

November 25, 2019



# Artelo Biosciences Reports Fourth Quarter and Fiscal Year 2019 Financial Results and Provides Business Update

LA JOLLA, Calif., Nov. 25, 2019 (GLOBE NEWSWIRE) -- [Artelo Biosciences, Inc. \(NASDAQ: ARTL\)](#), a clinical stage biopharmaceutical company focused on the development of therapeutics that modulate the endocannabinoid system, today reported financial and operating results for the fourth quarter and fiscal year ended August 31, 2019 and provided a business update.

“We continue to advance our clinical stage and non-clinical pipeline while adding critical functions to execute on our product development and business strategies,” stated Gregory D. Gorgas, Artelo’s President and Chief Executive Officer. “We have made important progress in our readiness to initiate a Phase 1b/2a study in the United Kingdom with [ART27.13](#), our synthetic cannabinoid for the treatment of anorexia and weight loss associated with cancer. We held a productive meeting with The Medicines and Healthcare Products Regulatory Agency earlier this month and are on track to deliver GMP drug substance early next month. Also noteworthy, our non-clinical programs ART12.11 and ART26.12 continue to garner attention and both were recently featured in prominent peer-review journals. We anticipate achieving meaningful milestones across our entire pipeline in the new year.”

## Fiscal 2019 Corporate Highlights

- We completed a [public](#) offering, raising net proceeds of approximately \$7.3 million with a concurrent up listing to NASDAQ.
- We exercised our option for the worldwide exclusive license in all fields for ART27.13, with the final and full licensing payment made in July.
- Positive non-clinical data with our Fatty Acid Binding Protein 5 (FABP5) inhibitor program under development in collaboration with [The Research Foundation of the State University of New York Stony Brook](#) was [published](#) in The Prostate October 2019 issue. Researchers at Stony Brook reported that combinations of taxanes and our FABP5 inhibitors resulted in complete prostate cell death at lower concentrations when compared to docetaxel or cabazitaxel alone. This is the first study to demonstrate that FABP5 inhibitors can increase the cytotoxic and tumor suppressive effects in prostate cancer cells when co-administered with the standard of care.
- Two research studies conducted by Artelo were [featured](#) in the [Nature Medicine](#) September 2019 issue. Nature Medicine recognized the importance of the Company’s research findings and highlighted the scarcity of data on cannabidiol (“CBD”) as well as the limited availability of quality clinical research identifying the dose of CBD useful to treat certain diseases and conditions. We believe our cocrystal of CBD represents

meaningful solutions to many of the challenges described in the Nature Medicine article.

- We filed a non-provisional patent application with the United States Patent and Trademark Office under prioritized examination with composition of matter claims directed to CBD. It is believed our next generation CBD cocrystal, ART12.11, will offer greater consistency of exposure, which is expected to ultimately demonstrate improved safety and efficacy in clinical studies.

## **Fiscal 2019 Year End Results**

- Operating expenses for the year ended August 31, 2019 were \$3,209,531 compared to \$2,343,491 for the same period in 2018. The Company's operating expenses were primarily related to professional fees for ongoing regulatory requirements, research and development and general and administrative expenses.
- Net loss was approximately \$2,142,176, or \$1.00 per basic and \$1.46 per diluted share for the year ended August 31, 2019 compared to a net loss of \$2,343,491, or \$1.84 per basic and diluted share for the year ended August 31, 2018. Net loss for the year ended August 31, 2019 included a gain of \$1,037,355 related to the change in the fair value of derivative liabilities.
- As of August 31, 2019, the Company had approximately \$4,423,965 in cash, compared to \$337,424 as of August 31, 2018.

## **About Artelo Biosciences**

[Artelo Biosciences, Inc.](http://www.artelobio.com) is a San Diego-based biopharmaceutical company dedicated to the development and commercialization of proprietary therapeutics targeting the endocannabinoid system. Artelo is rapidly advancing a portfolio of broadly applicable product candidates designed to address significant unmet needs in multiple diseases and conditions, including anorexia, cancer, pain, and inflammation. Led by proven biopharmaceutical executives collaborating with highly respected researchers and technology experts, the company applies leading edge scientific, regulatory, and commercial discipline to develop high-impact therapies. More information is available at [www.artelobio.com](http://www.artelobio.com) and Twitter: [@ArteloBio](https://twitter.com/ArteloBio).

## **Forward Looking Statements**

*This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and Private Securities Litigation Reform Act, as amended, including those relating to the Company's product development, clinical and regulatory timelines, market opportunity, competitive position, possible or assumed future results of operations, business strategies, potential growth opportunities and other statements that are predictive in nature. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's current beliefs and assumptions, and our failure to attain these objectives on the currently expected timelines may cause our stock price to decline.*

*These statements may be identified by the use of forward-looking expressions, including, but not limited to, "expect," "anticipate," "intend," "plan," "believe," "estimate," "potential,"*

“predict,” “project,” “should,” “would” and similar expressions and the negatives of those terms. These statements relate to future events or our financial performance and involve known and unknown risks, uncertainties, and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include those set forth in the Company’s filings with the Securities and Exchange Commission, including risks regarding the volatility of our stock price and our ability to raise additional capital in the future. Prospective investors are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this press release. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by applicable securities laws.

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**ARTELO BIOSCIENCES, INC.  
Consolidated Balance Sheets**

	<b>August 31, 2019</b>	<b>August 31, 2018</b>
	<hr/>	<hr/>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,423,965	\$ 337,424
Prepaid expenses	8,336	35,384
Deposits	1,500	1,500
Other receivable	8,787	22,127
Total Current Assets	<hr/> 4,442,588	<hr/> 396,435
Equipment, net of accumulated depreciation of \$792 and \$282, respectively	721	563
Intangible asset	2,039,417	-
<b>TOTAL ASSETS</b>	<hr/> 6,482,726	<hr/> 396,998
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 348,863	\$ 529,272
Due to related party	3,732	2,700
Derivative liability	29,501	-
Stock payable	639,417	-
<b>Total Current Liabilities</b>	<hr/> 1,021,513	<hr/> 531,972
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		

Preferred Stock, par value \$0.001, 6,250,000 shares authorized, 0 and 0 shares issued and outstanding as of August 31, 2019 and 2018, respectively	-	-
Common Stock, par value \$0.001, 18,750,000 shares authorized, 3,353,616 and 1,750,268 shares issued and outstanding as of August 31, 2019 and 2018, respectively	3,354	1,750
Additional paid-in capital	10,278,421	2,514,136
Accumulated deficit	(4,810,756)	(2,638,580)
Accumulated other comprehensive loss	(9,806)	(12,280)
<b>Total Stockholders' Equity (Deficit)</b>	<u>5,461,213</u>	<u>(134,974)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	\$ 6,482,726	\$ 396,998

**ARTELO BIOSCIENCES, INC.**  
**Consolidated Statements of Operations**

	Year ended August 31,	
	2019	2018
<b>OPERATING EXPENSES</b>		
General and administrative	\$ 952,334	\$ 508,278
Professional fees	1,164,695	585,069
Research and development	1,091,992	1,249,854
Depreciation	510	290
Total Operating Expenses	<u>3,209,531</u>	<u>2,343,491</u>
Loss from Operations	(3,209,531)	(2,343,491)
<b>OTHER INCOME (EXPENSE)</b>		
Other income	31,256	-
Change in fair value of derivative liabilities	1,006,099	-
Total other income	<u>1,037,355</u>	<u>-</u>
Provision for income taxes	-	-
<b>NET LOSS</b>	\$ (2,172,176)	\$ (2,343,491)

**OTHER COMPREHENSIVE LOSS**

Foreign currency translation adjustments	2,474	(12,937)
Total Other Comprehensive Income Loss	<u>2,474</u>	<u>(12,937)</u>

**TOTAL COMPREHENSIVE LOSS** \$ (2,169,702) \$ (2,356,428)

Basic Loss per Common Share \$ (1.00) \$ (1.84)  
Diluted Loss per Common Share \$ (1.46) \$ (1.84)

Basic Weighted Average Common Shares Outstanding 2,172,465 1,277,527  
Diluted Weighted Average Common Shares Outstanding 2,172,465 1,277,527

**ARTELO BIOSCIENCES, INC.**  
**Consolidated Statements of Cash Flows**

	Year ended August 31,	
	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (2,172,176)	\$ (2,343,491)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	425,110	290,004
Depreciation	510	282
Change in fair value of derivative	(1,006,099)	-
Stock payable	100,000	-
Changes in operating assets and liabilities:		
Prepaid expenses	27,048	(35,384)
Other receivable	13,340	(22,127)
Accounts payable and accrued liabilities	(180,409)	500,696
Net cash used in operating activities	<u>(2,792,676)</u>	<u>(1,610,020)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(688)	(845)
Purchase of license	(1,500,000)	-
Net cash used in investing activities	<u>(1,500,688)</u>	<u>(845)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		

Issuance of common shares for cash	8,376,379	1,386,613
Advance from related party	18,276	19,894
Repayment to related party	(17,228)	(18,056)
Net cash provided by financing activities	<u>8,377,427</u>	<u>1,388,451</u>
Effects on changes in foreign exchange rate	2,478	(12,373)
Net decrease in cash and cash equivalents	4,086,541	(235,351)
Cash and cash equivalents - beginning of period	337,424	572,775
Cash and cash equivalents - end of period	<u>\$ 4,423,965</u>	<u>\$ 337,424</u>
Supplemental Cash Flow		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
<b>Non-cash financing and investing activities:</b>		
Reclass of warrant derivative liability from equity	\$ 1,035,600	\$ -
Stock payable for acquisition of license	\$ 539,417	
Share issuance for price protection	\$ 13	\$ -



Source: Artelo Biosciences