Catabasis Pharmaceuticals Reports First Quarter 2021 Financial Results and Provides a Corporate Update

-- QLS-215, a Potential Best-in-Class Monoclonal Antibody Inhibitor of Plasma Kallikrein, Progresses in Preclinical Development for the Treatment of Hereditary Angioedema --

-- Strong Cash Position of $146.9M Planned to Fund IND-Enabling Studies, Phase 1a and Phase 1b/2 Clinical Trials of QLS-215 --

BOSTON, Mass., May 13, 2021 – Catabasis Pharmaceuticals, Inc. (NASDAQ:CATB), a biopharmaceutical company, today reported financial results for the first quarter ended March 31, 2021 and provided a corporate update.

"We see Catabasis as being in a strong position for 2021 thanks to the acquisition of Quellis and the concurrent financing earlier this year. Our team has completed the integration of the Quellis programs and are focused on advancing the development of our lead program, QLS-215, as a differentiated and potential best-in-class new therapy for the chronic treatment of patients affected by hereditary angioedema to prevent attacks," said Jill C. Milne, Ph.D., Chief Executive Officer of Catabasis. "The QLS-215 program is on track with the potential to demonstrate clinical proof of concept of its differentiated profile and long antibody half-life in Phase 1a next year."

QLS-215 for the Treatment of Hereditary Angioedema (HAE)

- The vision for the lead program, QLS-215, is to develop the best-in-class monoclonal antibody inhibitor of plasma kallikrein for HAE with infrequent dosing and sustained inhibitory blood levels. HAE is a rare, debilitating and potentially life-threatening disease in which plasma kallikrein is a critical component that triggers a cascade of pathologic vascular permeability, vasodilation and ultimately excessive tissue swelling.
- QLS-215 is a humanized monoclonal antibody targeting plasma kallikrein that has demonstrated potent inhibition of plasma kallikrein as well as an extended plasma half-life in non-human primates.
- Recent discussions with physicians and patients confirm the need for effective treatments that reduce HAE attacks as well as reduce the burden of treatment.
- Catabasis expects to file an Investigational New Drug application for QLS-215 in the first half of 2022 and plans to initiate a Phase 1a clinical trial with initial results anticipated by the end of 2022. Subsequently, Catabasis expects to initiate a Phase 1b/2 trial in patients affected by HAE in 2023 with initial results anticipated by the end of 2023.

Acquisition of Quellis Biosciences

- In January 2021, Catabasis acquired Quellis Biosciences Inc. in a stock-for-stock transaction whereby all outstanding equity interests of Quellis were exchanged in a merger for a combination of shares of Catabasis common stock and shares of Series X Preferred Stock.

Private Placement Financing

- Concurrent with the acquisition of Quellis, Catabasis entered into definitive agreements for a private placement with institutional accredited investors to raise approximately $110 million before deducting placement agent and other offering expenses, through the issuance of shares of Series X Preferred Stock. The private placement closed on February 1, 2021.
- The financing was led by Perceptive Advisors, with participation from Fairmount Funds Management LLC, RA Capital Management, Cormorant Asset Management, Venrock Healthcare Capital Partners, Logos Capital, Boxer Capital, Acorn Bioventures, Commodore Capital, Surveyor Capital (a Citadel company), Acuta Capital Partners, Sphera Healthcare, and Serrado Capital LLC.

Capital Structure

- After the acquisition of Quellis and the private placement, Catabasis had approximately 23.4 million shares of common stock and 86,077 shares of non-voting Series X Preferred Stock outstanding. Subject to stockholder approval, each share of Series X Preferred Stock is convertible automatically into 1,000 shares of Catabasis common stock, subject to certain beneficial ownership limitations set by each holder not to exceed 19.99%. On a post-conversion basis, common shares outstanding will be approximately 109.5 million. The Series X Preferred Stock conversion is one of the proposals for stockholder vote at the Catabasis 2021 Annual Meeting of Stockholders, which is scheduled for June 2, 2021.

First Quarter 2021 Financial Results

Cash Position: As of March 31, 2021, Catabasis had cash, cash equivalents and short-term investments of $146.9 million, compared to $44.9 million as of December 31, 2020. Assuming approval of the Preferred Stock conversion, the Company expects that it has sufficient cash to fund its current operating plan through 2023. Net cash used in operating activities for the three months ended March 31, 2021 was $8.7 million, compared to $7.0 million for the three months ended March 31, 2020.

R&D Expenses: Research and development expenses were $2.6 million for the three months ended March 31, 2021, compared to $5.3 million for the three months ended March 31, 2020.

G&A Expenses: General and administrative expenses were $2.9 million for the three months ended March 31, 2021, compared to $2.8 million for the three months ended March 31, 2020.

Acquired In-Process Research and Development (IPR&D) Expense: Acquired IPR&D expense was $164.6 million for the three months ended March 31, 2021. IPR&D expense resulted from the acquisition of Quellis in January 2021. The acquisition cost allocated to acquired IPR&D with no alternative future use was recorded as expense at the acquisition date. No acquired IPR&D expenses were incurred in 2020.

Operating Loss: Loss from operations was $170.1 million for the three months ended March 31, 2021, compared to $8.0 million for the three months ended March 31, 2020.

Net Loss: Net loss was $170.1 million, or $7.60 per share, for the three months ended March 31, 2021, compared to a net loss of $8.0 million, or $0.50 per share, for the three months ended March 31, 2020. The increase in net loss in the three months ended March 31, 2021 was due to the IPR&D expense for the acquisition of Quellis in January 2021.

About Catabasis

At Catabasis Pharmaceuticals, our mission is to bring hope with life-changing therapies to patients and families. Our lead program, QLS-215, is a potential best-in-class monoclonal antibody inhibitor of plasma kallikrein in preclinical development for the treatment of Hereditary Angioedema.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of applicable securities laws and regulations including, but not limited to, statements regarding: the Company's projected cash runway; expectations regarding the timing for the filing of an IND and commencement and completion of clinical trials for QLS-215; the potential attributes of QLS-215; future product development plans; and stockholder approval of the conversion rights of the Series X preferred stock. The use of words such as, but not limited to, "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "project," "should," "target," "will," or "would" and similar words expressions are intended to identify forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on the Company's current beliefs, expectations and assumptions regarding the future of its business, future plans and strategies, results of pre-clinical and clinical results of the Company's product candidates and other future conditions. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including risks and uncertainties: related to the Company's ability to recognize the anticipated benefits of the Quellis acquisition; the outcome of any legal proceedings that may be instituted against the Company or Quellis following the announcement of the Quellis acquisition and related transactions; costs related to the Quellis acquisition; changes in applicable laws or regulations; the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors, including the COVID-19 pandemic; risks inherent in pharmaceutical research and development, such as: adverse results in our drug discovery, preclinical and clinical development activities, the risk that the results of pre-clinical studies may not be replicated in clinical studies, the Company's ability to enroll patients in our clinical trials,

and the risk that any of the Company's clinical trials may not commence, continue or be completed on time, or at all; decisions made by the U.S. FDA and other regulatory authorities, investigational review boards at clinical trial sites and other review bodies with respect to QLS-215 and any future product candidates; the Company's ability to manufacture sufficient quantities of drug substance and drug product on a cost-effective and timely basis; the Company's ability to obtain, maintain and enforce intellectual property rights for QLS-215 and any other future product candidates; competition; the Company's ability to manage our cash usage and the possibility of unexpected cash expenditures; the Company's ability to obtain necessary financing to conduct our planned activities and to manage unplanned cash requirements; the Company's ability to obtain stockholder approval of the conversion rights of the Series X preferred stock within six months of the closing of the Quellis acquisition, which, if the Company is unable to obtain, would trigger the rights of such stockholders to require repayment, in cash, for the shares of common stock underlying their shares of Series X Preferred Stock at their then fair market value; general economic and market conditions; as well as the risks and uncertainties set forth under the caption "Risk Factors" in the Company's most recent Annual Report on Form 10-K filed with the SEC, as well as discussions of potential risks, uncertainties, and other important factors in the Company's subsequent filings with the SEC. New risks and uncertainties may emerge from time to time, and it is not possible to predict all risks and uncertainties. The Company may not actually achieve the forecasts or expectations disclosed in our forward-looking statements, and investors and potential investors should not place undue reliance on the Company's forward-looking statements. Neither the Company, nor its affiliates, advisors or representatives, undertake any obligation to publicly update or revise any forward-looking statement, whether as result of new information, future events or otherwise, except as required by law. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date hereof.

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Catabasis Pharmaceuticals, Inc.
Consolidated Statements of Operations
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Operating expenses:		
Research and development	$ 2,593	$ 5,289
General and administrative	2,880	2,753
Acquired in-process research and development	164,612	-
Total operating expenses	170,085	8,042
Loss from operations	(170,085)	(8,042)
Total other income, net	1	90
Net loss	$ (170,084)	$ (7,952)
Net loss per share - basic and diluted	$ (7.60)	$ (0.50)
Weighted-average common shares outstanding used in net loss per share - basic and diluted	22,380,176	15,898,664

Catabasis Pharmaceuticals, Inc.
Selected Consolidated Balance Sheets Data
(In thousands)
(Unaudited)

	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 146,920	$ 24,930
Short-term investments	-	20,000
Right-of-use asset	874	966
Other current and long-term assets	946	1,560
Total assets	148,740	47,456
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)		
Current portion of operating lease liabilities	652	649
Long-term portion of operating lease liabilities	229	397
Other current and long-term liabilities	8,123	5,741
Total liabilities	9,004	6,787
Total redeemable convertible preferred stock	240,881	-
Total stockholders' equity (deficit)	$ (101,145)	$ 40,669

Catabasis Pharmaceuticals, Inc.
Selected Consolidated Statements of Cash Flows Data
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2021	**2020**
Net cash used in operating activities	$ (8,716)	$ (6,989)
Net cash provided by (used in) investing activities	26,445	(15,432)
Net cash provided by financing activities	104,261	25,624
Net increase in cash, cash equivalents and restricted cash	$ 121,990	$ 3,203