020 Merger Agreement) by the Company's stockholders (the "Lock-Up Agreement"). Mr. Bakshi served as a member of our Board from December 31, 2020 until July 9, 2021 and as our Chief Operating Officer and Senior Vice President from December 31, 2020 until December 31, 2021.

### Director Independence

Our common stock is listed on Nasdaq. Under the rules of Nasdaq, independent directors must comprise a majority of a listed company's board of directors. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Under the rules of Nasdaq, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Additionally, compensation committee members must not have a relationship with us that is material to the director's ability to be independent from management in connection with the duties of a compensation committee member.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board of directors committee: (i) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (ii) be an affiliated person of the listed company or any of its subsidiaries.

Our Board has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our Board affirmatively determined that Na Yeon (Irene) Kim, Jason Groves, Michael Salsbury, Andrew Koven, and Hyung Heon Kim, and D. Gordon Strickland are "independent directors" as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of Nasdaq. The Board determined that Richard Kang, our former Chief Executive Officer, President, Interim Chief Financial Officer, Secretary and Treasurer, is not independent. In making this determination, our Board considered the current and prior relationships that each non-employee director has with us and all other facts and circumstances that our Board deemed relevant in determining each non-employee director's independence, including the participation by our non-employee directors, or their affiliates, in certain financing transactions by the Company and the beneficial ownership of our common stock by each non-employee director. See "Certain Relationships and Related Party Transactions" and "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

### Service Fees Paid to the Independent Registered Public Accounting Firms

The Audit Committee has considered the scope and fee arrangements for all services provided by BDO USA, LLP, taking into account whether the provision of non-audit-related services is compatible with maintaining BDO USA, LLP independence. The following table presents fees for professional audit services rendered by BDO USA, LLP for the audit of the annual financial statements for the years ended December 31, 2021 and 2020.

| FEE CATEGORY       | FISCAL YEAR |            |
|--------------------|-------------|------------|
|                    | 2021        | 2020       |
| Audit fees         | \$ 343,034  | \$ 535,691 |
| Audit-related fees | \$          | \$         |
| Tax fees           | \$          | \$         |
| All other fees     | \$          | \$         |
| Total fees         | \$ 343,034  | \$ 535,691 |

Audit fees consist of fees billed for services relating to the audit of our annual financial statement and review of our quarterly financial statements, services that are normally provided in connection with statutory and regulatory filings or engagements, comfort letters, reports on an issuer's internal controls, and review of documents to be filed with the SEC (e.g. periodic filings, registration statements, and company responses to SEC comment letters).

Audit-related fees are related to other assurance and related services that are traditionally performed by an independent accountant such as employee benefit plan audits, due diligence related to mergers and acquisitions, accounting assistance and audits in connection with proposed or consummated acquisitions, attest services that are not required by statute or regulation, and consultations concerning proposed accounting and reporting standards.

Tax fees relate to permissible services for technical tax advice related to federal and state income tax matters.

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

Our audit committee generally pre-approves all audit and permitted non-audit and tax services provided by the independent registered public accounting firm. Pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. Our audit committee may also pre-approve particular services on a case-by-case basis. All of the services relating to the fees described in the table above were approved by our audit committee.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed as part of this report:

1. Financial Statements: The information required by this item is contained in Item 8 of this Form 10-K.
2. Financial Statement Schedules:

No financial statement schedules are provided because the information called for is not required or is shown either in the financial statements or notes thereto.

**ITEM 16. FORM 10-K SUMMARY**

None

| <b>EXHIBIT<br/>NUMBER</b> | <b>DESCRIPTION OF DOCUMENT</b>                                                                                                                                                                                                                                                                                                                       |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1++                     | <a href="#">Agreement and Plan of Merger, dated as of July 24, 2019, by and among Registrant, GR Merger Sub Inc. and NeuroBo Pharmaceuticals, Inc. (incorporated by reference to Annex A to the Registrant's Amendment No. 3 to Registration Statement on Form S-4, filed on November 4, 2019).</a>                                                  |
| 2.2                       | <a href="#">First Amendment to Agreement and Plan of Merger, dated as of July 24, 2019, by and among Registrant, GR Merger Sub Inc. and NeuroBo Pharmaceuticals, Inc., dated as of October 29, 2019 (incorporated by reference to Annex A to the Registrant's Amendment No. 3 to Registration Statement on Form S-4, filed on November 4, 2019).</a> |
| 2.3                       | <a href="#">Agreement and Plan of Merger, dated as of December 31, 2020, by and among the Registrant, Shelby Merger Sub 1, Inc., Shelby Merger Sub 2, LLC, ANA Therapeutics, Inc. and Akash Bakshi (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed on January 6, 2021).</a>                          |
| 3.1                       | <a href="#">Third Amended and Restated Certificate of Incorporation of Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on August 10, 2016).</a>                                                                                                                                           |
| 3.2                       | <a href="#">Certificate of Amendment (Reverse Stock Split) to the Third Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on December 31, 2019).</a>                                                                                  |
| 3.3                       | <a href="#">Certificate of Amendment (Name Change) to the Third Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on December 31, 2019).</a>                                                                                          |
| 3.4                       | <a href="#">Second Amended and Restated Bylaws of Registrant (incorporated by reference to Exhibit 3.4 to the Registrant's Annual Report on Form 10-K, filed on March 30, 2020).</a>                                                                                                                                                                 |
| 4.1                       | <a href="#">Form of Common Stock Certificate of the Registrant (incorporated by reference to Exhibit 4.1 to the Registrant's Amendment No. 1 to Registration Statement on Form S-1, filed on June 13, 2016).</a>                                                                                                                                     |
| 4.2                       | <a href="#">Form of Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on March 13, 2017).</a>                                                                                                                                                                         |
| 4.3                       | <a href="#">Warrant to Purchase Stock, dated July 31, 2018, by and between the Registrant and Silicon Valley Bank (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on August 6, 2018).</a>                                                                                                            |
| 4.4                       | <a href="#">Form of Placement Agent's Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 15, 2020).</a>                                                                                                                                           |
| 4.5                       | <a href="#">Form of Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 21, 2021).</a>                                                                                                                                                           |
| 4.6                       | <a href="#">Form of Warrant to Purchase shares of Common Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 4, 2021).</a>                                                                                                                                                  |
| 4.7                       | <a href="#">Description of Securities (incorporated by reference to Exhibit 4.5 to the Registrant's Annual Report on Form 10-K filed with the SEC on April 15, 2021).</a>                                                                                                                                                                            |

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- 10.1# [Form of Indemnification Agreement \(incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1, filed on April 18, 2016\).](#)
- 10.9+ [Amended and Restated License Agreement, effective as of August 2, 2018, by and between the Registrant and Pfizer Inc. \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 6, 2018\).](#)
- 10.10# [2019 Equity Incentive Plan \(incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on December 31, 2019\).](#)
- 10.11# [Form of Restricted Stock Grant Notice and Restricted Stock Agreement under the Amended and Restated 2015 Equity Incentive Plan \(Employees\) \(incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed on July 25, 2019\).](#)
- 10.12# [Form of Restricted Stock Grant Notice and Restricted Stock Agreement under the Amended and Restated 2015 Equity Incentive Plan \(Directors\) \(incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, filed on July 25, 2019\).](#)
- 10.13+++ [License and Collaboration Agreement, dated as of July 23, 2019, by and between the Registrant and Beijing SL Pharmaceutical Co., Ltd. \(incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K, filed on July 25, 2019\).](#)
- 10.15 [Membership Agreement, dated as of November 11, 2020, by and between WeWork and the Registrant \(incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K, filed on March 30, 2020\).](#)
- 10.16+++ [Manufacturing and Supply Agreement, dated as of September 28, 2018, between Dong-A ST Co., Lt. and the Registrant \(incorporated by reference to Exhibit 10.36 to the Registrant's Registration Statement on Form S-4, filed on September 3, 2019\).](#)
- 10.19 [Lease Agreement, dated as of May 2, 2019, by and between Gyeonggi Urban Innovation Corporation and NeuroBo Co., Ltd. \(incorporated by reference to Exhibit 10.40 to the Registrant's Registration Statement on Form S-4, filed on September 3, 2019\).](#)
- 10.20+++ [License Agreement, dated as of January 18, 2018, as amended on April 18, 2018 and July 24, 2019, by and between Dong-A ST Co., Ltd. and the Registrant \(incorporated by reference to Exhibit 10.42 to the Registrant's Registration Statement on Form S-4, filed on September 3, 2019\).](#)
- 10.21+++ [Acquisition Agreement, dated January 18, 2018, as amended on April 18, 2018 and July 24, 2019, by and between Dong-A ST Co., Ltd. and the Registrant \(incorporated by reference to Exhibit 10.43 to the Registrant's Registration Statement on Form S-4, filed on September 3, 2019\).](#)
- 10.22# [2018 Stock Plan for the Registrant \(incorporated by reference to Exhibit 10.44 to the Registrant's Registration Statement on Form S-4, filed on September 3, 2019\).](#)
- 10.23# [Form of Stock Option Agreement for the 2018 Stock Plan for the Registrant \(incorporated by reference to Exhibit 10.45 to the Registrant's Registration Statement on Form S-4, filed on September 3, 2019\).](#)
- 10.24# [Form of Notice of Grant of Restricted Stock Purchase Right for the 2018 Stock Plan for the Registrant \(incorporated by reference to Exhibit 10.46 to the Registrant's Registration Statement on Form S-4, filed on September 3, 2019\).](#)

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- 10.25# [Form of Notice of Grant of Stock Option to the 2018 Stock Plan for the Registrant \(incorporated by reference to Exhibit 10.47 to the Registrant's Registration Statement on Form S-4, filed on September 3, 2019\).](#)
- 10.26# [Form of Notice of Grant of Restricted Stock Bonus for the 2018 Stock Plan for the Registrant \(incorporated by reference to Exhibit 10.48 to the Registrant's Registration Statement on Form S-4, filed on September 3, 2019\).](#)
- 10.27++ [Contingent Value Rights Agreement, dated as of December 30, 2019, by and among the Registrant, Grand Rapids Holders Representative, LLC, Computershare Inc. and Computershare Trust Company, N.A. \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on December 31, 2019\).](#)
- 10.28 [First Amendment to Contingent Value Rights Agreement, dated as of December 30, 2019, by and among the Registrant, Grand Rapids Holders Representative, LLC, Computershare Inc. and Computershare Trust Company, N.A., dated as of March 23, 2021 \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on March 24, 2021\).](#)
- 10.30 # [Employment Agreement, dated February 11, 2020, by and between the Registrant and Richard Kang \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on February 13, 2020\).](#)
- 10.32# [Form of Incentive Stock Option Agreement for 2019 Equity Incentive Plan \(incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K, filed on March 30, 2020\).](#)
- 10.33# [Form of Restricted Stock Agreement for 2019 Equity Incentive Plan \(incorporated by reference to Exhibit 10.32 to the Registrant's Annual Report on Form 10-K, filed on March 30, 2020\).](#)
- 10.34# [Form of Non-Qualified Stock Option Agreement for 2019 Equity Incentive Plan \(incorporated by reference to Exhibit 10.33 to the Registrant's Annual Report on Form 10-K, filed on March 30, 2020\).](#)
- 10.35# [Form of Stock Unit Agreement for 2019 Equity Incentive Plan \(incorporated by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K, filed on March 30, 2020\).](#)
- 10.36 [Form of Securities Purchase Agreement \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on April 15, 2020\).](#)
- 10.37 [Manufacturing and Supply Agreement \(NB-02 formerly DA-9803\), dated as of June 7, 2020, by and between Dong-A ST Co., Ltd. and the Registrant \(incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q, filed on August 11, 2020\).](#)
- 10.38 [Form of Support Agreement \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on January 6, 2021\).](#)
- 10.39 [Form of Lock-Up Agreement \(incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on January 6, 2021\).](#)
- 10.40# [Employment Agreement, dated as of December 31, 2020, by and between the Registrant and Akash Bakshi \(incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the SEC on April 15, 2021\).](#)

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|          |                                                                                                                                                                                                                                                                                                                                |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.41    | <a href="#">Form of Securities Purchase Agreement, dated as of October 1, 2021, by and among NeuroBo Pharmaceuticals, Inc. and the purchasers identified on the signature pages thereto. (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the SEC on October 4, 2021).</a> |
| 10.42#   | <a href="#">NeuroBo Pharmaceuticals, Inc. 2021 Inducement Plan (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the SEC on November 4, 2021).</a>                                                                                                                          |
| 10.43#   | <a href="#">Form of Stock Option Grant Notice, Option Agreement and Notice of Exercise under the NeuroBo Pharmaceuticals, Inc. 2021 Inducement Plan (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed with the SEC on November 4, 2021).</a>                                     |
| 10.44#   | <a href="#">Separation Agreement entered into on November 3, 2021 by and between NeuroBo Pharmaceuticals, Inc. and Richard Kang (incorporated by reference to Exhibit 10.3 to the Registrant’s Current Report on Form 8-K filed with the SEC on November 4, 2021).</a>                                                         |
| 10.45#   | <a href="#">Employment Agreement entered into on November 3, 2021 by and between NeuroBo Pharmaceuticals, Inc. and Ben Gil Price (incorporated by reference to Exhibit 10.4 to the Registrant’s Current Report on Form 8-K filed with the SEC on November 4, 2021).</a>                                                        |
| 10.46#   | <a href="#">Amended and Restated Non-Employee Director Compensation Policy, dated January 14, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, as filed on January 28, 2022).</a>                                                                                               |
| 10.47*   | <a href="#">Amendment to Membership Agreement, dated December 23, 2021, by and between WeWork and the Registrant, filed herewith.</a>                                                                                                                                                                                          |
| 10.48*   | <a href="#">Amendment to Membership Agreement, dated February 9, 2022, by and between WeWork and the Registrant, filed herewith.</a>                                                                                                                                                                                           |
| 21.1*    | <a href="#">Subsidiaries of the Registrant</a>                                                                                                                                                                                                                                                                                 |
| 23.1*    | <a href="#">Consent of BDO USA, LLP</a>                                                                                                                                                                                                                                                                                        |
| 31.1*    | <a href="#">Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes Oxley Act of 2002</a>                                                                                                        |
| 32.1**   | <a href="#">Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>                                                                                                                          |
| 101.INS* | Inline XBRL Instance Document                                                                                                                                                                                                                                                                                                  |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document                                                                                                                                                                                                                                                                                 |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                                                                                                                                                                   |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                                                                                                                                                                    |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document                                                                                                                                                                                                                                                                         |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                                                                                                                                                                                  |
| 104      | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                                                                                                                                                                                                                                       |
| #        | Indicates management contract or compensatory plan                                                                                                                                                                                                                                                                             |
| *        | Filed herewith                                                                                                                                                                                                                                                                                                                 |

- \*\*     Furnished herewith
  
- +     Registrant has omitted and filed separately with the SEC portions of the exhibit pursuant to a confidential treatment request under Rule 406 promulgated under the Securities Act.
  
- ++    Certain schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.
  
- +++   Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request. Certain portions of the exhibits that are not material and would be competitively harmful if publicly disclosed have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. Copies of the unredacted exhibits will be furnished to the SEC upon request.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 31, 2022

**NEUROBO PHARMACEUTICALS, INC.**

By: /s/ Ben Gil Price  
Ben Gil Price  
*President and Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <u>SIGNATURE</u>                                        | <u>TITLE</u>                                                                                                                      | <u>DATE</u>    |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------|
| <u>/s/ Ben Gil Price</u><br>Ben Gil Price               | President and Chief Executive Officer (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer) | March 31, 2022 |
| <u>/s/ Andrew Koven</u><br>Andrew Koven                 | Chair of the Board of Directors                                                                                                   | March 31, 2022 |
| <u>/s/ Jason L. Groves</u><br>Jason L. Groves           | Director                                                                                                                          | March 31, 2022 |
| <u>/s/ Richard J. Kang</u><br>Richard J. Kang           | Director                                                                                                                          | March 31, 2022 |
| <u>/s/ Hyung Heon Kim</u><br>Hyung Heon Kim             | Director                                                                                                                          | March 31, 2022 |
| <u>/s/ Na Yeon (Irene) Kim</u><br>Na Yeon (Irene) Kim   | Director                                                                                                                          | March 31, 2022 |
| <u>/s/ Michael Salsbury</u><br>Michael Salsbury         | Director                                                                                                                          | March 31, 2022 |
| <u>/s/ D. Gordon Strickland</u><br>D. Gordon Strickland | Director                                                                                                                          | March 31, 2022 |



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## AMENDMENT TO MEMBERSHIP AGREEMENT

HI PRINCESS BULANADI

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Please review the Amendment to your Membership Agreement below.

If you have any questions or concerns, please don't hesitate to reach out to us at [we-us-39470@wework.com](mailto:we-us-39470@wework.com)

Reference is hereby made to the WeWork Membership Agreement between 200 Berkeley Street Tenant LLC ("WeWork") and NeuroBo Pharmaceuticals, Inc. dated January 29, 2020, including the accompanying Membership Details Form and any other amendments thereto (the "Agreement"). The parties agree that the following terms shall be considered binding amendments to the Agreement (the "Amendment"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement.

### PRIMARY MEMBER INFORMATION

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#### **NeuroBo Pharmaceuticals, Inc.**

Primary member: Princess Bulanadi

[princess@neurobopharma.com](mailto:princess@neurobopharma.com)

### LEAVING

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#### **Leaving 1 office in WeWork 200 Berkeley**

19-109 · 4 person office

**End Date:** January 31, 2022

## JOINING

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### **WeWork 200 Berkeley**

19-120 · 2 person office

USD \$1,250.00/mo

**Start Date:** February 1, 2022

**Commitment term:** 2 months

## SERVICE RETAINER SUMMARY

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Service retainer fees for WeWork 200

Berkeley

\$1,875.00

1.5x monthly membership fee

### **Discounts**

-\$250.00/mo from February 1, 2022 to March 31, 2022

### **Additional Fees**

Setup Fee USD \$0.00

## ANNUAL ESCALATION

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On each anniversary of the start date for the office, the Membership Fee will be subject to an automatic three and a half percent (3.5%) increase over the then current Membership Fee.

This amendment may alter the date upon which Member Company's annual increase of the Membership Fee occurs, but in no event shall it occur on a date earlier than the next anniversary of the Start Date of the Agreement.

**With respect to the termination of a portion of the Membership Agreement that is the subject of this Amendment only:**

Pursuant to the terms of the original Membership Agreement, penalty for early termination is the forfeiture of your Service Retainer and the remainder of your Membership Fee obligations for the remainder of the Commitment Term. Notwithstanding the foregoing, unless otherwise agreed upon by WeWork and you in writing, termination of a portion of this Membership Agreement, including a reduction in the original Capacity or original Commitment Term, prior to the end of the original Commitment Term (or during any relevant Termination Notice Period) under the Membership Agreement shall result in the portion of your Membership Fee Obligations for the terminated portion of the Membership Agreement becoming immediately due. In addition to any rights, claims and remedies we choose to pursue in our discretion, in the event of a reduction in the original Capacity under the Membership Agreement, a portion of the Service Retainer equal to the pro rata reduction in Capacity shall be forfeited immediately as a result of your breach. In the event there are outstanding fees and other costs due to us as a result of such termination, we will invoice you for the outstanding balance. In the event of any inconsistency between the applicable Membership Agreement and this Amendment, the terms of this Amendment shall prevail. The parties further agree that other than the terms modified by this Amendment, the Membership Agreement remains otherwise unchanged, including the annual Membership Fee increases set forth in the Membership Agreement.

**With respect to the termination of the entire Membership Agreement that is the subject of this Amendment only:**

Following the termination of your WeWork Membership, WeWork will process your Service Retainer refund, after deducting any outstanding fees and other costs due to us (including any Membership Fees due for the remainder of your Commitment Term, if applicable), to the bank account provided on the move out paperwork. Please be advised that the return of your Service Retainer takes approximately thirty (30) calendar days. Please note if the Service Retainer was paid via credit card, we will not be able to return the Service Retainer to a credit card. In the event outstanding fees and other costs due to us, including the Membership Fees owed to WeWork for the original Commitment Term, if applicable, is greater than the Service Retainer we have received from you, no refund will be issued. Instead, we will invoice you for the outstanding balance.

By electronically signing this Amendment you represent that you have the proper authority to execute this Amendment on behalf of NeuroBo Pharmaceuticals, Inc. and incur the obligations described in this Amendment on behalf of NeuroBo Pharmaceuticals, Inc.

**Community Manager's signature**

Erika Nedwell  
200 Berkeley Street Tenant LLC

**Electronic Signature**

Gil Price  
NeuroBo Pharmaceuticals, Inc.  
Signed on December 23, 2021

**WeWork**

200 Berkeley Street Tenant LLC  
200 Berkeley Street  
Boston, MA, 02116, USA

(646) 491-9060  
we-us-39470@wework.com

VAT: 834152702

Amendment to WeWork Membership Agreement



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## AMENDMENT TO MEMBERSHIP AGREEMENT

HI PRINCESS BULANADI

---

Please review the Amendment to your Membership Agreement below.

If you have any questions or concerns, please don't hesitate to reach out to us at [we-us-39470@wework.com](mailto:we-us-39470@wework.com)

Reference is hereby made to the WeWork Membership Agreement between 200 Berkeley Street Tenant LLC ("WeWork") and NeuroBo Pharmaceuticals, Inc. dated January 29, 2020, including the accompanying Membership Details Form and any other amendments thereto (the "Agreement"). The parties agree that the following terms shall be considered binding amendments to the Agreement (the "Amendment"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement.

### PRIMARY MEMBER INFORMATION

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#### **NeuroBo Pharmaceuticals, Inc.**

Primary member: Princess Bulanadi

[princess@neurobopharma.com](mailto:princess@neurobopharma.com)

### AMENDED MEMBERSHIP DETAILS

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#### **WeWork 200 Berkeley**

##### **Current Office(s)**

**19-120 • 2 person office**

##### **Membership Fee:**

\$1,340.00/mo from April 1, 2022

##### **Commitment term**

Start date: April 1, 2022

End date: June 30, 2022

## MEMBERSHIP FEE SUMMARY

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| OFFICE | DATES                   | MEMBERSHIP FEE | DISCOUNT | NET DISCOUNTED FEE |
|--------|-------------------------|----------------|----------|--------------------|
| 19-120 | 04/01/2022 - 06/30/2022 | \$1,340.00     | \$201.00 | \$1,139.00         |

## ANNUAL ESCALATION

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On each anniversary of the start date for the office, the Membership Fee will be subject to an automatic three and a half percent (3.5%) increase over the then current Membership Fee.

This amendment may alter the date upon which Member Company's annual increase of the Membership Fee occurs, but in no event shall it occur on a date earlier than the next anniversary of the Start Date of the Agreement.

In the event of any inconsistency between the Agreement and this Amendment, the terms of this Amendment shall prevail. The parties further agree that other than the terms modified by this Amendment, the Agreement remains otherwise unchanged, including the annual Membership Fee increases set forth in the Agreement.

By electronically signing this Amendment you represent that you have the proper authority to execute this Amendment on behalf of NeuroBo Pharmaceuticals, Inc. and incur the obligations described in this Amendment on behalf of NeuroBo Pharmaceuticals, Inc.

**Community Manager's signature**

Erika Nedwell  
200 Berkeley Street Tenant LLC

**Electronic Signature**

Gil Price  
NeuroBo Pharmaceuticals, Inc.  
Signed on February 9, 2022

**WeWork**

200 Berkeley Street Tenant LLC  
200 Berkeley Street  
Boston, MA, 02116, USA  
VAT: 834152702

(646) 491-9060  
we-us-39470@wework.com

## SUBSIDIARIES OF NEUROBO PHARMACEUTICALS, INC.

| <b>Name</b>                | <b>Jurisdiction of Organization</b> |
|----------------------------|-------------------------------------|
| NeuroBo Therapeutics, Inc. | Delaware                            |
| NeuroBo Co., Ltd.          | A Korean limited company            |
| ANA Therapeutics, LLC      | Delaware                            |

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

NeuroBo Pharmaceuticals, Inc.  
Boston, Massachusetts

We hereby consent to the incorporation by reference in the Registration Statement[s] on Form S-3(No. 333-252412, 333-220315, 333-217296 and 333-256135) and Form S-8 (No. 333-237535, 333-232667, 333-225435, 333-222675, 333-213946 and 333-213014) of NeuroBo Pharmaceuticals, Inc. of our report dated March 31, 2022, relating to the consolidated financial statements which appear in this Annual Report on Form 10-K. Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

/s/ BDO USA, LLP  
Boston, Massachusetts  
March 31, 2022

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## CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

I, Ben Gil Price, certify that:

1. I have reviewed this annual report on Form 10-K of NeuroBo Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 31, 2022

/s/ Ben Gil Price

Ben Gil Price

*President and Chief Executive Officer (Principal Executive Officer and Principal Financial Officer)*

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of NeuroBo Pharmaceuticals, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2021 as filed with the Securities and Exchange Commission (the “Report”), I, Ben Gil Price, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 31, 2022

/s/ Ben Gil Price

Ben Gil Price  
*President, and Chief Executive Officer  
(Principal Executive Officer and  
Principal Financial Officer)*

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