Catabasis Pharmaceuticals Reports Fourth Quarter and Full Year 2020 Financial Results and Provides a Corporate Update

-- Recently Completed Acquisition of Quellis Biosciences Includes QLS-215, a Potential Best-in-Class Monoclonal Antibody Inhibitor of Plasma Kallikrein in Preclinical Development for the Treatment of Hereditary Angioedema --

-- Proceeds from $110M Private Placement Planned to Complete IND-Enabling Studies, Phase 1a and Phase 1b/2 Clinical Trials of QLS-215 --

BOSTON, Mass., March 11, 2021 – Catabasis Pharmaceuticals, Inc. (NASDAQ:CATB), a biopharmaceutical company, today reported financial results for the fourth quarter and full year ended December 31, 2020 and provided a corporate update.

"With our acquisition of Quellis and concurrent financing, we believe Catabasis is well positioned to advance 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. "QLS-215 is a monoclonal antibody inhibitor of plasma kallikrein in preclinical development, which we believe has the potential to demonstrate clinical proof of concept of its differentiated profile in Phase 1. Our mission has always been to bring hope with life-changing therapies to patients and their families affected by rare disease."

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.
- 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 approximately 86,000 shares of non-voting Series X Preferred Stock outstanding. Subject to stockholder approval, each share of Series X Preferred Stock is convertible into 1,000 shares of Catabasis common stock. If such conversion is approved by our stockholders, each share of Series X Preferred Stock will automatically convert 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. Catabasis expects to seek stockholder approval at its 2021 Annual Meeting of Stockholders, which Catabasis has scheduled for June 2, 2021.

Fourth Quarter and Full Year 2020 Financial Results

Cash Position: As of December 31, 2020, Catabasis had cash, cash equivalents and short-term investments of $44.9 million, compared to $52.9 million as of September 30, 2020. Following December 31, 2020, Catabasis raised an additional $110 million in gross proceeds from a private placement financing, which resulted in approximately $104 million in net proceeds after deducting placement agent and other offering expenses. 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 December 31, 2020 was $8.1 million, compared to $7.8 million for the three months ended December 31, 2019. Net cash used in operating activities for the full year 2020 was $32.5 million, compared to $26.6 million for the full year 2019.

R&D Expenses: Research and development expenses were $5.7 million for the three months ended December 31, 2020, compared to $4.3 million for the three months ended December 31, 2019 and $25.6 million for the full year 2020, compared to $18.3 million for the full year 2019.

G&A Expenses: General and administrative expenses were $3.2 million for the three months ended December 31, 2020, compared to $2.5 million for the three months ended December 31, 2019 and $11.9 million for the full year 2020, compared to $8.8 million for the full year 2019.

Operating Loss: Loss from operations was $9.0 million for the three months ended December 31, 2020, compared to $6.7 million for the three months ended December 31, 2019 and $37.4 million for the full year 2020, compared to $27.1 million for the full year 2019.

Net Loss: Net loss was $9.0 million, or $0.45 per share, for the three months ended December 31, 2020, compared to a net loss of $6.6 million, or $0.55 per share, for the three months ended December 31, 2019 and $37.3 million, or $2.03 per share, for the full year 2020, compared to $26.3 million, or $2.35 per share, for the full year 2019.

About Catabasis

At Catabasis Pharmaceuticals, our mission is to bring hope with life-changing therapies to patients and families affected by rare diseases. 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 our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, our clinical results 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, our ability to enroll patients in our clinical trials, and the risk that any of our 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; our ability to manufacture sufficient quantities of drug substance and drug product on a cost-effective and timely basis; our ability to obtain, maintain and enforce intellectual property rights for QLS-215 and any other future product candidates; competition; our ability to manage our cash usage and the possibility of unexpected cash expenditures; our ability to obtain necessary financing to conduct our planned activities and to manage unplanned cash requirements; our 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 we are 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 our 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. We may not actually achieve the forecasts or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Neither we, nor our 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 our 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)
(Audited)

	Year Ended December 31,	
	2020	2019
Operating expenses:		
Research and development	$ 25,590	$ 18,317
General and administrative	11,845	8,771
Total operating expenses	37,435	27,088
Loss from operations	(37,435)	(27,088)
Other income (expense):		
Interest and investment income	236	845
Other expense, net	(101)	(50)
Total other income, net	135	795
Net loss	$ (37,300)	$ (26,293)
Net loss per share - basic and diluted	$ (2.03)	$ (2.35)
Weighted-average common shares outstanding used in net loss per share - basic and diluted	18,351,470	11,199,057

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

	December 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 24,930	$ 9,899
Short-term investments	20,000	26,345
Right-of-use asset	966	2,349
Other current and long-term assets	1,560	3,187
Total assets	47,456	41,780
Liabilities and stockholders' equity		
Current portion of operating lease liabilities	649	1,225
Long-term portion of operating lease liabilities	397	1,028
Other current and long-term liabilities	5,741	3,807
Total liabilities	6,787	6,060
Total stockholders' equity	$ 40,669	$ 35,720

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

	Year Ended December 31,	
	2020	**2019**
Net cash used in operating activities	$ (32,485)	$ (26,569)
Net cash provided by (used in) investing activities	6,300	(4,082)
Net cash provided by financing activities	40,860	25,620
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 14,675	$ (5,031)