UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
(Amendment No. 2)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 30, 2019

NeuroBo Pharmaceuticals, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-37809	47-2389984
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

177 Huntington Avenue, Suite 1700 Boston, Massachusetts	02115
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (617) 313-7331

Gemphire Therapeutics Inc.
P.O. Box 130235
Ann Arbor, MI 48113
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	NRBO	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

EXPLANATORY NOTE

On December 31, 2019, NeuroBo Pharmaceuticals, Inc., formerly known as Gemphire Therapeutics, Inc. (the "Company"), filed a Current Report on Form 8-K (the "Form 8-K") to report the completion on December 30, 2019 of the Company's business combination with the private entity formerly known as NeuroBo Pharmaceuticals, Inc. ("NeuroBo"), 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, by and among the Company, NeuroBo and GR Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which, among other matters, Merger Sub merged with and into NeuroBo, with NeuroBo continuing as a wholly-owned subsidiary of the Company and the surviving corporation of the merger.

This Amendment No. 2 to the Form 8-K amends and supplements Item 9.01 to include the financial information described in Item 9.01 below. Except as stated in this Explanatory Note, no other information contained in the Form 8-K, as amended by Amendment No. 1 to the Form 8-K (filed on January 7, 2020), is changed.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

Reference is made to the Proxy Statement, which included the audited financial statements of NeuroBo as of and for the years ended December 31, 2018 and 2017, which are incorporated herein by reference in satisfaction of the Item 9.01(a) requirements for such information pursuant to General Instruction B.3 of Form 8-K.

The unaudited interim financial statements of NeuroBo, including NeuroBo's unaudited condensed consolidated balance sheet as of September 30, 2019, NeuroBo's condensed consolidated balance sheet derived from audited financial statements as of December 31, 2018, unaudited condensed consolidated statements of operations for the nine months ended September 30, 2019 and 2018, unaudited condensed consolidated statements of cash flows for the nine months ended September 30, 2019 and 2018 and the notes related thereto are filed as Exhibit 99.2 to this report and incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined financial information of the Company, including the unaudited pro forma condensed combined balance sheet as of September 30, 2019, the unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2019, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2018 and the notes related thereto, is filed as Exhibit 99.3 to this report and incorporated herein by reference.

(d) Exhibits

Exhibit No.	Description
2.1±	Agreement and Plan of Merger and Reorganization, dated July 24, 2019, by and among the Registrant, GR Merger Sub Inc. and NeuroBo Pharmaceuticals, Inc. (incorporated by reference from Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on July 25, 2019, File No. 001-37809).
2.2	First Amendment to Agreement and Plan of Merger and Reorganization, dated October 29, 2019, by and among the Registrant, GR Merger Sub Inc. and NeuroBo Pharmaceuticals, Inc. (incorporated by reference from Exhibit 2.1 to the Current Report on Form 8-K, as filed with the Securities and Exchange Commission on October 29, 2019, File No. 001-37809).
3.1*	Certificate of Amendment (Reverse Stock Split) to the Third Amended and Restated Certificate of Incorporation of the Company.
3.2*	Certificate of Amendment (Name Change) to the Third Amended and Restated Certificate of Incorporation of the Company.
10.1+*	Contingent Value Rights Agreement, dated as of December 30, 2019, by and among the Company, Grand Rapids Holders Representative, LLC, Computershare Inc. and Computershare Trust Company, N.A.
10.2@*	2019 Equity Incentive Plan.
10.3@*	Consulting Agreement by and between vZenium LLC, owned and managed entirely by Mark Versavel, and NeuroBo Pharmaceuticals, Inc., dated February 1, 2018; Replacement Consulting Agreement, dated May 1, 2018 and extension of such agreement, dated January 1, 2019.
10.4@*	Offer Letter, dated as of August 20, 2018, by and between Nicola Shannon and NeuroBo.
10.5@*	Form of Indemnification Agreement between NeuroBo Pharmaceuticals, Inc. and each of its directors and executive officers.
16.1**	Letter from Ernst & Young LLP
99.1*	Press Release dated December 30, 2019.
99.2	Unaudited interim financial statements of NeuroBo
99.3	Unaudited pro forma condensed combined financial statements

± All schedules (or similar attachments) have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. NeuroBo Pharmaceuticals, Inc. will furnish copies of any schedules to the U.S. Securities and Exchange Commission upon request.

@ Management contract or compensatory plan or arrangement.

* Previously filed as exhibits to the Form 8-K (filed on December 31, 2019)

** Previously filed as an exhibit to Amendment No. 1 to the Form 8-K (filed on January 7, 2020)

SIGNATURES

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

NEUROBO PHARMACEUTICALS, INC.

Date: January 22, 2020

By: /s/ Richard Kang
Richard Kang
President and Chief Executive Officer

Unaudited Interim Financial Statements of NeuroBo Pharmaceuticals

Condensed Consolidated Balance Sheet
(in thousands except per share amounts)

	September 30, 2019 (unaudited)	December 31, 2018
Assets		
Current assets:		
Cash	$ 21,125	$ 2,845
Prepaid research and development expenses	—	929
Other current assets	88	34
Total current assets	21,213	3,808
Property and equipment, net	116	3
Operating lease right-of-use asset	121	—
Other long-term assets	32	9
Total assets	$ 21,482	$ 3,820
Liabilities, Redeemable Convertible Preferred Stock, and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 645	$ 170
Accrued expenses	699	49
Operating lease liability	21	—
Total current liabilities	1,365	219
Convertible notes payable	144	118
Long-term portion of operating lease liability	100	—
Other long-term liabilities	42	23
Total liabilities	1,651	360
Commitments and contingencies (Note 7)		
Redeemable convertible preferred stock (Series A and B), $.0001 par value per share; 12,000,000 shares authorized and 7,230,000 issued and outstanding as of September 30, 2019 (unaudited), and 4,200,000 shares authorized, issued and outstanding at December 31, 2018; aggregate liquidation preference of $41,040 and $16,800 as of September 30, 2019 (unaudited) and December 31, 2018, respectively	40,912	16,746
Stockholders' deficit:		
Common stock, $.0001 par value per share; 50,000,000 shares authorized as of September 30, 2019 (unaudited) and 45,800,000 shares authorized as of December 31, 2018; 4,520,000 shares issued and outstanding as of September 30, 2019 (unaudited) and December 31, 2018	—	—
Additional paid-in capital	2,459	2,266
Accumulated other comprehensive income	—	2
Accumulated deficit	(23,540)	(15,554)
Total stockholders' deficit	(21,081)	(13,286)
Total liabilities, redeemable convertible preferred stock, and stockholders' deficit	$ 21,482	$ 3,820

See accompanying notes to unaudited interim condensed consolidated financial statements

Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(in thousands except share and per share amounts)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Operating expenses:		
Research and development	$ 3,898	$ 10,125
General and administrative	4,085	900
Total operating expenses	7,983	11,025
Loss from operations	(7,983)	(11,025)
Other income (expense), net:		
Interest expense	(45)	(28)
Other income (expense), net	42	(1)
Total other income (expense), net	(3)	(29)
Net loss	$ (7,986)	$ (11,054)
Net loss per share, basic and diluted	$ (1.77)	$ (3.20)
Weighted average common shares outstanding, basic and diluted	4,520,000	3,449,231
Comprehensive loss:		
Net loss	$ (7,986)	$ (11,054)
Other comprehensive income (loss):		
Foreign currency translation adjustment	(2)	2
Total other comprehensive income (loss)	(2)	2
Comprehensive loss	$ (7,988)	$ (11,052)

See accompanying notes to unaudited interim condensed consolidated financial statements

Condensed Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
Nine Months Ended September 30, 2019
(Unaudited)
(in thousands except share amounts)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' (Deficit)
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	**4,200,000**	**$ 16,746**	**4,520,000**	**$ —**	**$ 2,266**	**$ 2**	**$ (15,554)**	**$ (13,286)**
Issuance of Series B redeemable convertible preferred stock, net of issuance costs of $74	3,030,000	24,166						—
Stock-based compensation expense					193			193
Foreign currency translation adjustment						(2)		(2)
Net loss	(7,986)	(7,986)						
Balance at September 30, 2019 (unaudited)	**7,230,000**	**$ 40,912**	**4,520,000**	**$ —**	**$ 2,459**	**$ —**	**$ (23,540)**	**$ (21,081)**

Condensed Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
Nine Months Ended September 30, 2018
(Unaudited)
(in thousands except share amounts)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' (Deficit)
	Shares	Amount	Shares	Amount				
Balance at December 31, 2017	**—**	**$ —**	**2,000,000**	**$ —**	**$ 50**	**$ —**	**$ (25)**	**$ 25**
Issuance of Series A redeemable convertible preferred stock, net of issuance costs of $54	4,200,000	16,746						—
Beneficial conversion feature related to convertible notes					401			401
Issuance of common stock in exchange for in process research and development			2,520,000	—	1,815			1,815
Foreign currency translation adjustment						2		2
Net loss							(11,054)	(11,054)
Balance at September 30, 2018 (unaudited)	**4,200,000**	**$ 16,746**	**4,520,000**	**$ —**	**$ 2,266**	**$ 2**	**$ (11,079)**	**$ (8,811)**

See accompanying notes to unaudited interim condensed consolidated financial statements

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
	(unaudited)	
Cash flows from operating activities:		
Net loss	(7,986)	(11,054)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	5	—
In process research and development acquired for common stock	—	1,815
Amortization of operating lease right-of-use asset	5	—
Non-cash interest expense	45	28
Stock-based compensation expense	193	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	875	(1,570)
Other long-term assets	(23)	(9)
Accounts payable	475	193
Accrued expenses	650	56
Net cash used in operating activities	(5,761)	(10,541)
Cash flows from investing activities:		
Purchases of property and equipment	(118)	(3)
Net cash used in investing activities	(118)	(3)
Cash flows from financing activities:		
Gross proceeds from issuance of Series A redeemable convertible preferred stock	—	16,800
Gross proceeds from issuance of Series B redeemable convertible preferred stock	24,240	—
Issuance costs for preferred stock	(74)	(54)
Proceeds from issuance of convertible notes		500
Net cash provided by financing activities	24,166	17,246
Net increase in cash and cash equivalents	18,287	6,702
Effect of exchange rate changes on cash	(7)	5
Cash, beginning of period	2,845	50
Cash, end of period	21,125	6,757
Supplemental disclosure of noncash items:		
Beneficial conversion feature related to convertible notes		401
In process research and development acquired for common stock		1,815
Operating lease right-of-use asset obtained in exchange for operating lease	128	

See accompanying notes to unaudited interim condensed consolidated financial statements

1. Organization and description of business

NeuroBo Pharmaceuticals, Inc. and subsidiary (the "Company" or "NeuroBo") is a clinical-stage biotechnology company focused on developing novel, plant-based pharmaceuticals to treat neurodegenerative disorders. NeuroBo is currently focused on the development of a treatment for Painful Diabetic Neuropathy, or PDN, with its lead product candidate, NB-01, expected to commence Phase 3 clinical development as a first-line, disease modifying treatment for PDN in the first half of 2020. NeuroBo's second product candidate, NB-02, is in development for the treatment of Alzheimer's Disease ("AZ") and other tauopathies, which are neurodegenerative diseases associated with the pathological accumulation of a protein known as tau in the human brain.

The Company was incorporated in the state of Delaware on July 25, 2017 but commenced significant operations in 2018. Those 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.

On July 24, 2019, Gemphire Therapeutics (“Gemphire”) and NeuroBo Pharmaceuticals, Inc. entered into a definitive agreement (the “Merger Agreement”), which was amended on October 29, 2019. The merger closed on December 30, 2019, whereby NeuroBo merged with a wholly-owned subsidiary of Gemphire in an all-stock transaction (the “Merger”). Upon completion of the Merger, Gemphire changed its name to NeuroBo Pharmaceuticals, Inc., and changed its ticker symbol on the Nasdaq Capital Market to "NRBO". The merged company will focus on the development of NeuroBo's clinical-stage drug candidates for the treatment of neurodegenerative diseases.

The condensed consolidated financial statements of the Company include its fully owned South Korean subsidiary, NeuroBo Co., LTD. All significant intercompany accounts and transactions have been eliminated in the preparation of the condensed financial statements.

Going Concern

From its inception through September 30, 2019, 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 September 30, 2019 and December 31, 2018, the Company had $21.1 million and $2.8 million, respectively, in cash. The Company has experienced net losses and negative cash flows from operating activities since its inception and had an accumulated deficit of $23.5 million and $15.6 million, respectively, as of September 30, 2019 and December 31, 2018.

To date, the Company has raised capital principally through the issuance of convertible notes and private placements of redeemable convertible preferred stock. The Company has raised a total of $16.8 million from the issuance of Series A redeemable convertible preferred stock through December 31, 2018, and $24.2 million from the issuance of Series B redeemable convertible preferred stock in May and June 2019.

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. As a result, the Company believes that there is substantial doubt about its ability to continue as a going concern for one year after the date these condensed consolidated financial statements are released.

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 condensed 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 third quarter of 2020. The Company plans to continue to fund its losses from 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.

2. Basis of presentation and summary of significant accounting policies

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 (U.S. GAAP).

On August 11, 2019 the Company's board of directors and stockholders approved an amendment to the restated certificate of incorporation to effect a ten thousand-for-one (10,000-for-1) stock split of the Company's common stock, options for common stock, and convertible preferred stock. The par value and the authorized shares of the common and convertible preferred stock were adjusted accordingly as a result of the stock split. All issued and outstanding common stock, options for common stock, and convertible preferred stock, as well as the exercise price of each option for common stock and the conversion price for convertible preferred stock, have been retroactively adjusted to reflect this stock split for all periods presented. All of the share and per share amounts have been adjusted, on a retroactive basis, to reflect this ten thousand-for-one (10,000-for-1) stock split.

Unaudited interim financial statements

The accompanying interim condensed consolidated balance sheet as of September 30, 2019, the condensed consolidated statements of operations and cash flows for the nine months ended September 30, 2018 and 2019 and the condensed consolidated statement of convertible preferred stock and stockholders' deficit for the nine months ended September 30, 2018 and September 30, 2019 and the related condensed consolidated footnote disclosures are unaudited and should be read in conjunction with the Company’s audited financial statements provided in the S-4. In management's opinion, the unaudited interim financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of September 30, 2019 and its results of operations and cash flows for the nine months ended September 30, 2018 and 2019 in accordance with U.S. GAAP. The results for the nine months ended September 30, 2019 are not necessarily indicative of the results expected for the full fiscal year or any other interim period.

Use of estimates

The preparation of financial statements in conformity with U.S. 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 condensed consolidated financial statements and the reported amounts of expenses during the reporting period. The most significant estimates in Company's condensed consolidated financial statements relate to accrued expenses, and the fair value of stock-based compensation. 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.

Net loss per share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares 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, and options outstanding under the Company's stock option plan. 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.

Potentially dilutive securities not included in the calculation of diluted net loss per share because to do so would be anti-dilutive are as follows (in common stock equivalent shares):

	As of September 30,	
	2019	2018
Series A preferred stock	4,200,000	4,200,000
Series B preferred stock	3,030,000	—
Convertible promissory notes	1,353,767	1,291,267
Outstanding stock options	840,000	—
Total	9,423,767	5,491,267

Fair Value of common stock

In the absence of a public trading market, and as a development stage company with no significant revenues, the Company believes that it is appropriate to consider a range of factors to determine the fair value of the common stock at each grant date. In determining the fair value of its common stock, the Company uses methodologies, approaches, and assumptions consistent with the American Institute of Certified Public Accountants' (AICPA) Audit and Accounting Practice Aid Series: *Valuation of Privately Held Company Equity Securities Issued as Compensation* (the "AICPA Practice Guide"). The valuations of NeuroBo common stock were prepared using a hybrid method, which used market approaches to estimate the enterprise value of NeuroBo. The hybrid method is a probability-weighted expected return method ("PWERM"), where the equity value in one or more of the scenarios is calculated using an option pricing method, or ("OPM"). The PWERM is a scenario-based methodology that estimates the fair value of common stock based upon an analysis of future values for NeuroBo, assuming various outcomes. The common stock value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each class of stock. The future value of the common stock under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the common stock. A discount for lack of marketability of the common stock is then applied to arrive at an indication of value for the common stock. The OPM treats common stock and preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common stock has value only if the funds available for distribution to stockholders exceeded the value of the preferred stock liquidation preferences at the time of the liquidity event, such as a strategic sale or a merger. In addition, the Company considered various objective and subjective factors, along with input from an independent third-party valuation firm. The factors included (1) the achievement of technical and operational milestones by the Company; (2) the status of strategic relationships with collaborators; (3) the significant risks associated with the Company's stage of development; (4) capital market conditions for life science companies, particularly similarly situated, privately held, early-stage life science companies; (5) the Company's available cash, financial condition, and results of operations; (6) the most recent sales of the Company's preferred stock to the extent they were with outside parties; and (7) the preferential rights of the outstanding preferred stock.

Leases

In the first quarter of 2019, the Company adopted 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 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 amortizing 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. See the Recently Adopted Accounting Pronouncements below for additional information related to the adoption of this guidance.

Recent accounting pronouncements

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 condensed consolidated financial position or results of operations upon adoption.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718) Improvements to Nonemployee Share-Based Payment Accounting* ("ASU 2018-07"). This new guidance expands the scope of ASC 718, *Compensation—Stock Compensation* (ASC 718) to include share-based payments granted to nonemployees in exchange for goods or services used or consumed in an entity's own operations and supersedes the guidance in ASC 505-50, *Equity-Based Payments to Non-Employees* (ASC 505-50). Equity-classified nonemployee awards are measured on the grant date, rather than on the earlier of (1) the performance commitment date or (2) the date at which the nonemployee's performance is complete. Awards to nonemployees are measured by estimating the fair value of the equity instruments to be issued, rather than the fair value of the goods or services received or the fair value of the equity instruments issued, whichever can be measured more reliably. Entities may use the expected term to measure nonemployee options or elect to use the contractual term as the expected term, on an award-by-award basis. The Company adopted ASU 2018-07 in the first quarter of 2019. There was no impact on the Company's financial statements as a result of the adoption of this guidance.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02") which establishes new accounting and disclosure requirements for leases. ASU No. 2016-02 requires lessees to classify most leases as either finance or operating leases and to initially recognize a lease liability and right-of-use asset ("ASU 2016-02"). The Company adopted ASU 2016-02 in the first quarter of 2019 using the effective date approach to recognize and measure leases as of the adoption date. The Company has elected to utilize the available practical expedient to not separate lease components from non-lease components as well as the package of practical expedients that allows the Company not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any existing leases as of the adoption date. The Company also made an accounting policy election to recognize lease payment as an expense on a straight-line basis over the lease term for the short-term leases.

3. Balance Sheet Details

Other current assets consist of the following (in thousands):

	September 30, 2019	December 31, 2018
Other prepaid expenses	$ 85	$ 22
Prepaid rent	2	—
Prepaid insurance	1	12
	$ 88	$ 34

Accrued expenses consist of the following (in thousands):

	September 30, 2019	December 31, 2018
Accrued external research and development costs	$ 373	$ —
Accrued professional services	155	12
Accrued compensation costs	141	20
Other accrued expenses	30	17
	$ 699	$ 49

4. Common Stock and Redeemable Convertible Preferred Stock

Common Stock

As of September 30, 2019, and December 31, 2018, 50,000,000 and 45,800,000 shares, respectively, of common stock were authorized for issuance and 4,520,000 shares were issued and outstanding. 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. The holders of the common stock are entitled to one vote for each share of common stock held at all meetings of stockholders.

Common Stock Reserved for Future Issuance

Common stock reserved for future issuance is as follows:

	September 30, 2019	December 31, 2018
Shares reserved for conversion of Series A Preferred Stock outstanding	4,200,000	4,200,000
Shares reserved for conversion of Series B Preferred Stock outstanding	3,030,000	—
Shares reserved for conversion of convertible preferred notes	1,353,767	1,307,020
Shares reserved for exercise of outstanding stock options under the 2018 Stock Plan	840,000	—
Shares reserved for future issuance under the 2018 Stock Plan	470,377	1,002,702
	9,894,144	6,509,722

Preferred Series A and B Financing (in thousands except share amounts)

In April 2018, the Company sold and issued in a private placement 4,200,000 shares of Series A redeemable convertible preferred stock at $4.00 per share, raising $16,800 in gross proceeds and during May and June 2019, the Company sold and issued preferred stock at $8.00 per share, raising $24,240 in gross proceeds.

5. Convertible Promissory Notes (in thousands except share amounts)

In February 2018, the Company received a total of $500 from the issuance of convertible promissory notes (the "Convertible Notes") from the Company's current stockholders. The Convertible Notes have an original maturity date of December 31, 2022. The lenders have the option to convert all of the then-unpaid note balance including principal and accrued but unpaid interest into common stock, at a conversion price of $0.40 per share after the earlier of (A) the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of common stock for the account of the Company in the United States of America or similar registration in the Republic of Korea, or (B) January 1, 2020. On October 23, 2019, the lenders entered into agreements with NeuroBo pursuant to which the Convertible Notes converted into NeuroBo common stock at the closing of the Merger at a conversion price equal to $0.40 per share.

The Convertible Notes accrue interest at a rate of 5.00% per annum. The Company recorded related interest expense of $19 and $16 for the nine months ended September 30, 2019 and September 30, 2018, respectively.

The fair value of the common stock, as determined using an option pricing model consistent with the AICPA Practice Guide, was in excess of the conversion price of the Convertible Notes. Accordingly, the Company recorded a $401 beneficial conversion feature, based on the intrinsic value of the conversion feature, which resulted in a debt discount with a corresponding amount to additional paid in capital. The debt discount is being amortized over the life of the note using the effective interest method as an additional interest expense. The Company recorded interest expense of $26 and $12 for the nine months ended September 30, 2019 and September 30, 2018, respectively, related to the amortization of the debt discount.

On October 15, 2019, JK Biopharma Solutions, Inc. entered into assignment agreements with The E&Healthcare Investment Fund II, The E&Healthcare Investment Fund No.6 and The E&Healthcare Investment Fund No.7, shareholders of the Company, to transfer $200 of the $400 in aggregate principal amount of Convertible Notes owned by JK Biopharma Solutions, Inc. pursuant to the assignment agreements. The E&Healthcare Investment Fund II received $116 in principal amount of Convertible Notes, The E&Healthcare Investment Fund No.6 received $32 in principal amount of Convertible Notes and The E&Healthcare Investment Fund No.7 received $52 in principal amount of Convertible Notes.

6. Stock-Based Compensation (in thousands except share amounts)

2018 Stock Plan

In December 2018, the Company adopted the NeuroBo Pharmaceuticals, Inc. 2018 Stock Plan (the "Plan"). The Plan provides 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. Options were granted to three non-employee consultants in January 2019 with both service and performance conditions. The options with service conditions vest quarterly over a period between one year and fifteen months.

The maximum aggregate number of shares of stock to be reserved under the Plan is ten percent (10%) of the outstanding shares of common stock, at any given point in time, on a fully diluted basis. As of September 30, 2019, 1,310,377 shares were allocated to the Plan; 840,000 shares were reserved for the exercise of outstanding stock options and 470,377 shares were reserved for future issuance.

A summary of the Company's stock option activity is as follows (in thousands, expect share and per share data):

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2018	—	—	—	—
Granted	840,000	$ 0.72	9.3	$ 2,159
Exercised	—			
Forfeited	—			
Outstanding as of September 30, 2019 (unaudited)	840,000	$ 0.72	9.3	$ 2,159
Options vested or expected to vest as of September 30, 2019 (unaudited)	840,000	$ 0.72	9.3	$ 2,159
Options exercisable as of September 30, 2019 (unaudited)	170,000	$ 0.72	9.3	$ 437

The aggregate intrinsic values of options outstanding, vested and exercisable were calculated as the difference between the exercise price of the options and the estimated fair value of the Company's common stock of $3.29 per share as of September 30, 2019.

The fair values of the stock options granted under the Plan during 2019 were estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Nine Months Ended September 30, 2019 (unaudited)
Expected volatility	75.00 %
Risk-free interest rate	2.75 %
Expected dividend yield	— %
Expected life (in years)	10.00

Risk-free interest rate. The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the awards.

Expected volatility. Since the Company is not yet a public company and does not have a trading history for its common stock, the expected volatility assumption is based on volatilities of a peer group of similar companies whose share prices are publicly available. The peer group was developed based on companies in the biotechnology industry. The Company will continue to apply this process until enough historical information regarding the volatility of its own stock price becomes available.

Expected term. The expected term represents the period that options are expected to be outstanding. Because the Company does not have historical exercise behavior, it determines the expected life assumption for employee grants using the simplified method which is an average of the contractual term of the option and its vesting period. For non-employee option grants, the Company estimates the expected term of the option to be equal to the contractual term of the option based on the accounting guidance.

Expected dividend yield. The Company bases the expected dividend yield assumption on the fact that it has never paid cash dividends and has no present intention to pay cash dividends, therefore, the Company used an expected dividend yield of zero.

Stock-based compensation expense recognized for all equity awards has been reported in the condensed consolidated statements of operations as follows (in thousands):

	Nine Months Ended September 30, 2019
Research and development expenses	$ 115
General and administrative expenses	78
	$ 193

No stock options were issued to employees for the nine months ended September 30, 2019, accordingly, the table above includes only stock-based compensation expense for non-employees. The weighted-average grant date fair value of option grants for the nine months ended September 30, 2019 was $0.57 per share. As of September 30, 2019, the total compensation expense related to non-vested options not yet recognized was $226 and is expected to be recognized over a weighted average term of 0.4 years.

7. Commitments and Contingencies

Operating Leases (in thousands)

In April 2018, the Company entered a non-cancelable operating lease for its headquarters in Boston, MA (the “Boston Lease”) expected to end in May 2019. The lease was subsequently amended, and the term was extended to August 2019 with an option to extend the term on a month-to-month basis. The Company exercised the option and extended the lease term on a month-to-month basis through January 15, 2020. The lease is subject to base lease payments and additional charges for common costs related to usage of shared space. Due to its short-term nature, the

Company recognizes lease payments as an expense on a straight-line basis over the remaining lease term. For the nine months ended September 30, 2019, the Boston Lease expense was $93. For the nine months ended September 30, 2018, the Boston Lease expense was $41.

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. In the third quarter of 2019, the Company recognized a right-of-use asset of $126 as well as a lease liability of $20 in other current liabilities and $106 in other non-current liabilities in conjunction with the commencement of the lease. 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 September 30, 2019, the weighted average remaining lease term was 4.8 years. For the nine months ended September 30, 2019, the Company recorded non-cash expense of $5 related to the Korea Lease. During the nine months ended September 30, 2019, the Company made cash payments of $8 for amounts included in the measurement of lease liabilities.

In September 2019, as amended, the Company entered a non-cancelable operating lease for its new corporate headquarters located in Boston, Massachusetts (“New Boston Lease”). The agreement, effective January 16, 2020, has a two-year term, and rental costs of $49 per month. No assets and liabilities were recognized for the New Boston Lease at September 30, 2019.

The following table reconciles the undiscounted lease liabilities to the total lease liabilities recognized on the unaudited condensed consolidated balance sheet as of September 30, 2019 (in thousands):

Undiscounted lease liabilities for the:		
Three Months Ending December 31, 2019	$	8
Year Ending December 31, 2020		32
2021		32
2022		32
2023		32
Thereafter		16
Total undiscounted lease liabilities	$	152
Less effect of discounting		(31)
Total lease liabilities	$	121

		As of September 30, 2019
Other current liabilities	$	21
Other non-current liabilities		100
Total lease liabilities	$	121

Future minimum lease payments at December 31, 2018 were as follows:

Year Ending December 31		
2019	$	57
Total future minimum lease payments	$	57

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 lead clinical asset, NB-01.

As of September 30, 2019, future minimum payments under the agreement, which is cancellable annually at the end of each research year, are as follows (in thousands):

Three Months Ending December 31, 2019	$	66
Year Ending December 31, 2020		220
2021		220
2022		220
	$	726

Advisory Agreement (in thousands)

On October 16, 2018, the Company entered into an agreement with Consilium Partners LLC for advisory services related to a certain type of transaction that would require the Company to pay the investment bank a success fee of $600 less 50% of fees paid under the advisory service agreement through the success date. Additionally, the investment bank is eligible for additional compensation based on certain metrics inherent in such transaction. As of September 30, 2019, the Company has accrued a success fee of $485.

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.

8. Subsequent events

Except as described below, the Company has concluded that no subsequent event has occurred that requires disclosure.

On November 20, 2019 the Company exercised its lease option on the Boston Lease to extended the lease term on a month-to-month basis through January 15, 2020.

On November 20, 2019 the Company amended its New Boston Lease to amend the effective date to January 16, 2020.

On December 17, 2019, the Company removed John Brooks as the Company's CEO. Effective December 17, 2019, the Company terminated the consulting agreement with Healthcare Capital LLC pursuant to which Mr. Brooks was engaged to serve as the Company's CEO.

On December 30, 2019, the Company completed its business combination 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, by and among the Company, Gemphire and GR Merger Sub, Inc. (Merger Sub), a Delaware corporation and a wholly owned subsidiary of Gemphire, pursuant to which, among other matters, Merger Sub merged with and into the Company, with the Company continuing as a wholly-owned subsidiary of Gemphire and the surviving corporation of the merger ("the Merger"). Upon completion of the Merger, Gemphire changed its name to NeuroBo Pharmaceuticals, Inc. (and changed its ticker symbol on the Nasdaq Capital Market to "NRBO"), and the Company changed its name to NeuroBo Therapeutics, Inc.

On December 30, 2019, in connection with the Merger, the Company, Grand Rapids Holders' Representative, LLC, as representative of Gemphire's stockholders prior to the Merger, and Computershare Inc. and Computershare Trust Company, N.A. as the rights agent, entered into a Contingent Value Rights Agreement (the "***CVR Agreement***"). For a description of the terms and conditions of the CVR Agreement, refer to "Agreements Related to the Merger—CVR Agreement" in the Company's prospectus/definitive proxy statement filed with the U.S. Securities and Exchange Commission on November 6, 2019.

On January 13, 2020, each of the Company’s six non-employee directors was granted an option to purchase 60,000 shares of common stock, which vests in a series of 36 equal monthly installments, subject to the director’s continuous service through each monthly vesting date, and will vest in full upon the consummation of a Corporate Transaction (as defined in the 2019 Equity Incentive Plan).

Unaudited Pro Forma Condensed Combined Financial Statements

On December 30, 2019, NeuroBo Pharmaceuticals, Inc., formerly known as Gemphire Therapeutics Inc. (the "Company"), completed its business combination with the private entity formerly known as NeuroBo Pharmaceuticals, Inc. ("NeuroBo"), 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 "Merger Agreement"), by and among the Company, NeuroBo and GR Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which, among other matters, Merger Sub merged with and into NeuroBo, with NeuroBo continuing as a wholly owned subsidiary of the Company and the surviving corporation of the merger (the "Merger").

The following unaudited pro forma combined balance sheet data assume that the Merger took place on September 30, 2019 and combines the historical balance sheets of the Company and NeuroBo as of such date. The following unaudited pro forma condensed combined statement of operations for the year ended December 31, 2018 and the nine months ended September 30, 2019 assumes that the Merger took place as of January 1, 2018 and combines the historical results of the Company and NeuroBo for the year ended December 31, 2018 and the nine months ended September 30, 2019, respectively.

The unaudited pro forma condensed combined financial information was prepared in accordance with U.S. GAAP and pursuant to the rules and regulations of Article 11 of SEC Regulation S-X. The historical financial statements of the Company and NeuroBo have been adjusted to give pro forma effect to events that are (i) directly attributable to the transaction, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined company's results.

The following unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting under U.S. GAAP. For accounting purposes, NeuroBo is considered to be acquiring the Company and the Merger is expected to be accounted for as an asset acquisition. NeuroBo is considered the accounting acquirer even though the Company was the issuer of the common stock in the Merger. To determine the accounting for this transaction under U.S. GAAP, a company must assess whether an integrated set of assets and activities should be accounted for as an acquisition of a business or an asset acquisition. The guidance requires an initial screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If that screen is met, the set is not a business. In connection with the acquisition of the Company, substantially all the fair value is concentrated in in-process research and development ("IPR&D") and, as such, the acquisition is expected to be treated as an asset acquisition.

The Company's assets and liabilities will be measured and recognized at their relative fair values allocation as of the transaction date with any value associated with IPR&D being expensed as there is no alternative future use, and combined with the assets, liabilities and results of operations of NeuroBo after the consummation of the Merger.

The unaudited pro forma condensed combined financial information is based on the assumptions and adjustments that are described in the accompanying notes. The accounting for the transaction as an asset acquisition is dependent upon the valuation of the IPR&D and the final calculation of net working capital for the Company. Accordingly, the pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Differences between these preliminary estimates and the final accounting, expected to be completed after the closing of the Merger, will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial information and the combined company's future results of operations and financial position. In addition, differences between the preliminary and final amounts will likely occur as a result of the amount of cash used for the Company's operations and other changes in the Company's assets and liabilities.

The unaudited pro forma condensed combined financial information does not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of the two companies. The unaudited pro forma condensed combined financial information is preliminary and has been prepared for illustrative purposes only and is not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized had the

Company and NeuroBo been a combined company during the specified periods. The actual results reported in periods following the Merger may differ significantly from those reflected in the unaudited pro forma condensed combined financial information presented herein for a number of reasons, including, but not limited to, differences in the assumptions used to prepare this pro forma financial information.

The unaudited pro forma condensed combined financial information, including the notes thereto, should be read in conjunction with the separate historical financial statements of the Company and NeuroBo, and their respective management's discussion and analysis of financial condition and results of operations included in the Company's prospectus/definitive proxy statement filed with the U.S. Securities and Exchange Commission on November 6, 2019. The Company's audited statement of operations for the year ended December 31, 2018 is derived from the Company's Annual Report on Form 10-K for the year ended December 31, 2018. The Company's unaudited financial statements for the nine months ended September 30, 2019 are derived from the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019.

Accounting rules require evaluation of certain assumptions, estimates, or determination of financial statement classifications which are completed during the measurement period as defined in current accounting standards. The accounting policies of the Company may materially vary from those of NeuroBo. During preparation of the unaudited pro forma condensed combined financial information, management has performed a preliminary analysis and is not aware of any material differences, and accordingly, this unaudited pro forma condensed combined financial information assumes no material differences in accounting policies. Following the acquisition, management will conduct a final review of the Company's accounting policies in order to determine if differences in accounting policies require adjustment or reclassification of the Company's results of operations or reclassification of assets or liabilities to conform to NeuroBo's accounting policies and classifications. As a result of this review, management may identify differences that, when conformed, could have a material impact on these unaudited pro forma condensed combined financial statements.

Given NeuroBo's history of net losses and full valuation allowance, management assumed a statutory tax rate of 0%. Therefore the pro forma adjustments to the statement of operations resulted in no additional income tax adjustment to the pro forma financials.

Unaudited Pro Forma Condensed Combined Balance Sheet

September 30, 2019

(in thousands)

	Gemphire	NeuroBo	Pro Forma Adjustments	Notes	Pro Forma Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 1,855	$ 21,125	$ —		$ 22,980
Restricted cash	15	—	—		15
Prepaid expenses and other current assets	178	88	—		266
Total current assets	2,048	21,213	—		23,261
Property and equipment, net	—	116	—		116
Right-of-use assets and deposits	—	153	—		153
Total assets	$ 2,048	$ 21,482	$ —		$ 23,530
Liabilities, Redeemable Convertible Preferred Stock, and Stockholders' Equity (Deficit)					
Current liabilities:					
Accounts payable	$ 2,677	$ 645	$ —		$ 3,322
Accrued expenses	396	699	5,179	**D, E**	6,274
Operating lease liability	—	21	—		21
Total current liabilities	3,073	1,365	5,179		9,617
Convertible notes payable	—	144	(144)	**B, C**	—
Long-term portion of operating lease liability	—	100	—		100
Other long-term liabilities	—	42	(42)	**C**	—
Total liabilities	3,073	1,651	4,993		9,717
Redeemable convertible preferred stock	—	40,912	(40,912)	**A**	—
Stockholders' equity (deficit):					
Common stock	23	—	(21)	**H, I**	2
Additional paid-in capital	93,214	2,459	(50,325)	**A, C, E, F, G, H, I**	45,348
Accumulated other comprehensive gain	—	—	—		—
Accumulated deficit	(94,262)	(23,540)	86,265	**B, D, E, F, G, H, I**	(31,537)
Total stockholders' equity (deficit)	(1,025)	(21,081)	35,919		13,813
Total liabilities, redeemable convertible preferred stock, and stockholders' equity (deficit)	$ 2,048	$ 21,482	$ —		$ 23,530

See accompanying notes to the unaudited pro forma condensed combined financial statements

Unaudited Pro Forma Condensed Combined Statements of Operations

For the Nine Months Ended September 30, 2019

(in thousands, except per share and per share amounts)

	Gemphire	NeuroBo	Pro Forma Adjustments	Notes	Pro Forma Combined
Operating expenses:					
Research and development	$ 3,695	$ 3,898	$ —		$ 7,593
General and administrative	3,772	4,085	(2,238)	**M**	5,619
Total operating expenses	7,467	7,983	(2,238)		13,212
Loss from operations	(7,467)	(7,983)	2,238		(13,212)
Other income (expense), net:					
Interest expense	(816)	(45)	45	**L**	(816)
Other income (expense), net	(1,868)	42	1,792	**K**	(34)
Total other income (expense), net	(2,684)	(3)	1,837		(850)
Net loss	$ (10,151)	$ (7,986)	$ 4,075		$ (14,062)
Net loss per share, basic and diluted	$ (17.79)	$ (1.77)			$ (0.90)
Weighted average common shares outstanding, basic and diluted	570,543	4,520,000	10,496,114	**J**	15,586,657

See accompanying notes to the unaudited pro forma condensed combined financial statements

Unaudited Pro Forma Condensed Combined Statements of Operations

For the Year Ended December 31, 2018

(in thousands, except per share and per share amounts)

	Gemphire	NeuroBo	Pro Forma Adjustments	Notes	Pro Forma Combined
Operating expenses:					
Research and development	$ 14,312	$ 13,881	$ —		$ 28,193
General and administrative	8,493	1,605	—		10,098
Total operating expenses	22,805	15,486	—		38,291
Loss from operations	(22,805)	(15,486)	—		(38,291)
Other income (expense), net:					
Interest expense	(654)	(41)	41	**L**	(654)
Other income (expense), net	(178)	(2)	—		(180)
Total other income (expense), net	(832)	(43)	41		(834)
Net loss	$ (23,637)	$ (15,529)	$ 41		$ (39,125)
Net loss per share, basic and diluted	$ (42.81)	$ (4.18)			$ (3.52)
Weighted average common shares outstanding, basic and diluted	552,146	3,719,123	6,832,840	**J**	11,104,109

See accompanying notes to the unaudited pro forma condensed combined financial statements

1. Description of Transaction

On December 30, 2019, NeuroBo Pharmaceuticals, Inc., formerly known as Gemphire Therapeutics Inc. (the "Company"), completed its business combination with the private entity formerly known as NeuroBo Pharmaceuticals, Inc. ("NeuroBo"), 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 "Merger Agreement"), by and among the Company, NeuroBo and GR Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which, among other matters, Merger Sub merged with and into NeuroBo, with NeuroBo continuing as a wholly owned subsidiary of the Company and the surviving corporation of the merger (the "Merger").

On December 30, 2019, prior to completion of the Merger, the Company effected a 1-for-25 reverse stock split of its common stock (the "Reverse Stock Split").

Immediately prior to, and in connection with, the completion of the Merger, each share of NeuroBo preferred stock was converted into one share of NeuroBo common stock and all of NeuroBo's outstanding convertible notes were converted into NeuroBo common stock. Under the terms of the Merger Agreement, at the closing of the Merger, the Company issued shares of its common stock to NeuroBo stockholders, based on a common stock exchange ratio of 1.1431 shares of the Company's common stock for each share of NeuroBo common stock (the "Exchange Ratio") outstanding immediately prior to the Merger. The Exchange Ratio was determined through arm's-length negotiations between the Company and NeuroBo. The Company also assumed all of the stock options to purchase NeuroBo common stock outstanding immediately prior to the Merger, with such stock options now representing the right to purchase a number of shares of the Company's common stock equal to the Exchange Ratio multiplied by the number of shares of NeuroBo common stock previously represented by such stock options. The exercise prices of such options were also appropriately adjusted to reflect the Exchange Ratio.

On December 30, 2019, in connection with the Merger, the Company, Grand Rapids Holders' Representative, LLC, as representative of the Company's stockholders prior to the Merger, and Computershare Inc. and Computershare Trust Company, N.A. as the rights agent, entered into a Contingent Value Rights Agreement (the "CVR Agreement"). Under the CVR Agreement, the Company has agreed to commit $1 million to support the further development of the Company's product candidate, gemcabene, through the quarter ending March 31, 2020, the funding of which was conditioned on receipt by the Company of the $2.5 million upfront gross payment payable under the License and Collaboration Agreement with Beijing SL Pharmaceutical Co., Ltd. (the "Beijing SL License Agreement").

Pursuant to the Merger Agreement and the CVR Agreement, for each share of common stock of the Company held after giving effect to the Reverse Stock Split, stockholders of the Company of record as of immediately prior to the effective time of the Merger (the "Effective Time") received one contingent value right ("CVR") entitling such holders to receive, in the aggregate, 80% of the "Gross Consideration" (as defined in the CVR Agreement), less other "Permitted Deductions" (as defined in the CVR Agreement), received during the 15-year period after the Closing of the merger (the "CVR Term") from the grant, sale or transfer of rights to gemcabene (other than a grant, sale or transfer of rights involving a sale or disposition of the Company) that is entered into during the 10-year period after the closing of the Merger or pursuant to the Beijing SL License Agreement.

The sole right of the holders of the CVRs is to receive cash from the Company, if any, through the rights agent in accordance with the CVR Agreement. The CVRs are not transferable, except in certain limited circumstances, will not be certificated or evidenced by any instrument and will not be registered with the SEC or listed for trading on any exchange. The CVRs will not have any voting or dividend rights, will not represent any equity or ownership interest in the Company or its subsidiaries, and interest will not accrue on any amounts payable on the CVRs. The CVR Agreement will be effective prior to the Closing of the merger and will continue in effect until the later of the end of the CVR Term and the payment of all amounts payable thereunder, unless and until earlier terminated upon termination of the Merger Agreement.

2. Estimated Purchase Price

The accompanying unaudited pro forma condensed consolidated financial statements reflect an estimated reverse asset acquisition price of approximately $10.6 million. Given that the estimated purchase price is variable depending upon the price of the Company common stock, management performed a sensitivity analysis over the change in purchase consideration based on +/– 10% volatility in the Company's stock price. An increase or decrease in the price of the Company common stock by 10% would increase or decrease the purchase consideration by approximately $0.6 million. Under certain circumstances further described in the Merger Agreement, the ownership percentages are subject to adjustment to the extent that the Company's Parent Cash Amount at the Effective Time is negative or to reflect aggregate gross proceeds received by NeuroBo in the pre-closing financing before the closing of the merger above the minimum required amount and up to and including $50 million.

The total estimated purchase price and allocated purchase price is summarized as follows (in thousands, except share and per share data):

Estimated number of shares of the combined company to be owned by the Company's stockholders(i)		635,465
Multiplied by the fair value per share of the Company's common stock(ii)	$	9.50
Total		6,037
Estimated transaction costs		4,600
Total estimated purchase price	$	10,637

For purposes of this pro forma analysis, the above estimated purchase price has been allocated based on a preliminary estimate of the fair value of assets and liabilities to be acquired.

Net assets as of 9/30/19	$	(3,842)
In process research and development(iii)		14,479
Total estimated purchase price	$	10,637

(i) The final purchase price will be determined based in part on the number of shares of the Company common stock, the Company Warrants, and the Company restricted stock outstanding immediately prior to the merger. For purposes of this unaudited pro forma condensed combined financial information, the estimated number of shares represents 570,617 shares of the Company common stock outstanding, 40,568 shares underlying the Company Warrants outstanding, and 24,280 the Company restricted stock outstanding at 9/30/19. The estimated number of shares reflects the impact of the Company Reverse Stock Split that is occurred prior to the consummation of the merger.

(ii) The estimated purchase price was based on the closing price as reported on the Nasdaq Capital Market on September 30, 2019, adjusted for the 1-for-25 reverse stock split. The final purchase price arising from the actual transaction costs, as well as the number of shares of the Company common stock and the fair market value of the Company common stock outstanding immediately prior to the closing of the Merger could result in a total purchase price different from that assumed in this unaudited pro forma condensed combined financial information, and that difference may be material. Therefore, the estimated consideration expected to be transferred reflected in this unaudited pro forma condensed combined financial information does not purport to represent what the actual consideration transferred will be when the Merger is completed. The actual purchase price will fluctuate until the closing date of the Merger, and the final valuation of the purchase consideration could differ significantly from the current estimate.

(iii) IPR&D represents the research and development projects of the Company which were in-process, but not yet completed, and which NeuroBo plans to advance. This includes the development of gemcabene. 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 at the acquisition date. The acquired assets did not have outputs or employees. The actual purchase price allocated to IPR&D will fluctuate until the closing date of the Merger, and the final valuation of the IPR&D consideration could differ significantly from the current estimate.

The actual purchase price allocated to IPR&D will fluctuate until the closing date of the Merger, and the final valuation of the IPR&D consideration could differ significantly from the current estimate.

Contingent consideration with respect to the CVR's has not been recorded in the accompanying unaudited pro forma condensed consolidated financial statements as the CVR's do not meet the definition of a derivative and, as illustrated above, the estimated purchase price exceeds the preliminary estimate of the fair value of the assets to be acquired. Rather, any payments made pursuant to the CVR Agreement will be recognized as in-process research and development expenses only when the contingencies as described above are resolved and any resultant consideration is paid or becomes payable.

3. Pro Forma Adjustments

The unaudited pro forma adjustments included in the pro forma financial statements are as follows:

A. To reflect the conversion of NeuroBo convertible preferred stock to the Company common stock in connection with the Merger.

B. To record the remaining debt discount amortization expense on NeuroBo’s convertible notes payable.

C. To reflect the conversion of NeuroBo’s convertible notes payable into shares of the Company common stock in connection with the Merger.

D. To record the Company’s estimated transaction costs, such as severance and benefits, advisory fees and transactional fees that were not incurred as of September 30, 2019.

E. To record NeuroBo’s estimated transaction costs, such as legal, accounting, advisory and other transactional fees that were not incurred as of September 30, 2019.

F. To reflect the full acceleration of unexpired, unexercised and unvested the options of the Company effective immediately prior to the Merger. This pro forma adjustment is not reflected in the unaudited pro forma condensed statement of operations because these amounts are not expected to have a continuing effect on the operating results of the combined company.

G. To reflect the issuance of restricted stock to the Company’s senior management and board of directors; the shares will fully vest immediately prior to the Merger. This pro forma adjustment is not reflected in the unaudited pro forma condensed statement of operations because these amounts are not expected to have a continuing effect on the operating results of the combined company.

H. To eliminate the Company’s pre-Merger common stock, paid-in-capital and accumulated deficit balances.

I. To reflect the expensing of the Company’s IPR&D and the capitalization of the fair value of the estimated number of shares of the combined company to be owned by the Company’s stockholders.

J. The pro forma combined basic and diluted net loss per share calculations have been adjusted to reflect the pro forma net loss for the nine months ended September 30, 2019 and the year ended December 31, 2018. In addition, the number of shares used in calculating the pro forma combined basic and diluted net loss per share has been adjusted to reflect the estimated total number of shares of common stock of the combined company that would be outstanding on a weighted-average basis as of the closing of the Merger. The following table is a reconciliation of the Company's historical basic and diluted earnings per share to its pro forma basic and diluted earnings per share for the nine months ended September 30, 2019 and the year ended December 31, 2018. The reported basic and diluted EPS of the Company was adjusted for the effect of the Reverse Stock Split.

		Nine Months Ended September 30, 2019	Year Ended December 31, 2018
Basic and Diluted EPS:			
As reported (Gemphire)	**A/D**	$ (17.79)	$ (42.81)
As reported (Neurobo)	**B/E**	$ (1.77)	$ (4.18)
Pro forma	**C/F**	$ (0.90)	$ (3.52)
Net loss (in thousands):			
As reported (Gemphire)	**A**	$ (10,151)	$ (23,637)
As reported (Neurobo)	**B**	$ (7,986)	$ (15,529)
Add: Gemphire's transaction costs expensed through the statement of operations		1,792	—
Add: Neurobo's transaction costs expensed through the statement of operations		2,238	—
Add: Interest expense associated with Neurobo's convertible notes		45	41
Pro forma	**C**	$ (14,062)	$ (39,125)
Basic and Diluted Weighted Average Shares:			
As reported (Gemphire)	**D**	570,543	552,146
As reported (Neurobo)	**E**	4,520,000	3,719,123
Add: Application of the estimated Exchange Ratio of 1.1482 to NeuroBo's weighted average common shares outstanding		669,714	551,051
Add: Conversion of NeuroBo's convertible preferred stock upon closing of the Merger		8,301,247	4,822,301
Add: Conversion of NeuroBo's convertible notes and accrued interest upon closing of the Merger		1,500,873	1,435,208
Add: Issuance of restricted stock to Gemphire's senior management and board of directors		24,280	24,280
Pro forma	**F**	15,586,657	11,104,109

The pro forma adjustments to NeuroBo's convertible notes and accrued interest as set forth in the table above assume a conversion date as of the beginning of the period presented.

The application of the Exchange Ratio to NeuroBo's weighted-average common shares outstanding as set forth in the table above is based on the pro forma post-closing capitalization as of September 30, 2019 and assumes (i) NeuroBo's convertible notes and accrued interest are converted as of January 1, 2019, (ii) gross proceeds to NeuroBo of $24,240,000 in its pre-closing financing, and (iii) the Company's net assets at closing is equal to $(3.8) million at the closing of the Merger.

Accordingly, pro forma combined basic and diluted net loss per share reflects the pro forma combined net loss for the period presented over the pro forma combined weighted average common shares outstanding for the period presented as reflected on the unaudited pro forma condensed combined statement of operations for such period.

K. To reflect the elimination of the Company's transaction costs expensed through the statement of operations for the period ended September 30, 2019.

L. To reverse interest expense associated with the convertible notes, the pro forma income statement assumes conversion of the notes at the beginning of the period presented.

M. To reflect the elimination of Neurobo's transaction costs expensed through the statement of operations for the period ended September 30, 2019.

Adjustments to accrued expenses are as follows (in thousands):

	Sept 30, 2019
The Company's estimated transaction costs (D)	$ 2,817
NeuroBo's estimated transaction costs (E)	2,362
Total	$ 5,179

Adjustments to convertible notes payable are as follows (in thousands):

	Sept 30, 2019
Debt discount amortization expense on NeuroBo's convertible notes payable (B)	$ 356
Conversion of NeuroBo's convertible notes payable (C)	(500)
Total	$ (144)

Adjustments to additional-paid-in-capital are as follows (in thousands):

	Sept 30, 2019
Conversion of NeuroBo's preferred stock (A)	$ 40,912
Conversion of NeuroBo's convertible notes payable and accrued interest (C)	542
NeuroBo's estimated transaction costs (E)	(4,600)
Acceleration of unexpired, unexercised and unvested the Company stock options (F)	2,468
Issuance of common stock upon acceleration of restricted stock to the Company's senior management and board of directors (G)	184
Eliminate the Company's pre-merger additional paid-in-capital balance (H)	(95,866)
To reflect the fair value of the Company's remaining stock post-merger (I)	6,035
Total	$ (50,325)

Adjustments to accumulated deficit are as follows (in thousands):

	Sept 30, 2019
Debt discount amortization expense on NeuroBo's convertible notes payable (B)	$ (356)
The Company's estimated transaction costs (D)	(2,817)
NeuroBo's estimated transaction costs (E)	2,238
Acceleration of unexpired, unexercised and unvested the Company stock options (F)	(2,468)
Issuance of common stock upon acceleration of restricted stock to the Company's senior management and board of directors (G)	(184)
Eliminate the Company's pre-merger accumulated deficit balance (H)	99,731
To reflect the fair value of the Company's remaining stock post-merger (I)	(9,879)
Total	$ 86,265