

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

**FORM 10-K**

(Mark One)

**ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2018

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from            to

Commission File No: 333-88480

**OHR PHARMACEUTICAL, INC.**

*(Exact Name of Registrant as Specified in its Charter)*

**Delaware**

*(State or Other Jurisdiction of Incorporation or Organization)*

**46-5622433**

*(I.R.S. Employer Identification No.)*

**800 Third Ave, 11th Floor**

**New York, NY 10022**

*(Address of Principal Executive Offices)*

**212-682-8452**

*Registrant's telephone number, including area code*

Securities registered under Section 12(b) of the Exchange Act: Common Stock, par value \$0.0001 per share

Name of each exchange on which registered: NASDAQ Capital Market

Securities registered under to Section 12(g) of the Exchange Act: None

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes  No

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

(Check One): Large accelerated filer  Accelerated filer  Non-accelerated  Smaller reporting company  Emerging growth company

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates at March 29, 2018, the last business day of the registrant's most recently completed second fiscal quarter, was \$11,315,665 (based on the closing price of the registrant's common stock on the NASDAQ Capital Market on such date). Shares of common stock held by each executive officer and director and by each person who owns 10% or more of the outstanding common stock of the registrant have been excluded in that such person might be deemed

to be an affiliate. This determination of affiliate status might not be conclusive for other purposes.

At January 2, 2019, the registrant had 56,466,428 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

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## **PART I**

*Our discussion and analysis of the business and subsequent discussion of financial conditions may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements that are not historical in nature, including statements about beliefs and expectations, are forward-looking statements. Words such as “may,” “will,” “should,” “estimates,” “predicts,” “believes,” “anticipates,” “plans,” “expects,” “intends” and similar expressions are intended to identify these forward-looking statements, but are not the exclusive means of identifying such statements. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties as described in greater detail in our “Risk Factors” on page 4 of this Annual Report. You are cautioned that these forward-looking statements reflect management’s estimates only as of the date hereof, and we assume no obligation to update these statements, even if new information becomes available or other events occur in the future, except as required by law. Actual future results, events and trends may differ materially from those expressed in or implied by such statements depending on a variety of factors, including, but not limited to those set forth in our filings with the Securities and Exchange Commission (“SEC”). Specifically, and not in limitation of these factors, we may alter our plans, strategies, objectives or business.*

### **ITEM 1. BUSINESS**

#### **GENERAL AND HISTORICAL**

##### **Company Overview**

Ohr Pharmaceutical, Inc. (“we,” “us,” “our,” “Ohr,” or the “Company”) is a pharmaceutical company which has been focused on the development of novel therapeutics and delivery technologies for the treatment of ocular disease.

##### **Recent Developments**

On January 2, 2019, the Company, Ohr Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Ohr (“Merger Sub”), and NeuBase Therapeutics, Inc., a Delaware corporation (“NeuBase”), entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”), pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into NeuBase, with NeuBase becoming a wholly-owned subsidiary of the Company and the surviving corporation of the merger (the “Merger”). The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), (a) each outstanding share of NeuBase common stock, including shares of NeuBase capital stock issued in, or issued upon conversion, exercise or exchange of securities issued in, the NeuBase Financing (as defined below), will be converted into the right to receive the number of shares of the Company’s common stock (the “Company Common Stock”) equal to the exchange ratio described below; (b) each outstanding NeuBase stock option that has not previously been exercised prior to the Effective Time will be assumed by the Company; and (c) the warrant to purchase shares of common stock of NeuBase will be converted into and become a warrant to purchase shares of Company Common Stock.

Under the exchange ratio formula in the Merger Agreement, as of immediately after the Merger, the former NeuBase securityholders are expected to own approximately 80% (the “NeuBase Allocation Percentage”) of the aggregate number of shares of the Company Common Stock issued and outstanding following the consummation of the Merger (the “Post-Closing Shares”), and the stockholders of the Company as of immediately prior to the Merger are expected to own approximately 20% (the “Ohr Allocation Percentage”) of the aggregate number of Post-Closing Shares. NeuBase anticipates that it will issue and sell not less than \$4,000,000 (the gross proceeds received by NeuBase, the “NeuBase Proceeds”) of its equity securities (including securities convertible, exercisable or exchangeable into such equity securities) prior to the Effective Time (the “NeuBase Financing”). The NeuBase Allocation Percentage will be increased by 0.1% for every \$100,000 that the NeuBase Proceeds exceeds \$4,000,000, and the Ohr Allocation Percentage will be decreased by 0.1% for every \$100,000 that the NeuBase Proceeds exceeds \$4,000,000.

Immediately following the Effective Time, the name of the Company will be changed from “Ohr Pharmaceutical, Inc.” to “NeuBase Therapeutics, Inc.” The Merger Agreement contemplates that, immediately after the Effective Time, the Board of Directors of the Company will consist of five members, all of which will be designated by NeuBase. The executive officers of the Company immediately after the Effective Time will be designated by NeuBase with NeuBase’s Chief Executive Officer, Dietrich Stephan, being the Company’s Chief Executive Officer.

The Merger Agreement contains customary representations, warranties and covenants made by the Company and NeuBase, including covenants relating to obtaining the requisite approvals of the stockholders of the Company and NeuBase, indemnification of directors and officers, and the Company and NeuBase signing the Merger Agreement and the closing of the Merger. Consummation of the Merger is subject to certain closing conditions, including, among other things, approval by the stockholders of the Company and NeuBase. The Merger Agreement contains certain termination rights for both the Company and NeuBase, and further provides that, upon termination of the Merger Agreement under specified circumstances, the Company may be required to pay NeuBase a termination fee of \$250,000 or NeuBase may be required to pay the Company a termination fee of \$250,000.

In accordance with the terms of the Merger Agreement, (i) the officers and directors of the Company have each entered into a support agreement with the Company and NeuBase (the “Ohr Support Agreements”), and (ii) the officers, directors and certain affiliated stockholders of NeuBase have each entered into a support agreement with NeuBase and the Company (the “NeuBase Support Agreements,” together with the Ohr Support Agreements, the “Support Agreements”). The Support Agreements place certain restrictions on the transfer of the shares of the Company and NeuBase held by the respective signatories thereto and include covenants as to the voting of such shares in favor of approving the transactions contemplated by the Merger Agreement and against any actions that could adversely affect the consummation of the Merger.

Concurrently with the execution of the Merger Agreement, the officers and directors of the Company, and the officers, directors and certain stockholders of NeuBase, each entered into lock-up agreements (the “Lock-Up Agreements”) pursuant to which they have agreed, among other things, not to sell or dispose of any shares of Company Common Stock which are or will be beneficially owned by them at the closing of the Merger until the date that is 90 days after the Effective Time.

In connection with the Merger, on January 2, 2019, Ohr entered into a Retention Bonus Agreement with Dr. Jason Slakter, Ohr’s Chief Executive Officer (the “Retention Bonus Agreement”). Under the Retention Bonus Agreement, Dr. Slakter is eligible for a retention bonus payment of \$75,000 upon the earliest to occur of the following: (i) Dr. Slakter’s continued service with the Company in his current position through and including the closing date of the Merger, or (ii) Dr. Slakter is involuntarily separated from service without Cause (as such term is defined in the Retention Bonus Agreement) by the Company prior to the closing date of the Merger. In the event Dr. Slakter voluntarily separates from service with the Company for any reason prior to the closing of the Merger, Dr. Slakter will not receive any retention bonus payment and the Company will have no further obligation to Dr. Slakter under the Retention Bonus Agreement.

### **Corporate and Historical Information**

We are a Delaware corporation that was organized on August 4, 2009, as successor to BBM Holdings, Inc. (formerly Prime Resource, Inc., which was organized March 29, 2002 as a Utah corporation) pursuant to a reincorporation merger. On August 4, 2009, we reincorporated in Delaware as Ohr Pharmaceutical, Inc.

On May 30, 2014, we completed the ophthalmology assets acquisition (the “SKS Acquisition”) of the privately held SKS Ocular LLC and its affiliate, SKS Ocular 1 LLC (“SKS”). Simultaneous with the SKS Acquisition, Ohr completed a holding company reorganization in which Ohr merged with a wholly owned subsidiary and a new parent corporation succeeded Ohr as a public holding company under the same name. The business operations of Ohr did not change as a result of the reorganization. The new holding company retained the name “Ohr Pharmaceutical, Inc.” Outstanding shares of the capital stock of the former Ohr Pharmaceutical, Inc. were automatically converted, on a share for share basis, into identical shares of common stock of the new holding company.

On January 5, 2018, the Company reported topline data from the MAKO study which did not meet its primary efficacy endpoint. The MAKO study evaluated the efficacy and safety of topically administered squalamine in combination with monthly Lucentis® injections for the treatment of wet-AMD. Based on these results, we discontinued further development of squalamine and have been evaluating strategic alternatives to maximize stockholder value.

As part of its review of strategic alternatives, the Company formed a special committee of independent directors. The Board of Directors and the special committee have engaged Roth Capital Markets, LLC, to advise them and management, and to assist in pursuing a range of strategic alternatives including some of the following: license, divestiture, or other monetization of current assets; license or acquisition of additional assets; merger, reverse merger, joint venture, partnership, or other business combination with another entity, public or private. Neither the Board nor the special committee has set a definitive timetable for completion of this process. There can be no assurance that this process will result in a strategic alternative of any kind. The Company does not intend to disclose developments or provide updates on the progress or status of this process unless it deems further disclosure is appropriate or required.

## ASSETS AND TECHNOLOGIES

### (a) SKS SUSTAINED RELEASE OCULAR DRUG DELIVERY PLATFORM TECHNOLOGY

The SKS sustained release technology was designed to develop best-in-class drug formulations for ocular disease. The technology employs micro fabrication techniques to create nano, micro and macroparticle drug formulations that can provide sustained and predictable release of a therapeutic drug over a 3-6 month period. The versatility of this delivery technology makes it well suited to potentially deliver hydrophilic or hydrophobic small molecules, as well as proteins with complex structures.

In February 2017, the Company suspended activities at its lab facility in San Diego, CA where research regarding the SKS sustained release technology had been conducted. However, the Company continues to explore strategies and pathways for applications of its sustained release technology and potential avenues to monetize it.

### (b) CEP ASSETS

As part of the SKS acquisition, we acquired the exclusive rights to an animal model for dry-AMD whereby mice are immunized with a carboxyethylpyrrole (“CEP”) which is bound to mouse serum albumin (“MSA”) as well as the rights to produce and use CEP for research, clinical, and commercial applications. CEP is produced following the oxidation of docosahexaenoic acid, which is abundant in the photoreceptor outer segments that are phagocytosed by the retinal pigment epithelium (“RPE”). A number of CEP-adducted proteins have been identified in proteomic studies examining the composition of drusen and other subretinal deposits found in the eyes of patients with dry-AMD. Studies have shown that immunization of CEP-MSA can lead to an ophthalmic phenotype very similar to dry-AMD, including deposition of complement in the RPE, thickening of the Bruch’s membrane, upregulation of inflammatory cytokines, and immune cell influx into the eye. Upon immunization with CEP, a marked decrease in contrast sensitivity which precedes a loss of visual acuity, was observed, similar to what occurs in many patients with dry AMD. The Company has not yet monetized this technology.

### (c) DEPYMED JOINT VENTURE

Ohr also owns various other compounds in earlier stages of development, including the PTP1b inhibitor trodusquemine and related analogs. On February 26, 2014, we entered into a Joint Venture Agreement and related agreements with Cold Spring Harbor Laboratory (“CSHL”) pursuant to which a joint venture, DepYmed Inc. (“DepYmed”), was formed to further preclinical and clinical development of Ohr’s trodusquemine and analogues as PTP1B inhibitors for oncology and rare disease indications. DepYmed licenses research from CSHL and intellectual property from us. Ohr is a passive joint venturer in DepYmed.

## Competitive Factors

### *Competition in General*

Competition in the area of biomedical and pharmaceutical research and development is intense and significantly depends on scientific and technological factors. These factors include the availability of patent and other protection for technology and products, the ability to commercialize technological developments and the ability to obtain regulatory approval for testing, manufacturing and marketing. Our competitors include major pharmaceutical and specialized biotechnology companies, many of which have financial, technical and marketing resources significantly greater than ours. In addition, many biotechnology companies have formed collaborations with large, established companies to support research, development and commercialization of products that may be competitive. Academic institutions, governmental agencies and other public and private research organizations are also conducting research activities and seeking patent protection and may commercialize products on their own or through joint ventures. We can provide no assurance that developments by others will not render our technology obsolete, noncompetitive or harm our strategy, that we will be able to keep pace with new technological developments or that our technology will be able to supplant established products and methodologies in the therapeutic areas that are targeted by us. The foregoing factors could have a material adverse effect on our business, prospects, financial condition and results of operations. These companies, as well as academic institutions, governmental agencies and private research organizations, also compete with us in recruiting and retaining highly qualified scientific personnel and consultants.

### *Competitive Landscape in Sustained Release Drug Delivery*

There are a number of companies developing various forms of sustained release drug delivery platforms for ophthalmic applications. These include, but are not limited to:

- GreyBug with a biodegradable polymer microsphere/nanoparticle matrix system;
- Aerie Pharmaceuticals with the PRINT® technology system for microparticle and nanoparticle formulations;
- Kala Pharmaceuticals with a mucus-penetrating particle (MPP) technology; and
- Ocular Therapeutix with a proprietary hydrogel technology.

All of these programs are in a more advanced stage than us. Each of these may prove to be effective means to deliver drugs in a sustained manner and we cannot assure that none of them will get to market before us or that our technology will be a better drug delivery approach.

## **Corporate Strategy**

The Board of Directors and the special committee have engaged Roth Capital Markets, LLC, to advise them and management, and to assist in pursuing a range of strategic alternatives including some of the following: license, divestiture, or other monetization of current assets; license or acquisition of additional assets; merger, reverse merger, joint venture, partnership, or other business combination with another entity, public or private. Neither the Board nor the special committee has set a definitive timetable for completion of this process. There can be no assurance that this process will result in a strategic alternative of any kind. The Company does not intend to disclose developments or provide updates on the progress or status of this process unless it deems further disclosure is appropriate or required.

## **Patents and Other Proprietary Rights**

Patents and other proprietary rights are important to our business. It is our policy to seek patent protection for our assets, and also to rely upon trade secrets, know-how and licensing opportunities to develop and maintain our competitive position.

We generally seek worldwide patent protection for products and have foreign patent rights corresponding to most of our U.S. patents. We currently own or have exclusively licensed several issued U.S. patents and non-US patents and have additional U.S. and non-U.S. pending patent applications.

Under an agreement with Akina, Inc (“Akina”), we license patents and patent applications, with an estimated expiration date of September 2031, relating to nano/micro/macro particle fabrication technology for sustained release of molecules. The worldwide, exclusive, sub-licensable license was granted to SKS (now Ohr) for use in developing ocular products. Under the agreement with Akina, the parties collaborated on three nano/micro particle products. Additional patent applications have been filed that expand on this platform technology.

Pursuant to the terms of the Uruguay Round Agreements Act, the term of a U.S. patent is 20 years and is measured from the effective date that the patent application was filed rather than the prior calculation of term which was 17 years from the date that the patent issued. Patent term may be extended beyond the 20-year period by patent term adjustment when the U.S. Patent Office fails to examine the patent application in a timely manner before issuance of the patent. We take advantage of patent term adjustment whenever available and expect to seek patent term extensions following marketing approval. Under the Drug Price Competition and Patent Term Restoration Act of 1984 (the “Hatch-Waxman Act”) and the Generic Animal Drug and Patent Term Restoration Act of 1988 (the “GADPTR Act”), a patent that claims a product, use or method of manufacture covering a drug may be extended for up to five years to compensate the patent holder for a portion of the time required for FDA review. Our issued U.S. patents and applications related to the SKS technology have expiration dates ranging from April 2027 to September 2033.

While we file and prosecute patent applications to protect our inventions, our pending patent applications might not result in the issuance of patents or our issued patents might not provide competitive advantages. Also, our patent protection might not prevent others from developing competitive products using related or other technology.

In addition to seeking intellectual property protection via patents and licenses, we also rely upon trade secrets, know-how and technological innovation, which we seek to protect, in part, by confidentiality agreements with employees, consultants, suppliers and licensees.

The scope, enforceability and effective term of issued patents can be highly uncertain and often involve complex legal and factual questions. No consistent policy has emerged regarding the breadth of claims in pharmaceutical patents, so that even issued patents might later be modified or revoked by the relevant patent authorities or courts. Moreover, the issuance of a patent in one country does not assure the issuance of a patent with a similar claim scope in another country, and claim interpretation and infringement laws vary among countries, so we are unable to predict the extent of patent protection in any country. The patents we obtain and the unpatented proprietary technology we hold might not afford us significant commercial protection. Additional information regarding risks associated with our patents and other proprietary rights that affect our business is contained under the heading “Intellectual property litigation is increasingly common and increasingly expensive and may result in restrictions on our business and substantial costs, even if we prevail” and under the heading “Risk Factors”.

There are no contested proceedings and/or third-party claims over any of our patents or patent applications.

## **NUMBER OF PERSONS EMPLOYED**

At September 30, 2018, we had three full-time employees. In addition, we use consultants on an as needed basis, to provide a cost efficient alternative to a larger infrastructure to support the Company.

## **GOVERNMENT COMPLIANCE**

### *The Drug Development Process*

Regulation by government authorities in the United States and foreign countries is a significant factor in the research, development, manufacture, and marketing of product candidates. Any product candidates will require regulatory approval before they can be commercialized. In particular, human therapeutic products are subject to rigorous preclinical and clinical trials and other premarket approval requirements by the FDA and foreign authorities. Many aspects of the structure and substance of the FDA and foreign pharmaceutical regulatory practices have been reformed during recent years, and continued reform is under consideration in a number of jurisdictions. The ultimate outcome and impact of such reforms and potential reforms cannot be predicted.

The activities required before a product candidate may be marketed in the United States begin with preclinical tests. Preclinical tests include laboratory evaluations and animal studies to assess the potential safety and efficacy of the product candidate and its formulations.

The results of these studies must be submitted to the FDA as part of an IND, which must be reviewed by the FDA before proposed clinical testing can begin. Typically, clinical testing involves a three-phase process. In Phase 1, trials are conducted with a small number of subjects to determine the early safety profile of the product candidate. In Phase 2, clinical trials are conducted with subjects afflicted with a specific disease or disorder to provide enough data to evaluate the preliminary safety, tolerability, and efficacy of the product candidate. In Phase 3, large-scale clinical trials are conducted with patients afflicted with the specific disease or disorder in order to provide enough data to understand the efficacy and safety profile of the product candidate, as required by the FDA. The results of the preclinical and clinical testing of a therapeutic product candidate are then submitted to the FDA in the form of an NDA for evaluation to determine whether the product candidate may be approved for commercial sale. In responding to an NDA, the FDA may grant marketing approval, request additional information, or deny the application.



Any approval required by the FDA for any product candidates may not be obtained on a timely basis, or at all. The designation of a clinical trial as being of a particular phase is not necessarily indicative that such a trial will be sufficient to satisfy the parameters of a particular phase, and a clinical trial may contain elements of more than one phase notwithstanding the designation of the trial as being of a particular phase. The results of preclinical studies or early stage clinical trials may not predict long-term safety or efficacy of compounds when they are tested or used more broadly in humans.

Approval of a product candidate by comparable regulatory authorities in foreign countries is generally required prior to commencement of marketing of the product in those countries. The approval procedure varies among countries and may involve additional testing, and the time required to obtain such approval may differ from that required for FDA approval.

#### *Other Regulations*

Various federal, state and local laws, regulations, and recommendations relating to safe working conditions, laboratory practices, the experimental use of animals, the environment and the purchase, storage, movement, import, export, use, and disposal of hazardous or potentially hazardous substances, including radioactive compounds and infectious disease agents, used in connection with research activities. They include, among others, the U.S. Atomic Energy Act, the Clean Air Act, the Clean Water Act, the Occupational Safety and Health Act, the National Environmental Policy Act, the Toxic Substances Control Act, and Resources Conservation and Recovery Act, national restrictions on technology transfer, import, export, and customs regulations, and other present and possible future local, state, or federal regulation. The compliance with these and other laws, regulations and recommendations can be time consuming and involve substantial costs. In addition, the extent of governmental regulation which might result from future legislation or administrative action cannot be accurately predicted and may have a material adverse effect on our business, financial condition, results of operations and prospects.

#### **AVAILABLE INFORMATION**

The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments thereto, are filed with the SEC. The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and files or furnishes reports, proxy statements and other information with the SEC. Such reports and other information filed by the Company with the SEC are available free of charge on the Company's website at <http://ir.ohrpharmaceutical.com/all-sec-filings>, as soon as reasonably practicable after we have electronically filed with, or furnished to, the SEC. The public may read and copy any materials filed by the Company with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov). The contents of these websites are not incorporated into this filing. Further, the Company's references to website URLs are intended to be inactive textual references only.

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

*You should carefully consider the following factors which may affect future results of operations. If any of the adverse events described below actually occur, our business, financial condition and operating results could be materially adversely affected and you may lose part or all of the value of your investment. If you choose to invest in our securities, you should be able to bear a complete loss of your investment.*

#### **Risks Relating to Our Financial Position and Need for Capital**

**Our business was substantially dependent on the success of squalamine, which failed to meet its primary efficacy endpoint in the MAKO Study. Unless we execute on a strategic alternative, we may be required to liquidate, dissolve, or otherwise wind down our operations.**

Until January 5, 2018, squalamine for the treatment of wet-AMD was our lead product candidate. On January 5, 2018, we announced topline results from our MAKO Study which did not meet its primary efficacy endpoint. Based on these results, we have discontinued further development of squalamine and have been evaluating strategic alternatives to maximize stockholder value. We have no assurance that we will be able to execute on a strategic alternative and may be required to liquidate, dissolve or otherwise wind down our operations if we are unable to do so.

**We may not be able to monetize the non-squalamine assets, including the SKS sustained release ocular drug delivery platform technology, CEP assets, or our interest in the Depymed joint venture.**

We may not be able to monetize any or some of the non-squalamine assets, including the SKS sustained release ocular drug delivery platform technology, the CEP assets, or our interest in the Depymed joint venture. In that event, we may be constrained to write off those assets, in whole or in part. At September 30, 2018, we significantly wrote down the value of our SKS sustained release asset and there can be no assurance that we will not be required to further write down or write off the asset entirely in the future.

**We are subject to securities class action litigation and derivative shareholder litigation. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on the Company.**

As a result of our announcement of negative results from the MAKO Study, our stock price declined substantially. On February 14, 2018, a securities class action litigation was brought against the Company, Dr. Jason Slakter, Sam Backenroth, and Irach Tarapowela in federal district court in the Southern District of New York. An amended securities class action complaint was filed on August 7, 2018, by lead plaintiffs George Lehman and Insured Benefit Plans, Inc. We dispute these claims and intend to defend the matter vigorously. On September 17, 2018, we filed a motion to dismiss the complaint. On November 13, 2018, plaintiffs filed a motion to strike exhibits appended to the motion to dismiss. A decision on the motion to strike is pending, and the motion to dismiss will then be fully briefed based on a schedule to be determined by the court. This litigation could result in substantial costs and a diversion of management's resources and attention, which could harm our business and the value of our common stock.

On May 3, 2018, plaintiff Adele J. Barke, derivatively on behalf of the Company, commenced an action in Supreme Court, State of New York against Michael Ferguson, Orin Hirschman, Thomas M. Riedhammer, June Almenoff and Jason Slakter alleging that the action was brought in the right and for the benefit of Ohr seeking to remedy their "breach of fiduciary duties, corporate waste and unjust enrichment that occurred between June 24, 2014 and the present." It does not quantify any alleged damages. The Company and the individuals dispute these claims and intend to defend the matter vigorously. Such litigation is currently stayed pursuant to a stipulation by the parties, which has been so ordered by the court, but that status could change. Such litigation could result in substantial costs and a diversion of management's resources and attention, which could harm our business and the value of our common stock.

In September 2018, plaintiff John Tomson, derivatively and on behalf of the Company, commenced an action against Michael Ferguson, Sam Backenroth, Irach Tarapowela, Orin Hirschman, Thomas M. Riedhammer, June Almenoff and Jason Slakter in the US District Court for the Southern District of New York alleging that the action was brought in the right and for the benefit of Ohr seeking to remedy their various breaches of fiduciary duties, corporate waste and unjust enrichment that occurred between April 4, 2014 through January 4, 2018. Thereafter, the complaint largely summarized the allegations of the amended complaint filed in the securities class action described above. It does not quantify alleged damages. The Company and the individuals dispute these claims and intend to defend the matter vigorously. Such litigation is currently stayed pursuant to a stipulation by the parties, which has been so ordered by the court, but that status could change. This litigation could result in substantial costs and a diversion of management's resources and attention, which could harm the Company's business and the value of the Company's common stock. The complaint has not yet been served.

**If we fail to continue to meet all applicable Nasdaq Capital Market requirements and Nasdaq determines to delist our common stock, the delisting could adversely affect the market liquidity of our common stock and the market price of our common stock could decrease.**

On February 20, 2018, we received a written notice (the "First Notice") from NASDAQ Stock Market LLC ("Nasdaq") that the Company had not been in compliance with the minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2) for a period of 30 consecutive business days. Nasdaq Listing Rule 5550(a)(2) requires listed securities to maintain a minimum closing bid price of \$1.00 per share, and Nasdaq Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum closing bid price requirement exists if the deficiency continues for a period of 30 consecutive business days.

In accordance with Nasdaq's Listing Rule 5810(c)(3)(A), the Company had a period of 180 calendar days, or until August 20, 2018, to regain compliance with the minimum closing bid price requirement. The Company did not regain compliance with the minimum closing bid price requirement by August 20, 2018. The Company was notified by Nasdaq that it might be afforded a second 180 calendar period to regain compliance with the minimum closing bid price requirement under certain circumstances. As a result, the Company applied for an extension of the cure period, as permitted under the notification. In order to cure the deficiency the Company indicated that, to that extent necessary, it planned to seek approval for a reverse stock split in order to meet the minimum closing bid price requirement at a special meeting of the Company's stockholders which the Company will hold prior to the expiration of the second 180 day period and effectuate the reverse stock split immediately thereafter. On August 21, 2018, we received a written notice from Nasdaq that the Company had been granted an additional 180 calendar days, or until February 19, 2019, to regain compliance with the minimum \$1.00 bid price per share requirement of the Listing Rules of Nasdaq ("Second Notice").

According to the Second Notice, if at any time before February 19, 2019, the bid price of the Company's common stock closes at or above \$1.00 per share for a minimum of 10 consecutive business days, Nasdaq will provide written notification that the Company has achieved compliance with the minimum closing bid price requirement. If, however, compliance with the minimum closing bid price requirement cannot be demonstrated by February 19, 2018, Nasdaq will provide written notification that the Company's common stock will be delisted. At that time, the Company may appeal Nasdaq's determination to a Hearings Panel. The Company has filed a definitive proxy statement in connection with special meeting of stockholders to be held on January 18, 2019, at which the Company's stockholders will vote to approve an amendment to the Company's certificate of incorporation to effect a reverse stock split of the Company's common stock at a split ratio of not less than one-for-three and not more than one-for-twenty, to be effective, if at all, at such time as the Company's Board of Directors shall determine in its sole discretion. We cannot provide any assurances that the stockholders will approve the reverse stock split at the special meeting.

If the stockholders do not approve the reverse stock split, and if we were unable to maintain compliance with the \$1.00 minimum bid price requirement and our common stock were delisted from Nasdaq, trading of our common stock would most likely take place on an over-the-counter market established for unlisted securities, such as the OTCQB or the Pink Market maintained by OTC Markets Group Inc. An investor would likely find it less convenient to sell, or to obtain accurate quotations in seeking to buy, our common stock on an over-the-counter market, and many investors would likely not buy or sell our common stock due to difficulty in accessing over-the-counter markets, policies preventing them from trading in securities not listed on a national exchange or other reasons. In addition, as a delisted security, our common stock would be subject to SEC rules as a “penny stock,” which impose additional disclosure requirements on broker-dealers. The regulations relating to penny stocks, coupled with the typically higher cost per trade to the investor of penny stocks due to factors such as broker commissions generally representing a higher percentage of the price of a penny stock than of a higher-priced stock, would further limit the ability of investors to trade in our common stock. For these reasons and others, delisting would adversely affect the liquidity, trading volume and price of our common stock, causing the value of an investment in us to decrease and having an adverse effect on our business, financial condition and results of operations, including our ability to attract and retain qualified employees, to raise capital, and execute on a strategic alternative.

**There is no certainty that we will be able to execute on any strategic alternatives to maximize stockholder value. If we are unable to execute such strategic alternatives, we may be forced to cease operations and liquidate.**

Based on the results of the MAKO study, we began a comprehensive review of strategic alternatives to maximize shareholder value. As part of its review of strategic alternatives, the Company formed a special committee of independent directors. The Board of Directors and the special committee have retained Roth Capital Markets, LLC, to advise and assist us in this review. The strategic alternatives that we are exploring, may include some or all of the following: license, divestiture, or monetization of current assets; license or acquisition of additional assets; merger, reverse merger, joint venture, partnership, or other business combination with another entity, public or private. There can be no assurance that this review process will result in a transaction, or that if a transaction does occur, that it will successfully enhance stockholder value. Our expected cash position, net of all liabilities, limits our attractiveness to potential merger candidates and the value that we may receive in such merger, joint venture, partnership, or other business combination scenarios may be less than the current market value of the Company. If we are unable to execute on a strategic alternative, we may be forced to liquidate.

The process of exploring strategic alternatives could adversely impact our business, financial condition and results of operations. We could incur substantial expenses associated with identifying, evaluating, and executing on potential strategic alternatives, including those related to equity compensation, severance pay and insurance, legal, accounting and financial advisory fees. In addition, the process may be time consuming and disruptive to our business operations, could divert the attention of management and the Board from our business, could negatively impact our ability to attract, retain and motivate key employees, and could expose us to potential litigation in connection with this process or any resulting transaction. Further, speculation regarding any developments related to the review and execution of strategic alternatives and perceived uncertainties related to our future could cause our stock price to fluctuate significantly.

**We have incurred significant losses and anticipate that we will incur additional losses. We might never achieve or sustain revenues.**

We have experienced significant net losses since our inception. As of September 30, 2018, we had an accumulated deficit of approximately \$121.3 million. We expect to continue to incur net losses.

**The report of our independent registered public accounting firm expresses substantial doubt about the Company’s ability to continue as a going concern. Such “going concern” opinion could impair our ability to obtain financing.**

Our auditors, MaloneBailey, LLP, have indicated in their report on the Company’s financial statements for the fiscal year ended September 30, 2018 that conditions exist that raise substantial doubt about our ability to continue as a going concern due to our recurring losses from operations. A “going concern” opinion could impair our ability to finance our operations through the sale of equity, incurring debt, or other financing alternatives. Our ability to continue as a going concern will depend upon the availability and terms of future funding. If we are unable to achieve this goal, our business would be jeopardized and the Company may not be able to continue. If we ceased operations, it is likely that all of our investors would lose their investment.

**We depend upon key officers and consultants in a competitive market for skilled personnel. If we are unable to retain key personnel, it could adversely affect our business. The negative result of the MAKO study and our limited financial resources may make us less successful at retaining employees.**

We are highly dependent upon the principal members of our management team, especially our Chief Executive Officer, Dr. Jason Slakter, and Vice President of Business Development and Chief Financial Officer, Sam Backenroth, as well as our directors and key consultants. A loss of any of these personnel may have a material adverse effect on aspects of our business.

The announcement that we have commenced a review of strategic alternatives may create uncertainty about our prospects as an independent business entity, and make it more difficult to retain qualified executive and other key personnel. The review process may also be costly, time-consuming, divert the attention of management or result in changes in our management team or our board of directors, all of which could materially and adversely affect our business. We may be required to enter into retention agreements with our key employees to ensure execution of a strategic transaction, once such transaction is identified. In addition, our stock price may experience periods of increased volatility as a result of these activities or related rumors and speculation.

### **Risks Related to Our Business and Industry**

**We currently do not have, and may never have, any products that generate revenues.**



We are a development stage pharmaceutical company and currently do not have, and may never have, any products that generate revenues. Investment in pharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that any potential product candidate will fail to demonstrate adequate effect or an acceptable safety profile, gain regulatory approval and become commercially viable. To date, we have not generated any product revenues.

**We are highly dependent upon our ability to raise additional capital. Raising additional capital may cause dilution to our stockholders, restrict our operations or require us to relinquish rights to our technologies.**

Until such time, if ever, as we can generate substantial product revenues, we may finance our cash needs through a combination of equity offerings, debt financings, and partnerships. We do not have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, our stockholders' ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights as holders of our common stock. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions.

If we raise capital through a partnership, we may have to relinquish rights to our technologies or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to cease operations and liquidate.

**We are highly dependent upon our ability to enter into agreements with collaborative partners to develop, commercialize, and market any products.**

We are dependent on strategic partnerships to develop technologies and products. To date, we have not entered into any strategic partnerships for any products. We face significant competition in seeking appropriate strategic partners, and these strategic partnerships can be intricate and time consuming to negotiate and document. We may not be able to negotiate strategic partnerships on acceptable terms, or at all. We are unable to predict when, if ever, we will enter into any strategic partnerships because of the numerous risks and uncertainties associated with establishing strategic partnerships.

While our strategy is to partner with an appropriate party, no assurance can be given that any third party would be interested in partnering with us. We currently lack the resources to conduct clinical trials, to manufacture any product candidates on a large scale, and we have no sales, marketing or distribution capabilities. In the event we are not able to enter into a collaborative agreement with a partner or partners, on commercially reasonable terms, or at all, we may be unable to conduct clinical trials, or to develop products which would have a material adverse effect upon our business, prospects, financial condition, and results of operations.

Even if we succeed in securing a partner, the partner collaborators may fail to develop or effectively commercialize products using our technologies. Such partnership would pose a number of risks, including the following:

- partners may not have sufficient resources or decide not to devote the necessary resources due to internal constraints such as budget limitations, lack of human resources, or a change in strategic focus;
- collaborators may believe our intellectual property or the product candidate infringes on the intellectual property rights of others;
- partners may dispute their responsibility to conduct development and commercialization activities pursuant to the applicable collaboration, including the payment of related costs or the division of any revenues;
- partners may decide to pursue a competitive product developed outside of the partnership arrangement;
- partners may not be able to obtain, or believe they cannot obtain, the necessary regulatory approvals;
- partners may delay the development or commercialization of any product candidates in favor of developing or commercializing another party's product candidate; or
- partners may decide to terminate or not to renew the collaboration for these or other reasons.

Thus, should the Company ever be successful in entering into a partnership agreement, the agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all. Partnership agreements are generally terminable without cause on short notice. We also face competition in seeking out collaborators. If we are unable to secure new partners that achieve the partner's objectives and meet our expectations, we may be unable to advance any product candidates and may not generate meaningful revenues.

**We have no experience selling, marketing or distributing products and no internal capability to do so.**

We currently have no sales, marketing or distribution capabilities and no experience in building a sales force and distribution capabilities. If we are ever in a position to commercialize any products, of which there can be no assurance, we must develop internal sales, marketing and distribution capabilities, which will be expensive and time consuming, or make arrangements with third parties to perform these services. If we decide to market any products directly, we must commit significant financial and managerial resources to develop a marketing and sales force with technical expertise and with supporting distribution capabilities. Building an in-house marketing and sales force with technical expertise and distribution capabilities will require significant expenditures, management resources and time. Factors that may inhibit our efforts to commercialize any products directly and without strategic partners include:

- our inability to recruit and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to or persuade adequate numbers of physicians to prescribe any products;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating and sustaining an independent sales and marketing organization.

We may not be successful in recruiting the sales and marketing personnel necessary to sell any products and even if we do build a sales force, they may not be successful in marketing any products, which would have a material adverse effect on our business and results of operations.

**If we are ever to conduct additional clinical trials, we would continue to rely on third parties to conduct any such trials for us. If such third parties do not successfully carry out their duties or if we lose our relationships with such third parties, our drug development efforts could be delayed.**

We are dependent on contract research organizations, third-party vendors and independent investigators for preclinical testing, and clinical trials related to any potential drug discovery and development efforts. These parties are not our employees, and we cannot control the amount or timing of resources that they devote to any programs. If they fail to devote sufficient time and resources to any drug development programs or if their performance is substandard, it would delay the development and commercialization of these product candidates. The parties with which we would contract for execution of our clinical trials would play a significant role in the conduct of the trials and the subsequent collection and analysis of data. Their failure to achieve their research goals or otherwise meet their obligations on a timely basis could adversely affect clinical development of these product candidates.

Communicating with outside parties can also be challenging, potentially leading to mistakes as well as difficulties in coordinating activities. Outside parties may:

- have staffing difficulties;
- fail to comply with contractual obligations;
- experience regulatory compliance issues;
- undergo changes in priorities or become financially distressed; or
- form relationships with other parties, some of which may be our competitors.

These factors may materially adversely affect the willingness or ability of third parties to conduct any clinical trials and may lead to unexpected cost increases. Nevertheless, we are responsible for ensuring that each of our studies would be conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on contract research organizations would not relieve us of our regulatory responsibilities. We and our contract research organizations would be required to comply with applicable current Good Laboratory Practice (“CGLP”), current Good Manufacturing Practice (“CGMP”), and current Good Clinical Practice (“CGCP”) regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for any products in clinical development. The FDA enforces these CGCP regulations through periodic inspections of clinical trial sponsors, principal investigators and trial sites. If we or our contract research organizations fail to comply with applicable CGCP, the clinical data generated in these clinical trials might be deemed unreliable and the FDA or comparable foreign regulatory authorities may require additional clinical trials before approving the marketing applications. We cannot assure that, upon inspection, the FDA or any comparable foreign regulatory authority will determine that any clinical trials would comply with CGCP. In addition, clinical trials must be conducted with product produced under CGMP regulations and would require a large number of test subjects. Our failure or the failure of our contract research organizations to comply with these regulations might require us to repeat clinical trials, which would delay the regulatory approval process and could also subject us to enforcement action up to and including civil and criminal penalties.

**If we are ever to conduct any additional trials and our contract research organizations do not successfully carry out their duties or if we were to lose relationships with contract research organizations, any drug development efforts could be delayed or terminated.**

If we were to lose relationships with any one or more of these parties, we could experience a significant delay in both identifying another comparable provider and then contracting for its services. We may be unable to retain an alternative provider on reasonable terms, if at all. Even if we locate an alternative provider, it is likely that this provider might need additional time to respond to our needs and might not provide the same type or level of service as the original provider. In addition, any provider that we retain would be subject to CGLP and CGCP, other regulatory standards, and similar foreign standards, and we do not have control over compliance with these regulations by these providers. Consequently, if these practices and standards are not adhered to by these providers, the development and commercialization of any products could be delayed, and have a material adverse effect on our business.

**We may not be able to continue or fully exploit our relationships with outside advisors, which could impair our business.**

We work with advisors who are experts in their respective fields. They advise us with respect to our business and operations. These advisors are not our employees and may have other commitments that would limit their future availability to us. If a conflict of interest arises between their work for us and their work for another entity, we may lose their services, which may impair our reputation in the industry and our business efforts.

**We have no manufacturing capabilities, and, if needed, would rely completely on third-party manufacturers, which might result in delays in research, development, clinical trials, regulatory approvals and product introductions.**

We have no manufacturing facilities and do not have extensive experience in the manufacturing of drugs or in designing drug manufacturing processes. We would have to contract with third-party manufacturers to produce, in collaboration with us, any products for clinical trials. Our reliance on these third parties for development activities would reduce our control over these activities but would not relieve us of our responsibility to ensure compliance with all required regulations and study and trial protocols. If these third parties were not to successfully carry out their contractual duties, meet expected deadlines or conduct studies in accordance with regulatory requirements or our stated study and trial plans and protocols, or if there were disagreements between us and these third parties, we would not be able to initiate, or complete, or may be delayed in completing, the clinical trials required to support future approval of any products. In some such cases, we might need to locate an appropriate replacement third-party relationship, which may not be readily available or with acceptable terms, which would cause additional delay with respect to the approval of products and would thereby have a material adverse effect on our business, financial condition, results of operations and prospects.

**Contract manufacturers are subject to significant regulatory oversight with respect to manufacturing products. The manufacturing facilities on which we would need to rely may not continue to meet regulatory requirements and may have limited capacity.**

Any manufacturers of product candidates are obliged to operate in accordance with FDA-mandated CGMPs. In addition, the facilities that would be used by contract manufacturers or other third party manufacturers to manufacture product candidates must be approved by the FDA or other foreign regulatory authority pursuant to inspections that would be conducted after we request regulatory approval from the FDA or other foreign regulatory authority. A failure of any contract manufacturers to establish and follow CGMPs and to document their adherence to such practices may lead to significant delays in development, or in clinical trials or in obtaining regulatory approval of product candidates or the ultimate launch of products into the market. Furthermore, any contract manufacturers are likely to be engaged with other companies to supply and/or manufacture materials or products for such companies, which exposes them to regulatory risks for the production of such materials and products. As a result, failure to satisfy the regulatory requirements for the production of those materials and products may affect the regulatory clearance of the contract manufacturers' facilities generally. Failure by third-party manufacturers or us to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, failure of the government to grant pre-market approval of drugs, delays, suspension or withdrawal of approvals, seizures or recalls of products, operating restrictions, and criminal prosecutions. Many aspects of the clinical trial and manufacturing process are outside of our control. The facilities and quality systems of third-party contractors must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of product candidates. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of product candidates or the associated quality systems for compliance with the regulations applicable to the activities being conducted. If these facilities do not pass a pre-approval plant inspection, FDA approval of the products will not be granted.

The regulatory authorities also may, at any time following approval of a product for sale, audit our manufacturing facilities or those of third-party manufacturers. If any such inspection or audit identifies a failure to comply with applicable regulations or if a violation of product specifications or applicable regulations occurs independent of such an inspection or audit, we or the relevant regulatory authority may require remedial measures that may be costly and/or time-consuming for us or third-party manufacturers to implement and that may include the temporary or permanent suspension of a clinical trial or commercial sales or the temporary or permanent closure of a manufacturing facility. Any such remedial measures imposed upon us or third parties with whom we might contract could materially harm our business.

**Developments by competitors may render our technologies obsolete or non-competitive which would have a material adverse effect on our business and results of operations.**

We compete against fully integrated pharmaceutical companies and smaller companies that are collaborating with larger pharmaceutical companies, academic institutions, government agencies and other public and private research organizations. Any drug candidates would have to compete with existing therapies and therapies under development by competitors. In addition, the commercial opportunities may be reduced or eliminated if competitors develop and market products that are less expensive, more effective or safer. Other companies have drug candidates in various stages of preclinical or clinical development to treat diseases for which we are also seeking to develop drug products. Some of these potential competing drugs are further advanced in development. Even if we are successful in developing effective drugs, they may not compete successfully with products produced by our competitors. Most of our competitors, either alone or together with their collaborative partners, operate larger research and development programs, have larger staffing and facilities, and have substantially greater financial resources than we do, as well as significantly greater experience in:

- developing drugs;
- undertaking preclinical testing and human clinical trials;
- obtaining FDA and other regulatory approvals, including foreign regulatory approvals, of drugs;
- formulating and manufacturing drugs; and
- launching, marketing and selling drugs.



These organizations also compete with us for mergers, acquisitions and joint venture candidates and for other collaborations.

**Our employees, partners, independent contractors, consultants, and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.**

We are exposed to the risk that our employees, partners, independent contractors, consultants, and vendors may engage in fraudulent or other illegal activity with respect to our business. Such misconduct could include intentional, reckless and/or negligent conduct or unauthorized activity that violates: (1) FDA or any comparable foreign regulatory authority regulations, including those laws requiring the reporting of true, complete and accurate information to the FDA or any comparable foreign regulatory authority; (2) manufacturing standards; (3) federal, state and foreign healthcare fraud and abuse laws and regulations; or (4) laws that require the true, complete and accurate reporting of financial information or data. Activities subject to these laws also involve the improper use of information obtained in the course of clinical trials, or illegal misappropriation of drug product, which could result in regulatory sanctions and serious harm to our reputation. Any incidents or any other conduct that leads to an employee receiving an FDA or other regulatory authority debarment could result in a loss of business from our partners and severe reputational harm. We have adopted a Code of Business Conduct and Ethics, but it is not always possible to identify and deter misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business, operating results and financial condition.

**Any future mergers or acquisitions we make of companies or technologies may result in disruption to our business or distraction of our management.**

We may merge with, acquire, or make investments in businesses, technologies, services or products if appropriate opportunities arise. From time to time we engage in discussions and negotiations with companies regarding our acquiring or investing in such companies' businesses, products, services or technologies, in the ordinary course of our business. We cannot be assured that we will be able to identify future suitable merger, acquisition or investment candidates, or if we do identify suitable candidates, that we will be able to make such acquisitions or investments on commercially acceptable terms or at all. If we acquire or merge with another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating the acquired products, services or technologies into our operations. These difficulties could disrupt our ongoing business, distract our management and employees, increase our expenses and adversely affect our results of operations. Furthermore, we may incur indebtedness or issue equity securities to pay for any future acquisitions. The issuance of equity securities would be dilutive to our existing stockholders.

**Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.**

We store sensitive data, including intellectual property, our proprietary business information and personally identifiable information of our employees, in our data centers and on our networks. The secure maintenance of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, and damage our reputation.

**Our business and operations would suffer in the event of system failures.**

Despite the implementation of security measures, our internal computer systems and those of our contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Such an event could cause interruption of our operations. To the extent that any disruption or security breach were to result in a loss of or damage to our data, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the development of product candidates could be delayed.

**Risks Related to FDA, Comparable Foreign Regulatory Authority and Healthcare Regulations**

**Pharmaceutical companies face heavy government regulation. FDA regulatory approval and/or comparable foreign regulatory authority's approval of any products is uncertain.**

The research, testing, manufacturing and marketing of drug products are subject to extensive regulation by federal, state and local government authorities, including the FDA or any comparable foreign regulatory authority. To obtain regulatory approval of a product, one must demonstrate to the satisfaction of the applicable regulatory agency that, among other things, the product is safe and effective for its intended use. In addition, one must show that the manufacturing facilities used to produce the products are in compliance with CGMP regulations.

The process of obtaining FDA and other required regulatory approvals, including foreign regulatory approvals and clearances, would require a substantial amount of time and significant capital expenditure. Despite the time and expense expended, regulatory approval is never guaranteed. The number of preclinical and clinical trials that would be required for FDA approval, or any comparable foreign regulatory authority's approval, varies depending on the drug candidate, the disease or condition for which the drug candidate is in development, and the requirements applicable to that particular drug candidate. The FDA or other foreign health authority can delay, limit or deny approval of a drug candidate for many reasons, including that:

- a drug candidate may not be shown to be safe or effective;
- the FDA or any comparable foreign regulatory authority may not approve the manufacturing process;
- the FDA or any comparable foreign regulatory authority may interpret data from preclinical and clinical trials in different ways; and
- the FDA may not meet, or may extend, the Prescription Drug User Fee Act date with respect to a particular NDA.

If and when products do obtain marketing approval, the marketing, distribution and manufacture of such products would remain subject to extensive ongoing regulatory requirements. Failure to comply with applicable regulatory requirements could result in:

- warning letters;
- fines;
- civil penalties;
- injunctions;
- recall or seizure of products;
- total or partial suspension of production;
- refusal of the government to grant future approvals;
- withdrawal of approvals; and
- criminal prosecution.

We have not received regulatory approval to market any product candidates in any jurisdiction.

**Following regulatory approval of any drug products, ongoing regulatory obligations and restrictions might result in significant expense and limit the ability to commercialize any products.**

With regard to drug candidates, if any, approved by the FDA or by another regulatory authority, including a foreign regulatory authority, we would be held to extensive regulatory requirements over product manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion and record keeping. Regulatory approvals may also be subject to significant limitations on the indicated uses or marketing of the drug candidates. Potentially costly follow-up or post-marketing clinical studies may be required as a condition of approval to further substantiate safety or efficacy, or to investigate specific issues of interest to the regulatory authority. Previously unknown problems with the drug candidate, including adverse events of unanticipated severity or frequency, may result in restrictions on the marketing of the drug, and could include withdrawal of the drug from the market.

In addition, the law or regulatory policies governing pharmaceuticals may change. We cannot predict the likelihood, nature or extent of adverse government regulation that may arise from future legislation or administrative action, either in the United States or elsewhere. If we were not able to maintain regulatory compliance, we might not be permitted to market any drugs, which could have a material adverse effect on our business and competitive position.

**Healthcare policy changes, including proposals to reform the U.S. healthcare system, may harm our future business.**

Healthcare costs have risen significantly over the past decade. There have been and continue to be proposals by legislators, regulators and third-party payors to keep these costs down. Certain proposals, if passed, would impose limitations on the prices we would be able to charge for products, or the amounts of reimbursement available for these products from governmental agencies and third party payors. These limitations could in turn reduce the amount of investment into development, and the amount of revenues that we would be able to generate in the future from sales of products and licenses of our technology.

The Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Reconciliation Act of 2010, together, the Healthcare Reform Act, is a sweeping measure intended to expand healthcare coverage within the U.S., primarily through the imposition of health insurance mandates on employers and individuals, the provision of subsidies to eligible individuals enrolled in plans offered on the health insurance exchanges, and the expansion of the Medicaid program. This law has substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacts the pharmaceutical industry. In addition, the Healthcare Reform Act imposes an annual fee, which will increase annually, on sales by branded pharmaceutical manufacturers starting in 2011. The financial impact of these discounts, increased rebates and fees and the other provisions of the legislation on our business is unclear and there can be no assurance that our business will not be materially adversely affected. In addition, these and other ongoing initiatives in the United States have increased and will continue to increase pressure on drug pricing. The announcement or adoption of any government initiatives could have an adverse effect on potential revenues from any product that we may successfully develop.

Moreover, additional legislative or regulatory changes remain possible and appear likely. In this regard, the U.S. Tax Cuts and Jobs Act of 2017, or U.S. Tax Act, signed into law in December 2017, includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the Healthcare Reform Act on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the “individual mandate.” The nature and extent of any additional legislative or regulatory changes to the Healthcare Reform Act are uncertain at this time. We expect that the Healthcare Reform Act, as currently enacted or as it may be amended in the future, and other healthcare reform measures that may be adopted in the future could have a material adverse effect on our industry generally. In addition to the Healthcare Reform Act, there will continue to be proposals by legislators at both the federal and state levels, regulators and third party payors to keep healthcare costs down while expanding individual healthcare benefits.

Various healthcare reform proposals have also emerged at the state level. We cannot predict what healthcare initiatives, if any, will be implemented at the federal or state level, or the effect any future legislation or regulation will have on us. However, an expansion in government’s role in the U.S. healthcare industry may lower the revenues for future products and adversely affect our future business, possibly materially.

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

#### **Our ability to compete may be undermined if we do not adequately protect our proprietary rights.**

Our commercial success depends on obtaining and maintaining proprietary rights to product candidates and technologies and their uses, as well as successfully defending these rights against third-party challenges. We will be able to most effectively protect product candidates, technologies, and their uses from unauthorized use by third parties to the extent that valid and enforceable patents, or effectively protected trade secrets, cover them. Nonetheless, the issued patents and patent applications covering our technologies remain subject to uncertainty due to a number of factors, including:

- we may not have been the first to make one or more of the inventions covered by our pending patent applications or issued patents;
- we may not have been the first to file patent applications for one or more of our technologies we rely upon;
- others may independently develop similar or alternative technologies or duplicate any of our technologies;
- our disclosures in a particular patent application may be determined to be insufficient to meet the statutory requirements for patentability;
- one or more of our pending patent applications may not result in issued patents;
- we may not seek or obtain patent protection in all countries that will eventually provide a significant business opportunity;
- one or more patents issued to us or to our collaborators may not provide a basis for commercially viable products, may not provide us with any competitive advantages or may be challenged by third parties;
- we may fail to file for patent protection in all of the countries where patent protection will ultimately be necessary or fail to comply with other procedural, documentary, fee payment or other provisions during the patent process in any such country, and we may be precluded from filing at a later date or may lose some or all patent rights in the relevant jurisdiction;
- one or more of our technologies may not be patentable;
- others may design around one or more of our patent claims to produce competitive products which fall outside of the scope of our patents;
- others may identify prior art which could invalidate our patents; or
- changes to patent laws may limit the exclusivity rights of patent holders.

Even if we have or obtain patents covering our technologies, we may still be barred from making, using and selling one or more of our technologies because of the patent rights of others. Others have or may have filed, and in the future are likely to file, patent applications covering compounds, assays, therapeutic products and delivery systems, including sustained release delivery, that are similar or identical to ours. Numerous U.S. and foreign issued patents and pending patent applications owned by others exist in the area of medical disorders. These could materially affect our ability to develop products. Because patent applications can take years to issue, there may be currently pending applications, unknown to us, that may later result in issued patents that our technologies may infringe. These patent applications may have priority over one or more patent applications filed by us.

If our competitors have prepared and filed patent applications in the United States that claim technology we also claim, we may have to participate in interference proceedings required by the United States Patent and Trademark Office to determine priority of invention, which could result in substantial costs, even if we ultimately prevail. Results of interference proceedings are highly unpredictable and may result in us having to try to obtain licenses in order to develop or market drug products.

**Disputes may arise regarding the ownership or inventorship of our inventions. It is difficult to determine how such disputes would be resolved. Others may challenge the validity of our patents. If one or more of our patents are found to be invalid, we will lose the ability to exclude others from making, using or selling the inventions claimed therein.**

Research collaborators and scientific advisors have rights to publish data and information to which we have rights. Additionally, employees whose positions may be eliminated may seek future employment with our competitors. Each of our employees is required to sign a confidentiality agreement and invention assignment agreement with us at the time of hire. While such arrangements are intended to enable us to better control the use and disclosure of our proprietary property and provide for our ownership of proprietary technology developed on our behalf, they may not provide us with meaningful protection for such property and technology in the event of unauthorized use or disclosure. In addition, technology that we may in-license may become important to some aspects of our business. We generally will not control all of the patent prosecution, maintenance or enforcement of in-licensed technology.

**We rely on confidentiality agreements that could be breached and may be difficult to enforce, which could have a material adverse effect on our business and competitive position.**

Our policy is to enter into agreements relating to the non-disclosure of confidential information with third parties, including our contractors, consultants, advisors and research collaborators, as well as agreements that purport to require the disclosure and assignment to us of the rights to the ideas, developments, discoveries and inventions of our employees and consultants while we employ them. However, these agreements can be difficult and costly to enforce. Moreover, to the extent that our contractors, consultants, advisors and research collaborators apply or independently develop intellectual property in connection with any of our projects, disputes may arise as to the proprietary rights to this type of information. If a dispute arises, a court may determine that the right belongs to a third party, and enforcement of our rights can be costly and unpredictable. In addition, we rely on trade secrets and proprietary know-how that we will seek to protect in part by confidentiality agreements with our employees, contractors, consultants, advisors or others. In addition, courts outside the United States may be less willing to protect trade secrets. Despite the protective measures we employ, we still face the risk that:

- these agreements may be breached;
- these agreements may not provide adequate remedies for the applicable type of breach; or
- our trade secrets or proprietary know-how will otherwise become known.

Any breach of our confidentiality agreements or our failure to effectively enforce such agreements would have a material adverse effect on our business.

**If we infringe the rights of third parties, we could be forced to pay damages and required to defend against litigation which could result in substantial costs and may have a material adverse effect on our business and results of operations.**

We have not received to date any claims of infringement by any third parties. However, should our public profile be raised, such infringement claims may be more likely. Defending against such claims, and an occurrence of a judgment adverse to us, could result in unanticipated costs and may have a material adverse effect on our business. If any of our technologies, methods, processes and other technologies infringe the proprietary rights of other parties, we could incur substantial costs and we may have to:

- obtain licenses, which may not be available on commercially reasonable terms, if at all;
- redesign products or processes to avoid infringement;
- stop using the subject matter claimed in the patents held by others;
- defend litigation or administrative proceedings that may be costly whether we win or lose, and which could result in a substantial diversion of management resources; or
- pay damages.

Any costs incurred in connection with such events or the inability to develop products may have a material adverse effect on our business and results of operations.

**Intellectual property litigation is increasingly common and increasingly expensive and may result in restrictions on our business and substantial costs, even if we prevail.**

Patent and other intellectual property litigation is becoming more common in the pharmaceutical industry. Litigation is sometimes necessary to defend against or assert claims of infringement, to enforce our patent rights, including those we have licensed from others, to protect trade secrets or to determine the scope and validity of proprietary rights of third parties. Currently, no third party is asserting that we are infringing upon their patent rights or other intellectual property, nor are we aware or believe that we are infringing upon any third party's patent rights or other intellectual property. We may, however, be infringing upon a third party's patent rights or other intellectual property, and litigation asserting such claims might be initiated in which we would not prevail, or we would not be able to obtain the necessary licenses on reasonable terms, if at all. All such litigation, whether meritorious or not, as well as litigation initiated by us against third parties, is time-consuming and very expensive to defend or prosecute and to resolve. In addition, if we infringe the intellectual property rights of others, we could lose our right to develop, manufacture or sell products or could be required to pay monetary damages or royalties to license proprietary rights from third parties. An adverse determination in a judicial or administrative proceeding or a failure to obtain necessary licenses could prevent us from manufacturing or selling products, which could harm our business, financial condition and prospects.



**A dispute concerning the infringement or misappropriation of our proprietary rights or the proprietary rights of others could be time consuming and costly, and an unfavorable outcome could harm our business.**

There is significant litigation in our industry regarding patent and other intellectual property rights. While we are not currently subject to any pending intellectual property litigation, and are not aware of any such threatened litigation, we may be exposed to future litigation by third parties based on claims that our technologies or activities infringe the intellectual property rights of others. If any drug development activities are found to infringe any such patents, we may have to pay significant damages or seek licenses to such patents. If any products are found to infringe any such patents, we may have to pay significant damages or seek licenses to such patents. A patentee could prevent us from making, using or selling the patented compounds. We may need to resort to litigation to enforce a patent issued to us, protect our trade secrets or determine the scope and validity of third-party proprietary rights. From time to time, we may hire scientific personnel formerly employed by other companies involved in one or more areas similar to the activities conducted by us. Either we or these individuals may be subject to allegations of trade secret misappropriation or other similar claims as a result of their prior affiliations. If we become involved in litigation, it could consume a substantial portion of our managerial and financial resources, regardless of whether we win or lose. We also may not be able to afford the costs of litigation.

**The patent applications of pharmaceutical and biotechnology companies involve highly complex legal and factual questions, which, if determined adversely to us, could negatively impact our patent position.**

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions. No consistent policy regarding the breadth of claims allowed in biotechnology patents has emerged to date. The U.S. Patent and Trademark Office's standards are uncertain and could change in the future. Consequently, the issuance and scope of patents cannot be predicted with certainty. Patents, if issued, may be challenged, invalidated or circumvented. U.S. patents and patent applications may also be subject to interference or derivation proceedings, and U.S. patents may be subject to inter partes review, post grant review and ex parte reexamination proceedings in the U.S. Patent and Trademark Office (and foreign patents may be subject to opposition or comparable proceedings in the corresponding foreign patent office), which proceedings could result in either loss of the patent or denial of the patent application or loss or reduction in the scope of one or more of the claims of the patent or patent application. Similarly, opposition or invalidity proceedings could result in loss of rights or reduction in the scope of one or more claims of a patent in foreign jurisdictions. Such interference, inter partes review, post grant review and ex parte reexamination and opposition proceedings may be costly. Accordingly, rights under any issued patents may not provide us with sufficient protection against competitive products or processes.

Changes in or different interpretations of patent laws in the United States and foreign countries may permit others to develop and commercialize our technology without providing any compensation to us or may limit the number of patents or claims we can obtain. In particular, there have been proposals to shorten the exclusivity periods available under U.S. patent law that, if adopted, could substantially harm our business. If the exclusivity period for patents is shortened, then our ability to generate revenues without competition would be reduced and our business could be materially adversely impacted. The laws of some countries do not protect intellectual property rights to the same extent as U.S. laws, and those countries may lack adequate rules and procedures for defending our intellectual property rights. For example, some countries, including many in Europe, do not grant patent claims directed to methods of treating humans and, in these countries, patent protection may not be available at all to protect product candidates. In addition, U.S. patent laws may change, which could prevent or limit us from filing patent applications or patent claims to protect our technologies or limit the exclusivity periods that are available to patent holders. For example, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was recently signed into law and includes a number of significant changes to U.S. patent law. These include changes to transition from a "first-to-invent" system to a "first-to-file" system and to the way issued patents are challenged. These changes may favor larger and more established companies that have more resources to devote to patent application filing and prosecution. The U.S. Patent and Trademark Office has been in the process of implementing regulations and procedures to administer the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act may affect our ability to obtain, enforce or defend our patents. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will ultimately have on the cost of prosecuting our patent applications, our ability to obtain patents based on our discoveries and our ability to enforce or defend our issued patents.

If we fail to obtain and maintain patent protection and trade secret protection of any product candidates, proprietary technologies and their uses, we could lose our competitive advantage and competition we face would increase, reducing our potential revenues and adversely affecting our ability to attain profitability.

### **Risks Related to our Common Stock**

**The market price and volume of our common stock fluctuate significantly and could result in substantial losses for individual investors.**

The stock market from time to time experiences significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These broad market fluctuations may cause the market price and volume of our common stock to decrease. In addition, the market price and volume of our common stock is highly volatile.

Factors that may cause the market price and volume of our common stock to decrease include:

- delisting or other changes in status of Nasdaq listing (See Risk Factor entitled, "If we fail to continue to meet all applicable Nasdaq Capital Market requirements and Nasdaq determines to delist our common stock, the delisting could adversely affect the market liquidity of our common stock and the market price of our common stock could decrease.");
- changes in stock market analyst recommendations regarding our common stock or lack of analyst coverage;



- fluctuations in our results of operations, timing and announcements of our corporate news;
- developments concerning discussions that we may be in, or enter into, regarding strategic alliances, partnerships, reverse mergers, mergers, acquisitions, or similar transactions;
- adverse actions taken by regulatory agencies with respect to any drug products, clinical trials, manufacturing processes or sales and marketing activities;
- any lawsuit involving us or any drug products;
- developments with respect to our patents and proprietary rights;
- announcements of technological innovations by our competitors;
- public concern as to the safety of products developed by us or others;
- regulatory developments in the United States and in foreign countries;
- the pharmaceutical industry conditions generally and general market conditions;
- failure of our results of operations to meet the expectations of stock market analysts and investors;
- sales of our common stock by our executive officers, directors and five percent stockholders or sales of substantial amounts of our common stock;
- changes in accounting principles; and
- loss of any of our key scientific or management personnel.

**The market for our common stock is illiquid. Our stockholders may not be able to resell their shares at or above the purchase price paid by such stockholders, or at all.**

Our common stock is listed on the NASDAQ Capital Market. The market for our securities is illiquid. This illiquidity may be caused by a variety of factors including:

- lower trading volume;
- low stock price; and
- market conditions.

There is limited trading in our common stock and our security holders may experience wide fluctuations in the market price of our securities. Such price and volume fluctuations have particularly affected the trading prices of equity securities of many pharmaceutical and biotechnology companies. These price and volume fluctuations often appear to have been unrelated to the operating performance of the affected companies. These fluctuations may have an extremely negative effect on the market price of our securities and may prevent a stockholder from obtaining a market price equal to the purchase price such stockholder paid when the stockholder attempts to sell our securities in the open market. In these situations, the stockholder may be required either to sell our securities at a market price which is lower than the purchase price the stockholder paid, or to hold our securities for a longer period of time than planned. An inactive market may also impair our ability to raise capital by selling shares of capital stock.

**As a “smaller reporting company,” the Company may avail itself of reduced disclosure requirements, which may make the Company’s common stock less attractive to investors.**

Because the market value of the Company’s common stock as of the end of its most recently completed second fiscal quarter was less than \$75 million, the Company is a “smaller reporting company” under applicable SEC rules and regulations. As a “smaller reporting company,” the Company has relied on exemptions from certain disclosure requirements that are applicable to other public companies. The Company may continue to rely on such exemptions for so long as the Company remains a “smaller reporting company.” These exemptions include reduced financial disclosure, reduced disclosure obligations regarding executive compensation, and not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. The Company’s reliance on these exemptions may result in the public finding the Company’s common stock to be less attractive and adversely impact the market price of the Company’s common stock or the trading market thereof.



**We will not pay cash dividends and investors may have to sell their shares in order to realize their investment.**

We have not paid any cash dividends on our common stock and do not intend to pay cash dividends in the foreseeable future. We intend to use our cash for reinvestment in the development and marketing of products, technologies, and services. As a result, investors may have to sell their shares of common stock to realize any of their investment.

**Our internal controls over financial reporting may not be effective which could have a significant and adverse effect on our business and reputation.**

We are subject to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC thereunder (“Section 404”). Section 404 requires us to report on the design and effectiveness of our internal controls over financial reporting. In the past, our management has identified certain “material weaknesses” in our internal controls over financial reporting which we believe have been remediated. However, any failure to maintain effective controls could result in significant deficiencies or material weaknesses, and cause us to fail to meet our periodic reporting obligations, or result in material misstatements in our financial statements. We may also be required to incur costs to improve our internal control system and hire additional personnel. This could negatively impact our results of operations.

**Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses and divert management’s attention from operating our business, which could have a material adverse effect on our business.**

There have been other changing laws, regulations and standards relating to corporate governance and public disclosure in addition to the Sarbanes-Oxley Act, as well as new regulations promulgated by the Commission and rules promulgated by the national securities exchanges. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. As a result, our efforts to comply with evolving laws, regulations and standards are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. Our board members, Chief Executive Officer and Chief Financial Officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty retaining qualified board members and executive officers, which could have a material adverse effect on our business. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies, we may incur additional expenses to comply with standards set by regulatory authorities or governing bodies which would have a material adverse effect on our business and results of operations.

**Delaware law could discourage a change in control, or an acquisition of the Company by a third party, even if the acquisition would be favorable to stockholders.**

The Delaware General Corporation Law contains provisions that may have the effect of making more difficult or delaying attempts by others to obtain control of the Company, even when these attempts may be in the best interests of stockholders. Delaware law imposes conditions on certain business combination transactions with “interested stockholders.” These provisions and others that could be adopted in the future could deter unsolicited takeovers or delay or prevent changes in our control or management, including transactions in which stockholders might otherwise receive a premium for their shares of common stock over then current market prices. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

**Our Board of Directors has the authority to issue Serial Preferred Stock, which could affect the rights of holders of our common stock and may delay or prevent a takeover that could be in the best interests of our stockholders.**

The Board of Directors has the authority to issue up to 9,416,664 shares of Serial Preferred Stock, \$.0001 par value per share (the “Serial Preferred Stock”) (after giving effect to the conversion and cancellation of a previous issue of 5,583,336 shares of Series B Preferred), in one or more series and to fix the number of shares constituting any such series, the voting powers, designation, preferences and relative participation, optional or other special rights and qualifications, limitations or restrictions thereof, including the dividend rights and dividend rate, terms of redemption (including sinking fund provisions), redemption price or prices, conversion rights and liquidation preferences of the shares constituting any series, without any further vote or action by the stockholders. 6,000,000 shares of the Serial Preferred Stock, designated the Series B Preferred, have been authorized, 5,583,336 were issued and, as of the date of this filing, all such shares have been converted and no Series B Preferred shares remain issued and outstanding. The issuance of additional Serial Preferred Stock could affect the rights of the holders of Common Stock. For example, such issuance could result in a class of securities outstanding that would have preferential voting, dividend, and liquidation rights over the Common Stock, and could (upon conversion or otherwise) enjoy all of the rights appurtenant to the shares of common stock. The authority possessed by the Board of Directors to issue Serial Preferred Stock could potentially be used to discourage attempts by others to obtain control of the Company through merger, tender offer, proxy contest or otherwise by making such attempts more difficult or costly to achieve. The Board of Directors may issue the Serial Preferred Stock without stockholder approval and with voting and conversion rights which could adversely affect the voting power of holders of common stock. There are no agreements or understandings for the issuance of Serial Preferred Stock and the Board of Directors has no present intention to issue any Serial Preferred Stock.

ITEM 2. PROPERTIES.

None.

ITEM 3. LEGAL PROCEEDINGS



On February 14, 2018, a securities class action litigation was brought against the Company, Dr. Jason Slakter, Sam Backenroth, and Irach Tarapowela in federal district court in the Southern District of New York. An amended securities class action complaint was filed on August 7, 2018, by lead plaintiffs George Lehman and Insured Benefit Plans, Inc. We dispute these claims and intend to defend the matter vigorously. On September 17, 2018, we filed a motion to dismiss the complaint. On November 13, 2018, plaintiffs filed a motion to strike exhibits appended to the motion to dismiss. A decision on the motion to strike is pending, and the motion to dismiss will then be fully briefed based on a schedule to be determined by the court. This litigation could result in substantial costs and a diversion of management's resources and attention, which could harm our business and the value of our common stock.

On May 3, 2018, plaintiff Adele J. Barke, derivatively on behalf of the Company, commenced an action in Supreme Court, State of New York against Michael Ferguson, Orin Hirschman, Thomas M. Riedhammer, June Almenoff and Jason Slakter alleging that the action was brought in the right and for the benefit of Ohr seeking to remedy their "breach of fiduciary duties, corporate waste and unjust enrichment that occurred between June 24, 2014 and the present." It does not quantify any alleged damages. The Company and the individuals dispute these claims and intend to defend the matter vigorously. Such litigation is currently stayed pursuant to a stipulation by the parties, which has been so ordered by the court, but that status could change. Such litigation could result in substantial costs and a diversion of management's resources and attention, which could harm our business and the value of our common stock.

In September 2018, plaintiff John Tomson, derivatively and on behalf of the Company, commenced an action against Michael Ferguson, Sam Backenroth, Irach Tarapowela, Orin Hirschman, Thomas M. Riedhammer, June Almenoff and Jason Slakter in the US District Court for the Southern District of New York alleging that the action was brought in the right and for the benefit of Ohr seeking to remedy their various breaches of fiduciary duties, corporate waste and unjust enrichment that occurred between April 4, 2014 through January 4, 2018. Thereafter, the complaint largely summarized the allegations of the amended complaint filed in the securities class action described above. It does not quantify alleged damages. The Company and the individuals dispute these claims and intend to defend the matter vigorously. Such litigation is currently stayed pursuant to a stipulation by the parties, which has been so ordered by the court, but that status could change. This litigation could result in substantial costs and a diversion of management's resources and attention, which could harm the Company's business and the value of the Company's common stock. The complaint has not yet been served.

#### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

## PART II

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

The Company's shares of common stock is listed on the Nasdaq Capital Market ("Nasdaq") under the symbol "OHRP." The following table sets forth the high and low per share sales prices of the Company's common stock on Nasdaq for the periods reflected below.

<b>FY 2018</b>	<b>High</b>	<b>Low</b>	<b>FY 2017</b>	<b>High</b>	<b>Low</b>
October 1 - December 31, 2017	\$ 1.92	\$ 0.59	October 1 - December 31, 2016	\$ 3.75	\$ 1.50
January 1 - March 31, 2018	\$ 2.04	\$ 0.22	January 1 - March 31, 2017	\$ 1.65	\$ 0.78
April 1 - June 30, 2018	\$ 0.33	\$ 0.19	April 1 - June 30, 2017	\$ 0.92	\$ 0.60
July 1 - September 30, 2018	\$ 0.24	\$ 0.15	July 1 - September 30, 2017	\$ 0.79	\$ 0.57

#### Holders

As of December 31, 2018 there were 253 stockholders of record, which excludes stockholders whose shares were held in nominee or street name by brokers.

#### Dividends

We have never declared or paid cash dividends on our common stock. We currently expect to retain future earnings, if any, for use in the operation of the business and do not anticipate paying any cash dividends in the foreseeable future.

#### Securities authorized for issuance under equity compensation plans

See Part III, Item 12 of this Report for information regarding securities authorized for issuance under the Company's equity compensation plan.

## ITEM 6. SELECTED FINANCIAL DATA

Not Applicable

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

### General

Ohr Pharmaceutical, Inc. ("we," "us," "our," "Ohr," or the "Company") is a pharmaceutical company which has been focused on the development of novel therapeutics and delivery technologies for the treatment of ocular disease.

The Company will continue to incur ongoing operating losses. In addition, losses will be incurred in paying ongoing reporting expenses, including legal and accounting expenses, as necessary to maintain the Company as a public entity. No projected date for potential revenues can be made, and the Company is undercapitalized at present to completely develop, test and market any pharmaceutical product.

Until the Company is able to generate significant revenue from its principal operations, it will remain classified as a development stage company. The Company can give no assurance that it will be successful in such efforts or that its limited operating funds will be adequate to support the Company's operations, nor can there be any assurance of any additional funding being available to the Company. Management has concluded that there is substantial doubt about the entity's ability to continue as a going concern.

### Recent Developments

On January 2, 2019, the Company, Ohr Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Ohr ("Merger Sub"), and NeuBase Therapeutics, Inc., a Delaware corporation ("NeuBase"), entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into NeuBase, with NeuBase becoming a wholly-owned subsidiary of the Company and the surviving corporation of the merger (the "Merger"). The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the "Effective Time"), (a) each outstanding share of NeuBase common stock, including shares of NeuBase capital stock issued in, or issued upon conversion, exercise or exchange of securities issued in, the NeuBase Financing (as defined below), will be converted into the right to receive the number of shares of the Company's common stock (the "Company Common Stock") equal to the exchange ratio described below; (b) each outstanding NeuBase stock option that has not previously been exercised prior to the Effective Time will be assumed by the Company; and (c) the warrant to purchase shares of common stock of NeuBase will be converted into and become a warrant to purchase shares of Company Common Stock.

Under the exchange ratio formula in the Merger Agreement, as of immediately after the Merger, the former NeuBase securityholders are expected to own approximately 80% (the "NeuBase Allocation Percentage") of the aggregate number of shares of the Company Common Stock issued and outstanding following the consummation of the Merger (the "Post-Closing Shares"), and the stockholders of the Company as of immediately prior to the Merger are expected to own approximately 20% (the "Ohr Allocation Percentage") of the aggregate number of Post-Closing Shares. NeuBase anticipates that it will issue and sell not less than \$4,000,000 (the gross proceeds received by NeuBase, the "NeuBase Proceeds") of its equity securities (including securities convertible, exercisable or exchangeable into such equity securities) prior to the Effective Time (the "NeuBase Financing"). The NeuBase Allocation Percentage will be increased by 0.1% for every \$100,000 that the NeuBase Proceeds exceeds \$4,000,000, and the Ohr Allocation Percentage will be decreased by 0.1% for every \$100,000 that the NeuBase Proceeds exceeds \$4,000,000.

Immediately following the Effective Time, the name of the Company will be changed from "Ohr Pharmaceutical, Inc." to "NeuBase Therapeutics, Inc." The Merger Agreement contemplates that, immediately after the Effective Time, the Board of Directors of the Company will consist of five members, all of which will be designated by NeuBase. The executive officers of the Company immediately after the Effective Time will be designated by NeuBase with NeuBase's Chief Executive Officer, Dietrich Stephan, being the Company's Chief Executive Officer.

The Merger Agreement contains customary representations, warranties and covenants made by the Company and NeuBase, including covenants relating to obtaining the requisite approvals of the stockholders of the Company and NeuBase, indemnification of directors and officers, and the Company and NeuBase signing the Merger Agreement and the closing of the Merger. Consummation of the Merger is subject to certain closing conditions, including, among other things, approval by the stockholders of the Company and NeuBase. The Merger Agreement contains certain termination rights for both the Company and NeuBase, and further provides that, upon termination of the Merger Agreement under specified circumstances, the Company may be required to pay NeuBase a termination fee of \$250,000 or NeuBase may be required to pay the Company a termination fee of \$250,000.

In accordance with the terms of the Merger Agreement, (i) the officers and directors of the Company have each entered into a support agreement with the Company and NeuBase (the "Ohr Support Agreements"), and (ii) the officers, directors and certain affiliated stockholders of NeuBase have each entered into a support agreement with NeuBase and the Company (the "NeuBase Support Agreements," together with the Ohr Support Agreements, the "Support Agreements"). The Support Agreements place certain restrictions on the transfer of the shares of the Company and NeuBase held by the respective signatories thereto and include covenants as to the voting of such shares in favor of approving the transactions contemplated by the Merger Agreement and against any actions that could adversely affect the consummation of the Merger.

Concurrently with the execution of the Merger Agreement, the officers and directors of the Company, and the officers, directors and certain stockholders of NeuBase, each entered into lock-up agreements (the "Lock-Up Agreements") pursuant to which they have agreed, among other things, not to sell or dispose of any shares of Company Common Stock which are or will be beneficially owned by them at the closing of the Merger until the date that is 90 days after the Effective Time.

In connection with the Merger, on January 2, 2019, Ohr entered into a Retention Bonus Agreement with Dr. Jason Slakter, Ohr's Chief Executive Officer (the "Retention Bonus Agreement"). Under the Retention Bonus Agreement, Dr. Slakter is eligible for a retention bonus

payment of \$75,000 upon the earliest to occur of the following: (i) Dr. Slakter's continued service with the Company in his current position through and including the closing date of the Merger, or (ii) Dr. Slakter is involuntarily separated from service without Cause (as such term is defined in the Retention Bonus Agreement) by the Company prior to the closing date of the Merger. In the event Dr. Slakter voluntarily separates from service with the Company for any reason prior to the closing of the Merger, Dr. Slakter will not receive any retention bonus payment and the Company will have no further obligation to Dr. Slakter under the Retention Bonus Agreement.

## Liquidity and Capital Resources

The Company has limited working capital reserves with which to continue operations. The Company is reliant, at present, upon its capital reserves for ongoing operations and has no revenues.

Net working capital reserves decreased from end of fiscal 2017 to the end of fiscal 2018 by \$4,817,015 (to \$3,273,436 from \$8,090,451) primarily due to costs incurred from operations. At the end of fiscal 2018, our quarterly cash burn decreased significantly compared to prior periods due to the discontinuation of the squalamine program. We expect our cash burn to be relatively stable, subject to the progress and outcome of the Company's previously announced plan to pursue strategic alternatives to maximize stockholder value. Management has concluded that due to the conditions described above, there is substantial doubt about the entity's ability to continue as a going concern. We have evaluated the significance of the conditions in relation to our ability to meet our obligations and believe that our current cash balance will provide sufficient capital to continue operations into the second half of calendar 2019. At present, the Company has no bank line of credit or other fixed source of capital reserves. Should the Company need additional capital in the future, it will be primarily reliant upon private or public placement of its equity or debt securities, or a strategic transaction, for which there can be no warranty or assurance that the Company may be successful in such efforts.

## Results of Operations

For the fiscal year ended September 30, 2018, the Company had no revenues, and had operating expenses of \$13,903,955. The loss from operations was comprised of \$4,319,165 in research and development costs, \$3,634,474 in general and administrative expenses, \$1,124,569 in depreciation and amortization, \$740,912 in loss on impairment of goodwill, \$5,313,640 in loss on impairment of intangible assets and \$1,228,805 in gain on settlement of liabilities.

During the same period for the year ended September 30, 2017, the Company reported no revenues, and had operating expenses of \$23,780,073 which was comprised of \$17,406,869 in research and development costs, \$5,278,272 in general and administrative expenses, \$1,165,689 in depreciation and amortization, and \$70,757 in gain on settlement of liabilities.

Due to the significant decrease in stock value and the market capitalization of the Company relative to the value of the intangible assets and goodwill in fiscal 2018, the company performed an impairment test on the intangible assets and goodwill. The Company concluded goodwill was impaired and recorded an impairment loss of \$740,912 in fiscal 2018 compared to \$0 in fiscal 2017. A third-party valuation on the company's intangible assets was performed and determined an impairment loss of \$5,313,640 in fiscal 2018 compared to \$0 in fiscal 2017.

For the fiscal year ended September 30, 2018, the Company recorded other income, net items, totaling \$667,055 as compared to \$(30,923) for the same period in fiscal 2017. This difference is primarily due to a gain from the sale of certain squalamine assets. In fiscal 2018, the Company recorded a gain on settlement of liabilities totaling approximately \$1,228,805 compared to \$70,757 in fiscal 2017. This increase is due to the settlement of accounts payable and long term liabilities related to the discontinuation of the squalamine program and elimination of severance payable to a former director.

The operating expenses of the Company decreased in fiscal year 2018 compared to fiscal year 2017 by \$9,876,118. General and administrative expenses decreased in fiscal 2018 as compared to fiscal 2017 by \$1,643,798. The decrease is primarily a result of a reduction in employee headcount and stock-based compensation. Research and development expenses decreased in fiscal year 2018 as compared to fiscal year 2017 by \$13,087,704. The decrease is primarily a result of significant costs paid in fiscal 2017 related to the MAKO study in wet-AMD, which was completed in the second fiscal quarter of 2018, and the settlement of accounts payable balances and long term liabilities.

The net loss for the year ended September 30, 2018 was \$13,236,900 as compared to \$23,810,996 for the same period in 2017.

Results of operations for the year ended September 30, 2018 reflect the following changes from the prior year period:

	<b>2018</b>	<b>2017</b>	<b>Change</b>
General and administrative	\$ 3,634,474	\$ 5,278,272	\$ (1,643,798)
Research and development	4,319,165	17,406,869	(13,087,704)
Depreciation and amortization	1,124,569	1,165,689	(41,120)
Loss on Impairment of goodwill	740,912	—	740,912
Loss on Impairment of intangible assets	5,313,640	—	5,313,640
Gain on Settlement of liabilities	(1,228,805)	(70,757)	1,158,048
<b>Total Operating Expenses</b>	<b>13,903,955</b>	<b>23,780,073</b>	<b>(9,876,118)</b>
<b>Operating Loss</b>	<b>(13,903,955)</b>	<b>(23,780,073)</b>	<b>9,876,118</b>
Other income (expense), net	667,055	(30,923)	697,978
<b>Net Loss</b>	<b>\$ (13,236,900)</b>	<b>\$ (23,810,996)</b>	<b>\$ 10,574,096</b>

Until the Company achieves meaningful revenue, significant losses are expected to continue as the trend is reflected in the chart above.

### **Critical Accounting Estimates**

#### Fair Value of Financial Instruments

In accordance with ASC 820, the carrying value of cash and cash equivalents, accounts receivable, accounts payable, and notes payable approximates fair value due to the short-term maturity of these instruments. ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2 - Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 - Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own beliefs about the assumptions that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

#### Research and Development

The Company follows the policy of expensing its research and development costs in the period in which they are incurred in accordance with ASC 730. The Company incurred net research and development expenses of \$4,319,165, and \$17,406,869, during the years ended September 30, 2018, and 2017, respectively.

#### Share-based Compensation

The Company follows the provisions of ASC 718, "Share-Based Payments" which requires all share-based payments to employees, including grants of employee stock options, be recognized in the income statement based on their fair values. The Company uses the Black Scholes pricing model for determining the fair value of stock options and the stock price on the date of the grant for the fair value of restricted stock awards.

In accordance with ASC 505, equity instruments issued to non-employees for goods or services are accounted for at fair value and are marked to market until service is complete or a performance commitment date is reached, whichever is earlier.

#### Intangibles

The Company evaluates intangible assets in accordance with FASB ASC Topic 350, "Intangibles — Goodwill and Other." Goodwill is recorded at the time of an acquisition and is calculated as the difference between the total consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. Accounting for acquisitions requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair value of the net tangible and intangible assets acquired, including in-process research and development ("IPR&D"). Significant management judgment is required in the forecasts of future operating results that are used in the evaluations. It is possible, however, that the plans and estimates used may be incorrect. If our actual results, or the plans and estimates used in future impairment analysis, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges in a future period.

The Company performs its annual impairment review of goodwill in September, and when a triggering event occurs between annual impairment tests for both goodwill and other finite-lived intangible assets.

The Company recorded no impairment loss for goodwill for the year ended September 30, 2017, however due to the significant decrease in stock value and the market capitalization of the Company relative to the value of the intangible assets and goodwill in 2018, the company performed an impairment test and concluded goodwill was impaired. A loss of \$740,912 was recorded during the period ended September 30, 2018.

The Company's other finite-lived intangible assets consist of license rights and patents. The Company amortizes its patents over the life of each patent and license rights over the remaining life of the patents that it has rights for. The Company recorded no impairment loss for the year ended September 30, 2017, however management determined that the Company's license rights for the sustain release ocular drug delivery platform needed to be tested for impairment due to a significant drop in the market capitalization of the Company relative to the value of the intangible assets. A third-party valuation was done, resulting in an impairment loss of \$5,313,640 being recorded for the fiscal year ended September 30, 2018. During the years ended September 30, 2018, and 2017, the Company recognized \$1,114,349, and \$1,120,617, in amortization expense on the patents and license rights, respectively. The amortization expense has been included in depreciation and amortization expense.

#### **Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet arrangements.



### **Tabular Description of Principal Contracts**

The Company is not engaged in any contract for sale or distribution of its product to date and, therefore, does not have any specific disclosure under this heading.

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

Not applicable.

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

Following are the financial statements prepared by Ohr and audited by its independent auditors. These financial statements constitute the formal presentation of financial information by the Company, such that all other financial information contained in this Annual Report on Form 10-K should be read and reviewed in light of the following financial statements and notes thereto. Should there exist any conflict between information appearing elsewhere in this Annual Report on Form 10-K and the following financial statements, the financial statements should be given primary definition and control. The notes attached to the financial statements constitute an integral part of the financial disclosure and should be read and reviewed in connection with the financial statements.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
OHR Pharmaceutical, Inc.  
New York, NY

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

We have audited the accompanying consolidated balance sheets of OHR Pharmaceutical, Inc. and its subsidiaries (collectively, the "Company") as of September 30, 2018 and 2017, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Going Concern Matter***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and does not have sufficient resources to support their operations for the next twelve months. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### ***Basis for Opinion***

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

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

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

*/s/ MaloneBailey, LLP*  
[www.malonebailey.com](http://www.malonebailey.com)

We have served as the Company's auditor since 2012.

Houston, Texas  
January 3, 2019

**OHR PHARMACEUTICAL, INC.**  
**Consolidated Balance Sheets**

	<u>September 30,</u> <u>2018</u>	<u>September 30,</u> <u>2017</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 3,750,436	\$ 12,801,085
Prepaid expenses and other current assets	247,998	223,278
<b>Total Current Assets</b>	<b>3,998,434</b>	<b>13,024,363</b>
<b>EQUIPMENT, net</b>	<b>15,763</b>	<b>63,757</b>
<b>OTHER ASSETS</b>		
Security deposit	—	12,243
Intangible assets, net	7,611,918	14,087,602
Goodwill	—	740,912
<b>TOTAL ASSETS</b>	<b>\$ 11,626,115</b>	<b>\$ 27,928,877</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 651,781	\$ 4,827,525
Notes payable	73,217	106,387
<b>Total Current Liabilities</b>	<b>724,998</b>	<b>4,933,912</b>
Long-term liabilities	—	150,000
<b>TOTAL LIABILITIES</b>	<b>724,998</b>	<b>5,083,912</b>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, Series B; 6,000,000 shares authorized, \$0.0001 par value, 0 shares issued and outstanding, respectively	—	—
Common stock; 180,000,000 shares authorized, \$0.0001 par value, 56,466,428 and 56,196,428 shares issued and outstanding, respectively	5,647	5,619
Additional paid-in capital	132,220,977	130,927,953
Accumulated deficit	(121,325,507)	(108,088,607)
<b>Total Stockholders' Equity</b>	<b>10,901,117</b>	<b>22,844,965</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 11,626,115</b>	<b>\$ 27,928,877</b>

The accompanying notes are an integral part of these consolidated financial statements.

**OHR PHARMACEUTICAL, INC.**  
**Consolidated Statements of Operations**

	<b>For the Year Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>OPERATING EXPENSES</b>		
General and administrative	\$ 3,634,474	\$ 5,278,272
Research and development	4,319,165	17,406,869
Depreciation and amortization	1,124,569	1,165,689
Loss on Impairment of Goodwill	740,912	—
Loss on Impairment of intangible asset	5,313,640	—
Gain on settlement of liabilities	<u>(1,228,805)</u>	<u>(70,757)</u>
<b>OPERATING LOSS</b>	<b>13,903,955</b>	<b>23,780,073</b>
<b>OTHER INCOME (EXPENSE)</b>		
Other income (expense), net	592,584	(1,349)
Interest income (expense), net	<u>74,471</u>	<u>(29,574)</u>
Total Other Income (Expense)	<u>667,055</u>	<u>(30,923)</u>
<b>LOSS FROM OPERATIONS BEFORE INCOME TAXES</b>	<b><u>(13,236,900)</u></b>	<b><u>(23,810,996)</u></b>
<b>NET LOSS</b>	<b><u>\$ (13,236,900)</u></b>	<b><u>\$ (23,810,996)</u></b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>\$ (0.23)</b>	<b>\$ (0.53)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:</b>		
BASIC AND DILUTED	56,399,866	44,770,685

The accompanying notes are an integral part of these consolidated financial statements.

**OHR PHARMACEUTICAL, INC.**  
**Consolidated Statements of Stockholders' Equity**

	Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance, September 30, 2016	—	\$ —	32,076,396	\$ 3,207	\$109,237,551	\$ (84,277,611)	\$ 24,963,147
Common stock issued for cash, net of stock issuance costs	—	—	24,135,032	2,414	19,578,237	—	19,580,651
Common stock issued for services	—	—	—	—	818,231	—	818,231
Common shares cancelled	—	—	(15,000)	(2)	2	—	—
Fair value of stock options and warrants	—	—	—	—	1,293,932	—	1,293,932
Net loss for the year ended September 30, 2017	—	—	—	—	—	(23,810,996)	(23,810,996)
Balance, September 30, 2017	—	\$ —	56,196,428	\$ 5,619	\$130,927,953	\$ (108,088,607)	\$ 22,844,965
Exercise of warrants for cash	—	—	270,000	28	269,972	—	270,000
Common stock issued for services	—	—	—	—	145,301	—	145,301
Fair value of options and warrants	—	—	—	—	877,751	—	877,751
Net loss for the year ended September 30, 2018	—	—	—	—	—	(13,236,900)	(13,236,900)
Balance, September 30, 2018	—	\$ —	56,466,428	\$ 5,647	\$132,220,977	\$ (121,325,507)	\$ 10,901,117

The accompanying notes are an integral part of these consolidated financial statements.

**OHR PHARMACEUTICAL, INC.**  
**Consolidated Statements of Cash Flows**

	<b>For the Year Ended</b>	
	<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (13,236,900)	\$ (23,810,996)
Adjustments to reconcile net loss to net cash used by operating activities:		
Common stock issued for services	145,301	818,231
Stock option and warrant expense	877,751	1,293,932
Depreciation	10,220	45,072
Amortization of intangible assets	1,114,349	1,120,617
Gain on settlement of liabilities	(1,228,805)	(70,757)
Loss on sale of property and equipment	17,814	1,349
Gain on sale of intangible asset	(460,383)	—
Loss on Impairment of goodwill and intangible assets	6,054,552	—
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	310,617	657,366
Accounts payable and accrued expenses	(3,096,939)	654,214
<b>Net Cash Used in Operating Activities</b>	<b>(9,492,423)</b>	<b>(19,290,972)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	—	(4,833)
Proceeds from sale of property and equipment and intangible assets	528,038	93,285
<b>Net Cash Provided by Investing Activities</b>	<b>528,038</b>	<b>88,452</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds for issuance of common stock for cash	—	19,580,651
Proceeds from warrants exercised for cash	270,000	118,801
Repayments of short-term notes payable	(356,264)	(242,737)
<b>Net Cash Provided by/(Used in) Financing Activities</b>	<b>(86,264)</b>	<b>19,456,715</b>
<b>NET CHANGE IN CASH</b>	<b>(9,050,649)</b>	<b>254,195</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>12,801,085</b>	<b>12,546,890</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ 3,750,436</b>	<b>\$ 12,801,085</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
<b>CASH PAID FOR:</b>		
Interest	\$ 10,206	\$ 8,617
Income Taxes	—	—
<b>NON CASH FINANCING ACTIVITIES:</b>		
Financing of insurance premiums through issuance of short term notes	323,094	261,326
Subscriptions receivable from exercise of warrants		
Stock cancellation related to employee resignation	—	2

The accompanying notes are an integral part of these consolidated financial statements.

**OHR PHARMACEUTICAL, INC.**

**Notes to the Consolidated Financial Statements  
September 30, 2018**

**NOTE 1 – DESCRIPTION OF BUSINESS**

Ohr Pharmaceutical, Inc. (“we,” “us,” “our,” “Ohr,” or the “Company”) is a pharmaceutical company which has been focused on the development of novel therapeutics and delivery technologies for the treatment of ocular disease.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates subject to change in the near term include impairment (if any) of long-lived assets and fair value of liabilities.

Accounting Basis and Principles of Consolidation

The Company prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, or GAAP, and they include the accounts of Ohr Pharmaceutical, Inc. and its subsidiaries. The Company has elected a September 30 fiscal year end. All intercompany balances and transactions have been eliminated in consolidation. The Company also uses the equity method to account for its joint venture. This method is used because the joint venture does not meet the variable interest entity requirements for consolidation and the Company does not have control of the entity.

Cash and Cash Equivalents

The Company considers all highly-liquid investments purchased with short term maturities to be cash equivalents.

Concentration of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash. Our cash balances are maintained in accounts held by major banks and financial institutions located in the United States. The Company occasionally maintains amounts on deposit with a financial institution that are in excess of the federally insured limit of \$250,000. The risk is managed by maintaining all deposits in high quality financial institutions. The Company had approximately \$3,250,436 and \$12,301,085 of cash balances in excess of federally insured limits at September 30, 2018 and 2017, respectively.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation and amortization is calculated using the straight line method over the expected useful life of the asset, after the asset is placed in service. The Company generally uses the following depreciable lives for its major classifications of property and equipment:

<u>Description</u>	<u>Useful Lives</u>
Equipment	3 to 5 years
Lab Equipment	5 years
Leasehold Improvements	7 years
Office Furniture and Fixtures	3 years

Expenditures associated with upgrades and enhancements that improve, add functionality, or otherwise extend the life of property and equipment that exceed \$1,000 are capitalized, while expenditures that do not, such as repairs and maintenance, are expensed as incurred.

### Impairment of Long-Lived Assets

Long-lived tangible assets and definite-lived intangible assets are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company uses an estimate of undiscounted future net cash flows of the assets over the remaining useful lives in determining whether the carrying value of the assets is recoverable. If the carrying values of the assets exceed the expected future cash flows of the assets, the Company recognizes an impairment loss equal to the difference between the carrying values of the assets and their estimated fair values. Impairment of long-lived assets is assessed at the lowest levels for which there are identifiable cash flows that are independent from other groups of assets. The evaluation of long-lived assets requires the Company to use estimates of future cash flows. However, actual cash flows may differ from the estimated future cash flows used in these impairment tests.

### Fair Value of Financial Instruments

In accordance with ASC 820, the carrying value of cash and cash equivalents, accounts payable and notes payable approximates fair value due to the short-term maturity of these instruments. ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2 - Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 - Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own beliefs about the assumptions that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

There were no financial instruments required to be measured at fair value on a recurring basis as of September 30, 2018.

### Goodwill and Intangibles

The Company evaluates goodwill and other finite-lived intangible assets in accordance with FASB ASC Topic 350, "*Intangibles — Goodwill and Other*." Goodwill is recorded at the time of an acquisition and is calculated as the difference between the total consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. Accounting for acquisitions requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair value of the net tangible and intangible assets acquired, including in-process research and development ("IPR&D"). Goodwill is deemed to have an indefinite life and is not amortized, but is subject to annual impairment tests. If the assumptions and estimates used to allocate the purchase price are not correct, or if business conditions change, purchase price adjustments or future asset impairment charges could be required. The value of our goodwill could be impacted by future adverse changes such as: (i) any future declines in our operating results, (ii) a decline in the valuation of technology, including the valuation of our common stock, (iii) a significant slowdown in the worldwide economy or (iv) any failure to meet the performance projections included in our forecasts of future operating results. In accordance with FASB ASC Topic 350, the Company tests goodwill for impairment on an annual basis or more frequently if the Company believes indicators of impairment exist. Impairment evaluations involve management estimates of asset useful lives and future cash flows. Significant management judgment is required in the forecasts of future operating results that are used in the evaluations. It is possible, however, that the plans and estimates used may be incorrect. If our actual results, or the plans and estimates used in future impairment analysis, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges in a future period.

The Company performs its annual impairment review of goodwill in September, and when a triggering event occurs between annual impairment tests for both goodwill and other finite-lived intangible assets. During the twelve months ended September 30, 2018, the Company determined that due to the reduced price of the Company's common stock and the market capitalization of the Company relative to the value of the intangible assets and goodwill, an impairment analysis was required for the intangible assets and goodwill. The Company performed the tests and concluded that the intangible assets were impaired and recorded a loss of \$5,313,640, and wrote off the \$740,912 goodwill balance.

The Company's finite-lived intangible assets consist of license rights and patents. The Company amortizes its patents over the life of each patent and license rights over the remaining life of the patents that it has rights for. During the years ended September 30, 2018, and 2017, the Company recognized \$1,114,349, and \$1,120,617, in amortization expense on the patents and license rights, respectively.

### Research and Development

Research and development expenses are expensed in the consolidated statements of operations as incurred in accordance with FASB ASC 730, *Research and Development*. Research and development expenses include salaries, related employee expenses, clinical trial expenses, research expenses, manufacturing expenses, consulting fees, and laboratory costs. The Company incurred net research and development expenses of \$4,319,165, and \$17,406,869, during the years ended September 30, 2018, and 2017, respectively.

### Share-Based Compensation

The Company follows the provisions of ASC 718, "Share-Based Payments" which requires all share-based payments to employees, including grants of employee stock options, be recognized in the income statement based on their fair values. The Company uses the Black Scholes pricing model for determining the fair value of stock options and the stock price on the date of issuance to determine the fair value of restricted stock awards.





In accordance with ASC 505, equity instruments issued to non-employees for goods or services are accounted for at fair value and are marked to market until service is complete or a performance commitment date is reached, whichever is earlier.

Stock-based compensation expense is recognized in the Company's financial statements on a straight-line basis over the awards' vesting periods. The stock-based compensation awards generally vest over a period of up to ten years.

#### Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. This method requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The charge for taxation is based on the results for the year as adjusted for items which are nonassessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

As of September 30, 2018 and 2017, the Company's deferred tax assets relate to net operating loss ("NOL") carryforwards that were derived from operating losses from prior years amounting to \$68,651,969 and \$62,353,148 respectively. A full valuation allowance has been applied to the Company's deferred tax assets. The valuation allowance will be reduced when and if the Company determines it is more likely than not that the related deferred income tax assets will be realized.

In July, 2006, the FASB issued ASC 740, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a return. ASC 740 provides guidance on the measurement, recognition, classification and disclosure of tax positions, along with accounting for the related interest and penalties. Under this pronouncement, the Company recognizes the financial statement benefit of a tax position only after determining that a position would more likely than not be sustained based upon its technical merit if challenged by the relevant taxing authority and taken by management to the court of the last resort. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon settlement with the relevant tax authority. ASC 740 became effective for the Company as of July 1, 2008, and had no material impact on the Company's financial statements.

The Company's policy is to recognize both interest and penalties related to unrecognized tax benefits in income tax expense. Interest and penalties on unrecognized tax benefits expected to result in payment of cash within one year are classified as accrued liabilities, while those expected beyond one year are classified as other liabilities.

The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017. The Act reduces the US federal corporate tax rate from 35% to 21%, and among other changes, eliminates net operating loss carrybacks for losses arising in taxable years beginning after December 31, 2017. Further, operating losses arising in tax years after December 31, 2017, are carried forward indefinitely. As of September 30, 2018, the Company has not completed the accounting for the tax effects of enactment of the Act; however, it does not expect the Act to result in any material changes to the financial statements and results of operations.

The Company files income tax returns in the U.S. federal tax jurisdiction and various state tax jurisdictions. The tax years for 2014 to 2017 remain open for examination by federal and/or state tax jurisdictions. The Company is currently not under examination by any other tax jurisdictions for any tax years.

#### Loss Per Share

Basic loss per common share is computed by dividing losses attributable to common shareholders by the weighted-average number of shares of common stock outstanding during the period.

Diluted loss per common share is computed by dividing losses attributable to common shareholders by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options and warrants.

For the year ended September 30, 2018, there were no potentially dilutive securities (warrants or options), and therefore, we have not performed a diluted loss per share calculation in 2018. For the year ended September 30, 2017, all of the Company's potentially dilutive securities (warrants and options) were excluded from the computation of diluted loss per share as they were anti-dilutive. The total number of potentially dilutive shares that were excluded in 2017 was 150,897.

#### Going Concern

To date, the Company has no revenue from product sales and management expects continuing operating losses in the future. As of September 30, 2018, the Company had available cash and cash equivalents of \$3,750,436, which, it believes, is not sufficient to fund the Company's current operating plan beyond the second half of calendar 2019. Management expects to seek additional funds through equity or debt financings or through collaboration, licensing transactions, strategic transactions, or other sources. The Company may be unable to obtain equity or debt financings or enter into collaboration or licensing transactions and, if necessary, the Company will be required to implement further cost reduction strategies. These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

#### Recent Accounting Pronouncements

Management has considered all recent accounting pronouncements issued since the last audit of the Company's financial statements. The

Company's management believes that these recent pronouncements will not have a material effect on the Company's financial statements.

### NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2018 and 2017 consist of:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 93,789	\$ 93,789
Lab Equipment	13,608	73,137
Leasehold Improvements	—	2,181
Office Furniture and Fixture	2,523	2,523
	<u>109,920</u>	<u>171,630</u>
Accumulated Depreciation	(94,157)	(107,873)
Total Property and Equipment	<u>\$ 15,763</u>	<u>\$ 63,757</u>

Depreciation expense for the years ended September 30, 2018, and 2017, was \$10,220 and \$45,072, respectively. Lab equipment was sold during the year ended September 30, 2018 for \$19,960, resulting in a loss of \$17,814.

### NOTE 4 – INTANGIBLE ASSETS

Intangible assets at September 30, 2018 and 2017 consist of:

	<u>2018</u>	<u>2017</u>
License Rights	\$ 17,712,991	\$ 17,712,991
Patent Costs	100,000	200,000
	<u>17,812,991</u>	<u>17,912,991</u>
Accumulated Amortization and Impairment	(10,201,073)	(3,825,389)
Total Intangible Assets	<u>\$ 7,611,918</u>	<u>\$ 14,087,602</u>

During the years ended September 30, 2018, and 2017, the Company recognized \$1,114,349, and \$1,120,617, respectively, in amortization expense on the patents and license rights. In addition, an impairment loss on the license rights related to the sustained release technology of \$5,313,640 was recorded during the year ended September 30, 2018.

In the year ended September 30, 2018, certain squalamine patents were sold for \$508,078, resulting in a gain of \$460,383. In addition, the Company is entitled to additional milestone payments up to \$1.1 million and a royalty on future product sales, if any.

The estimated future amortization of intangibles for the next five years is as follows:

<u>Years ending September 30,</u>	<u>Amortization</u> <u>Expense</u>
2019	654,728
2020	656,521
2021	653,855
2022	652,874
2023	652,358
Thereafter	4,341,583
Total	<u>\$ 7,611,918</u>

### NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

During the years ended September 30, 2018 and 2017, the Company realized a gain of \$1,228,805 and \$70,757, respectively, related to the settlement of accounts payable balances, long term liabilities, and a severance payable to a former director.

### NOTE 6 – NOTES PAYABLE

On February 28, 2017, the Company entered into a premium financing arrangement for its directors' and officers' insurance policy in the amount of \$261,326. The financing arrangement bears interest at 7.5% per annum. The Company has repaid the note in full in the amount of \$261,326 of principal, of which \$106,387 was paid in the twelve months ended September 30, 2018. The Company recorded interest of \$1,092 on this note in the year ended September 30, 2018.

On February 28, 2018, the Company entered into a premium financing arrangement for its directors' and officers' insurance policy in the amount of \$323,094. The financing arrangement is a short term note, bears interest at a rate of 7.29% per annum, matures on November 28, 2018, and is secured by the underlying insurance policies and rights thereunder. As of September 30, 2018, the Company had repaid \$249,877 of the loan and had recorded interest of \$9,114.

## NOTE 7 – EQUITY

During fiscal 2018 and 2017, the Company issued 270,000 and 24,135,032 shares, respectively, of common stock primarily due to the exercise of warrants and capital raised from the sale of common stock. Refer to Note 8 for further detail on common stock warrants and options.

In September 2017, an executive officer of the Company resigned. In accordance with his employment agreement, any nonvested shares of restricted stock issued in exchange for services are cancelled upon resignation. As of September 30, 2017, 15,000 shares of restricted stock were cancelled.

### Public Offerings

On April 5, 2017, the Company entered into a securities purchase agreement with various purchasers pursuant to which the Company issued and sold to the purchasers in a registered offering an aggregate of 20,250,032 shares of its common stock, together with warrants (“Warrants”) exercisable for up to an aggregate of 14,175,059 shares of its common stock. The offering closed on April 10, 2017, and the Company received net proceeds of approximately \$12.7 million, after deducting placement agent fees and offering expenses payable by the Company.

The Warrants have an exercise price of \$1.00 per share. Following the one year anniversary of the date the Warrants are issued, the holders of the Warrants may exercise the Warrants through a cashless exercise, in whole or in part. The Warrants are immediately exercisable and will expire on the five year anniversary of the date of the issuance.

On December 7, 2016, the Company entered into a securities purchase agreement with various purchasers pursuant to which the Company issued and sold to the purchasers in a registered offering an aggregate of 3,885,000 shares of its common stock, together with Series A common stock purchase warrants (“Series A Warrants”) exercisable for up to an aggregate of 1,942,501 shares of common stock and Series B common stock purchase warrants (“Series B Warrants”) exercisable for up to an aggregate of 3,885,000 shares of common stock. The offering closed on December 13, 2016 and the Company received net proceeds of approximately \$6.8 million, after deducting placement agent fees and offering expenses payable by the Company.

The Series A Warrants have an exercise price of \$2.75 per share, are immediately exercisable, and will expire on the five year anniversary of the date of issuance. The Series B Warrants were immediately exercisable and expired on the six month anniversary of the date of issuance. No Series B Warrants were exercised prior to their expiration.

## NOTE 8 – STOCK BASED COMPENSATION

The Company’s Consolidated 2016 Stock Plan (the “Plan”) provides for granting stock options and restricted stock awards to employees, directors and consultants of the Company. A total of 5,833,334 shares have been authorized for issuance under the Plan. At September 30, 2018, the Company had 1,907,775 shares available for future grant. Upon share option exercise or issuance of restricted stock, the Company issues new shares to fulfill these grants. The Company previously maintained a 2014 Stock Incentive Plan and the 2009 Stock Incentive Plan. The 2016 Plan consolidated the 2014 Plan and the 2009 Plan into a new plan.

### Common Stock Warrants

For all warrants included within permanent equity, the Company has determined the estimated value of the warrants granted to non-employees in exchange for services and financing expenses using the Black-Scholes pricing model.

During the year ended September 30, 2018, the Company issued a warrant to purchase 250,000 shares of common stock to a consultant for services to be rendered. The warrant vested in six equal consecutive monthly amounts at the end of each calendar month starting October 31, 2017, at an exercise price of \$1.00 per share, for a term of two years from the date of issuance. There were no warrants granted as stock based compensation during the year ended September 30, 2017.

During the year ended September 30, 2018, 270,000 warrants to purchase common stock were exercised and the Company received gross proceeds of \$270,000.

The following assumptions were used to calculate the fair value of the Company’s warrants issued as stock based compensation on the date of grant:

	Year Ended September 30,	
	2018	2017
Expected term	1.59 to 2 years	—
Expected volatility	73% - 161%	—
Expected dividends	0%	—
Risk-free rates	1.73% - 2.42%	—

Below is a table summarizing the warrants issued and outstanding as of September 30, 2018 and 2017:

	<b>Warrants</b>	<b>Price</b>
Outstanding at September 30, 2016	614,923	\$ 5.08
Granted		
Investor warrants	20,002,560	1.56
Stock-based compensation warrants	—	—
Exercised		
Investor warrants	—	—
Stock-based compensation warrants	—	—
Forfeited or expired		
Investor warrants	(4,213,331)	3.03
Stock-based compensation warrants	(226,042)	7.37
Outstanding at September 30, 2017	<u>16,178,110</u>	<u>\$ 1.23</u>
Granted		
Investor warrants	—	—
Stock-based compensation warrants	250,000	1.00
Exercised		
Investor warrants	(270,000)	1.00
Stock-based compensation warrants	—	—
Forfeited or expired		
Investor warrants	—	—
Stock-based compensation warrants	(40,000)	4.32
Outstanding at September 30, 2018	<u>16,118,110</u>	<u>\$ 1.22</u>
Exercisable at September 30, 2018	<u>16,118,110</u>	<u>\$ 1.22</u>

The outstanding warrants as of September 30, 2018 have a weighted average remaining term of 3.45 years and no intrinsic value. The Company incurred \$87,108 and \$0 during the years ended September 30, 2018 and 2017, respectively, of expense related to the fair value of warrants issued for services.

#### Stock Options

Stock Options are granted for a term not exceeding ten years and the nonvested options are generally forfeited in the event the employee, director or consultant terminates his or her employment or relationship with the Company. Any options that have vested at the time of termination are forfeited to the extent they are not exercised within the applicable post-employment exercise period provided in the option agreements, unless otherwise agreed upon in writing. These options vest over one to five years.

In October 2017, the Company granted nonqualified stock options to purchase an aggregate of 1,640,000 shares of common stock to certain directors, employees, executive officers and key consultants. Other than the issuance of a stock option to purchase 80,000 shares of common stock issued to one key consultant, one third of the shares of common stock subject to the stock options became exercisable immediately, and one third of the shares of common stock subject to the stock options will become exercisable on each of October 16, 2018 and October 16, 2019. With respect to the stock option to purchase 80,000 shares of common stock issued to one key consultant, one quarter of the shares of common stock subject to the stock option vested immediately, and the remaining three quarters of the shares of common stock subject to the stock option are exercisable upon the achievements of certain milestones in connection with the Company's MAKO clinical study. All but one milestone was achieved. As such, the 20,000 shares of common stock associated with this unmet performance condition have been accounted for as a forfeiture and the remaining 60,000 shares have vested as of September 30, 2018. The stock options have an exercise price of \$0.67 per share and expire on October 15, 2022.

The following assumptions were used to calculate the fair value of the Company's options on the date of grant:

	<b>Year Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
Expected term	3.25 - 5 years	5.75 years
Expected volatility	101%	91%
Expected dividends	0%	0%
Risk-free rates	1.68%	1.49%

Below is a table summarizing the options issued and outstanding as of September 30, 2018 (“Price” reflects the weighted average exercise price per share):

	Year Ended September 30,			
	2018		2017	
	Options	Price	Options	Price
Outstanding October 1	2,250,500	\$ 5.58	2,857,468	\$ 6.66
Granted	1,640,000	\$ 0.67	750,000	\$ 0.65
Exercised	—	\$ 0.00	—	\$ 0.00
Forfeited or expired	(758,000)	\$ 6.05	(1,356,968)	\$ 5.13
Outstanding September 30	3,132,500	\$ 2.89	2,250,500	\$ 5.58
Exercisable September 30	1,967,494	\$ 4.21	1,755,247	\$ 6.00
Weighted average fair value per option granted		\$ 0.44		\$ 0.48

As of September 30, 2018, the outstanding options have a weighted average remaining term of 4.02 years and no intrinsic value. There were no options exercised during the years ended September 30, 2018 and 2017.

The Company recognized stock based compensation expense from stock options of \$790,643 and \$1,293,932 during the years ended September 30, 2018 and 2017, respectively. As of September 30, 2018, there was \$286,008 of stock based compensation cost related to unvested shares of stock options which had not yet been recognized. The Company expects to recognize this compensation cost over a weighted average period of one year.

#### Restricted Stock

The Company has granted restricted stock awards to its employees, directors and consultants under the 2016 Plan and related restricted stock agreements. The restricted stock-based compensation awards generally vest over a period ranging from zero to three years. These common shares are forfeited in the event the recipient’s employment or relationship with the Company is terminated prior to the lapse of the restriction.

Below is a table summarizing nonvested restricted stock shares as of September 30, 2018, and changes during the years ended September 30, 2018, and 2017:

	Shares	Weighted Average Grant Date Fair Value
Nonvested at September 30, 2016	600,358	\$ 4.80
Granted	—	—
Vested	(315,179)	4.79
Forfeited	(15,000)	9.78
Nonvested at September 30, 2017	270,179	\$ 4.53
Granted	—	—
Vested	(270,179)	4.53
Forfeited	—	—
Nonvested at September 30, 2018	—	\$ —

The Company recognized stock based compensation expense from restricted stock awards of \$145,301 and \$818,231 during the years ended September 30, 2018 and 2017, respectively. As of September 30, 2018, there was no remaining stock based compensation cost related to unvested shares of restricted stock.

#### NOTE 9 – RELATED PARTY TRANSACTIONS

The Contract Research Organization (“CRO”) that ran the Company’s clinical trial contracted with Jason S. Slakter, M.D., P.C., d/b/a Digital Angiography Reading Center (“DARC”), a well-known digital reading center, which is owned by Dr. Jason Slakter, Ohr’s CEO, pursuant to the Company’s related party transactions policy, with the review and approval of the Audit Committee, to provide digital reading and imaging services in connection with the MAKO clinical study. During the twelve months ended September 30, 2018, and 2017, the Company’s CRO was paid \$899,001 and \$55,398, respectively, for pass-through DARC expenses.

#### NOTE 10 – OTHER INCOME

In May 2018, we entered into an agreement regarding the non-exclusive use and option to purchase of certain rights to the data from the MAKO study. We received a non-refundable upfront payment and were eligible to receive an additional payment upon exercise of the option. During the twelve month period ended September 30, 2018, the Company recognized \$150,000 of other income from the option agreement. The option was not exercised and has since expired.

In May 2018, certain squalamine patents were sold for \$508,078, resulting in a gain of \$460,383, which was recorded in Other Income. In addition, the Company is entitled to additional milestone payments up to \$1.1 million and a royalty on future product sales, if any.

During the year ended September 30, 2018, the Company sold lab equipment for \$19,960, resulting in a loss of \$17,814, which was recorded in Other Income.

#### **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

##### Legal Proceedings

The Company has become involved in certain legal proceedings and claims which arise in the normal course of business. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on the Company's results of operations, prospects, cash flows, financial position and brand. On February 14, 2018, plaintiff, Jeevesh Khanna, commenced an action in the Southern District of New York, alleging that several current and former officers violated federal securities laws between June 24, 2014 and January 4, 2018. On August 7, 2018, the lead plaintiffs, now George Lehman and Insured Benefit Plans, Inc. filed an amended complaint, stating the class period to be April 8, 2014 through January 4, 2018. The plaintiffs did not quantify any alleged damages in their complaint but, in addition to attorneys' fees and costs, they seek to maintain the action as a class action and to recover damages on behalf of themselves and other persons who purchased or otherwise acquired our stock during the putative class period and purportedly suffered financial harm as a result. We dispute these claims and intend to defend the matter vigorously. On September 17, 2018, we filed a motion to dismiss the complaint. On November 13, 2018, plaintiffs filed a motion to strike exhibits appended to the motion to dismiss. A decision on the motion to strike is pending, and the motion to dismiss will then be fully briefed based on a schedule to be determined by the court. This litigation could result in substantial costs and a diversion of management's resources and attention, which could harm the Company's business and the value of the Company's common stock.

On May 3, 2018, plaintiff Adele J. Barke, derivatively on behalf of the Company, commenced an action against Michael Ferguson, Orin Hirschman, Thomas M. Riedhammer, June Almenoff and Jason Slakter in the Supreme Court, State of New York, alleging that the action was brought in the right and for the benefit of Ohr seeking to remedy their "breach of fiduciary duties, corporate waste and unjust enrichment that occurred between June 24, 2014 and the present." It does not quantify any alleged damages. The Company and the individuals dispute these claims and intend to defend the matter vigorously. Such litigation has been stayed pursuant to a stipulation by the parties, which has been so ordered by the court, by agreement of the parties pending a decision in the Southern District case. This litigation could result in substantial costs and a diversion of management's resources and attention, which could harm the Company's business and the value of the Company's common stock.

In September 2018, plaintiff John Tomson, derivatively and on behalf of the Company, commenced an action against Michael Ferguson, Sam Backenroth, Irach Taraporewala, Orin Hirschman, Thomas M. Riedhammer, June Almenoff and Jason Slakter in the US District Court for the Southern District of New York alleging that the action was brought in the right and for the benefit of Ohr seeking to remedy their various breaches of fiduciary duties, corporate waste and unjust enrichment that occurred between April 4, 2014 through January 4, 2018. Thereafter, the complaint largely summarized the allegations of the amended complaint filed in the securities class action described above. It does not quantify alleged damages. The Company and the individuals dispute these claims and intend to defend the matter vigorously. Such litigation is currently stayed pursuant to a stipulation by the parties, which has been so ordered by the court, but that status could change. This litigation could result in substantial costs and a diversion of management's resources and attention, which could harm the Company's business and the value of the Company's common stock. The complaint has not yet been served.

Management believes that the likelihood of an adverse decision from the ongoing litigation is unlikely, however, the litigation could result in substantial costs and a diversion of management's resources and attention, which could harm the Company's business and the value of the Company's common stock.

##### Severance Pay

Pursuant to the Separation Agreement dated May 12, 2017 (the "Separation Agreement"), between the Company and Ira Greenstein, a former director of the Company, the Company agreed to pay to Mr. Greenstein separation pay of \$250,000 (the "Separation Pay") in recognition of his past services and contributions to the Company. The Separation Pay was to be paid in five equal annual installments over a term of five years on or before June 30 of each year, commencing June 30, 2017. Additionally, under the Separation Agreement, each vested stock option of the Company held by Mr. Greenstein remained exercisable for the remaining term of such option and each unvested stock option of the Company held by Mr. Greenstein fully vested on the date of the Separation Agreement and would remain exercisable for the remaining term of such option. On March 28, 2018, Mr. Greenstein and the Company entered into an amendment (the "Amendment") to the Separation Agreement pursuant to which, among other things, Mr. Greenstein paid to the Company \$34,865, which amount was equal to the amount of the Separation Pay paid by the Company to Mr. Greenstein under the Separation Agreement as of the date of the Amendment, and the Company and Mr. Greenstein agreed that the Company had no obligation to pay the Separation Pay to Mr. Greenstein. Additionally, under the Amendment, Mr. Greenstein agreed that all of his options expired as of the date of the Amendment. During the year ended September 30, 2018, we recorded a gain of \$215,090 related to the Amendment, which is included in gain on settlement of liabilities on the Company's Statement of Operations.



## NOTE 12 – SUBSEQUENT EVENTS

On January 2, 2019, the Company, Ohr Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Ohr (“Merger Sub”), and NeuBase Therapeutics, Inc., a Delaware corporation (“NeuBase”), entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”), pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into NeuBase, with NeuBase becoming a wholly-owned subsidiary of the Company and the surviving corporation of the merger (the “Merger”). The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), (a) each outstanding share of NeuBase common stock, including shares of NeuBase capital stock issued in, or issued upon conversion, exercise or exchange of securities issued in, the NeuBase Financing (as defined below), will be converted into the right to receive the number of shares of the Company’s common stock (the “Company Common Stock”) equal to the exchange ratio described below; (b) each outstanding NeuBase stock option that has not previously been exercised prior to the Effective Time will be assumed by the Company; and (c) the warrant to purchase shares of common stock of NeuBase will be converted into and become a warrant to purchase shares of Company Common Stock.

Under the exchange ratio formula in the Merger Agreement, as of immediately after the Merger, the former NeuBase securityholders are expected to own approximately 80% (the “NeuBase Allocation Percentage”) of the aggregate number of shares of the Company Common Stock issued and outstanding following the consummation of the Merger (the “Post-Closing Shares”), and the stockholders of the Company as of immediately prior to the Merger are expected to own approximately 20% (the “Ohr Allocation Percentage”) of the aggregate number of Post-Closing Shares. NeuBase anticipates that it will issue and sell not less than \$4,000,000 (the gross proceeds received by NeuBase, the “NeuBase Proceeds”) of its equity securities (including securities convertible, exercisable or exchangeable into such equity securities) prior to the Effective Time (the “NeuBase Financing”). The NeuBase Allocation Percentage will be increased by 0.1% for every \$100,000 that the NeuBase Proceeds exceeds \$4,000,000, and the Ohr Allocation Percentage will be decreased by 0.1% for every \$100,000 that the NeuBase Proceeds exceeds \$4,000,000.

Immediately following the Effective Time, the name of the Company will be changed from “Ohr Pharmaceutical, Inc.” to “NeuBase Therapeutics, Inc.” The Merger Agreement contemplates that, immediately after the Effective Time, the Board of Directors of the Company will consist of five members, all of which will be designated by NeuBase. The executive officers of the Company immediately after the Effective Time will be designated by NeuBase with NeuBase’s Chief Executive Officer, Dietrich Stephan, being the Company’s Chief Executive Officer.

The Merger Agreement contains customary representations, warranties and covenants made by the Company and NeuBase, including covenants relating to obtaining the requisite approvals of the stockholders of the Company and NeuBase, indemnification of directors and officers, and the Company and NeuBase signing the Merger Agreement and the closing of the Merger. Consummation of the Merger is subject to certain closing conditions, including, among other things, approval by the stockholders of the Company and NeuBase. The Merger Agreement contains certain termination rights for both the Company and NeuBase, and further provides that, upon termination of the Merger Agreement under specified circumstances, the Company may be required to pay NeuBase a termination fee of \$250,000 or NeuBase may be required to pay the Company a termination fee of \$250,000.

In accordance with the terms of the Merger Agreement, (i) the officers and directors of the Company have each entered into a support agreement with the Company and NeuBase (the “Ohr Support Agreements”), and (ii) the officers, directors and certain affiliated stockholders of NeuBase have each entered into a support agreement with NeuBase and the Company (the “NeuBase Support Agreements,” together with the Ohr Support Agreements, the “Support Agreements”). The Support Agreements place certain restrictions on the transfer of the shares of the Company and NeuBase held by the respective signatories thereto and include covenants as to the voting of such shares in favor of approving the transactions contemplated by the Merger Agreement and against any actions that could adversely affect the consummation of the Merger.

Concurrently with the execution of the Merger Agreement, the officers and directors of the Company, and the officers, directors and certain stockholders of NeuBase, each entered into lock-up agreements (the “Lock-Up Agreements”) pursuant to which they have agreed, among other things, not to sell or dispose of any shares of Company Common Stock which are or will be beneficially owned by them at the closing of the Merger until the date that is 90 days after the Effective Time.

In connection with the Merger, on January 2, 2019, Ohr entered into a Retention Bonus Agreement with Dr. Jason Slakter, Ohr’s Chief Executive Officer (the “Retention Bonus Agreement”). Under the Retention Bonus Agreement, Dr. Slakter is eligible for a retention bonus payment of \$75,000 upon the earliest to occur of the following: (i) Dr. Slakter’s continued service with the Company in his current position through and including the closing date of the Merger, or (ii) Dr. Slakter is involuntarily separated from service without Cause (as such term is defined in the Retention Bonus Agreement) by the Company prior to the closing date of the Merger. In the event Dr. Slakter voluntarily separates from service with the Company for any reason prior to the closing of the Merger, Dr. Slakter will not receive any retention bonus payment and the Company will have no further obligation to Dr. Slakter under the Retention Bonus Agreement.

### **PART III**

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

NONE

#### **ITEM 9A. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our principal executive officer and principal financial officer each concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported on a timely basis, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to the reliability of financial reporting and financial statement preparation.

##### **Management’s Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, the projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to the reliability of financial reporting and financial statement preparation.

The Company’s management, with the participation of the Company’s principal executive officer and principal financial officer, evaluated the effectiveness of the Company’s internal control over financial reporting as of September 30, 2018. This evaluation was conducted using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in the 2013 Internal Control – Integrated Framework. Based on its emulation, management concluded that our internal control over financial reporting was effective as of the end of the period covered by this Annual Report on Form 10-K.

This Annual Report on Form 10-K does not include an attestation report of the Company’s independent registered public accounting firm regarding the Company’s internal control over financial reporting. Management’s report on internal control over financial reporting was not subject to attestation by the Company’s independent registered public accounting firm pursuant to the rules and regulations of the SEC that permit the Company to provide only its management’s report on internal control over financial reporting in this Annual Report on Form 10-K.

##### **Changes in Internal Control over Financial Reporting**

There has been no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended September 30, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not Applicable.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Following this table is a brief biographical description for each of our executive officers and directors, with a brief description of their business experience and present relationship to us as of September 30, 2018, together with all required relevant disclosures for the past five years.

<b>Name</b>	<b>Position</b>	<b>Current Term of Office</b>
Michael Ferguson	Chairman	Director since 2017
Jason S. Slakter, M.D.	Chief Executive Officer, President and Director	Officer since 2014, Director since 2015
Orin Hirschman	Director	Director since 2009
Thomas Riedhammer	Director	Director since 2013
June Almenoff	Director	Director since 2013
Sam Backenroth	Chief Financial Officer and Vice President of Business Development	Officer since 2010

Michael Ferguson, age 48, joined Ohr as a Director and Chairman of the Board in May 2017. Mr. Ferguson is a Senior Advisor and Leader of the Federal Policy Team at Baker Hostetler LLP, one of the nation’s largest law firms, and is a member of the Board of Directors of NanoVibronix Inc. He served for nearly a decade in the House of Representatives and was a leader on a number of key healthcare and financial services policy initiatives to remove regulatory roadblocks to innovation. As Vice Chairman of the House health subcommittee, he led policy reforms including the creation of the Medicare Part D prescription drug benefit and pharmaceutical and medical device user fee reauthorizations. He also authored and shepherded passage of the Lifespan Respite Care Act of 2006, which champions pioneering healthcare policies that improve treatment options for patients. After retiring from Congress, Mr. Ferguson founded Ferguson Strategies, a government affairs and public policy consulting firm that served a wide range of clients, including Fortune 500 companies and start-up firms. Among his many honors and community services, he is a former Chairman of the Board of Commissioners of the New Jersey Sports and Exhibition Authority, a senior fellow at the Center for Medicine in the Public Interest and a board member of the Independent College Fund of New Jersey. Mr. Ferguson received a B.A. in government from the University of Notre Dame and a Master of Public Policy degree from Georgetown University.

Dr. Jason S. Slakter, age 60, joined Ohr as Chief Medical Officer in May 2014 and was appointed Director in January 2015. He was appointed President and Chief Executive Office in September 2015. He was previously Chief Executive Officer and co-founder of SKS Ocular LLC. He is also the Founder and Director of the Digital Angiography Reading Center (DARC) in New York, which is the largest center for ocular image evaluation for clinical trials of posterior segment disease with over 1000 certified clinical sites in over 50 countries worldwide. Dr. Slakter has been involved extensively in the design and application of new diagnostic and treatment modalities for ophthalmic diseases. He has played a major role in the discovery, development and commercialization of treatments for age-related macular degeneration, diabetic retinopathy, retinal vascular disease, central serous chorioretinopathy and other retinal diseases. He has provided critical assistance in the design of clinical trials at all stages of development, and has participated in numerous meetings with the FDA. Dr. Slakter served as Chief Medical Officer for Potentia Pharmaceuticals from its inception through its acquisition by Alcon Laboratories, Inc. (Novartis). Dr. Slakter is a member of The American Ophthalmological Society, The Macula Society, The Retina Society, and The American Society of Retina Specialists, and was the founder and first Editor-in-Chief of Retinal Physician journal. He has been the recipient of many awards including The Macula Society’s Richard and Hinda Rosenthal Award for outstanding contribution to the treatment of ocular disease by an individual under the age of 45, the 2003 Helen Keller Manhattan League Award, and Life Achievement Honor Award from the American Academy of Ophthalmology. Dr. Slakter is a Clinical Professor of Ophthalmology at New York University School of Medicine and has also practiced at the Vitreous-Retina-Macula Consultants of New York for over 30 years.

Mr. Hirschman, age 48, has served as a Director of Ohr since March 2009. Mr. Hirschman has over 25 years of experience in money management, leveraged buyouts, restructuring and venture capital. Mr. Hirschman has been the manager of AIGH Investment Partners, LP since 2011. From 1994 until 2001, Mr. Hirschman served as a co-manager of two private investment funds, Adam Smith Investment Partnerships and Adam Smith Investment Partners, Ltd (the “Adam Smith Funds”). In addition to Mr. Hirschman’s private placement investments over the last 13 years, the Adam Smith Funds, and AIGH Investment Partners, LP, his experience in the securities industry includes tenures with Wesray Capital, the investment firm founded by former U.S. Secretary of the Treasury William E. Simon, and Randall Rose & Company, a \$100 million money management firm based in New York. Mr. Hirschman has been actively involved in the financing and structuring of over 70 companies, including many high technology companies. Mr. Hirschman has served as a Director of Novint Technologies Inc. since August 2013. Mr. Hirschman’s educational background includes an M.B.A. in Finance from New York University Graduate School of Business and a degree in Biology and Finance from Touro College where he graduated Summa Cum Laude.

Dr. Thomas M. Riedhammer, age 70, has been a Director of Ohr since April 2013, and has been a Director of DepYmed, a joint venture of Ohr, since 2014. He most recently served as Chairman of Sirion Therapeutics Inc, a position he held from 2007 to 2013. Prior to that, Dr. Riedhammer served as Chief Operating Officer of Presby Corp., a medical device company engaged in the research and development of treatments for eye disorders. Prior to Presby Corp., Dr. Riedhammer served as President and Senior Vice President of Worldwide Pharmaceuticals at Bausch and Lomb from 1994 to 2000. He also held various other positions at Bausch and Lomb including: Senior Vice President, and Chief Technical Officer from 1998 to 2000, Senior Vice President and President for Worldwide Pharmaceutical, Surgical, and Hearing Care Products from 1994 to 1998, and Vice President from 1993 to 1994. He was a corporate Vice President of Paco Pharmaceuticals and President of Paco Research Corp from 1984 to 1991. Dr. Riedhammer began his career at Bausch & Lomb as a Research Chemist and was its Director, Lens Care Products R&D. He has served as Chairman and Director of Prevent Blindness Florida, Director of Prevent Blindness America, Sjogren’s Syndrome Foundation as secretary and Junior Achievement International. Dr. Riedhammer holds a B.A. in Chemistry and a Ph.D. in Electrochemistry from State University of New York at Buffalo.



Dr. June S. Almenoff, age 60, has been a Director of Ohr since May 2013. Dr. Almenoff is currently an independent biopharma consultant and Board Director. She is the Executive Chair of RDD Pharma and an independent Board Director of Tigenix NV (Nasdaq: TIG). She also serves on the investment advisory board of the Harrington Discovery Institute (University Hospitals, Cleveland), the advisory board of Redhill Biopharma (Nasdaq: RDHL) and of several private companies. Recently, Dr. Almenoff served as President, Principal Executive Officer and Chief Medical Officer at Furiex Pharmaceuticals (Nasdaq). During her four year tenure, the company's valuation increased approximately 10x culminating in its acquisition by Forest Labs/Actavis for approximately \$1.2B in 2014. Furiex's lead product, eluxadoline, a novel gastrointestinal drug, received FDA approval in 2015. Prior to joining Furiex, Dr. Almenoff was at GlaxoSmithKline for 12 years, where she held positions of increasing responsibility, including Vice President of the clinical safety organization. She served on the GSK's senior governing medical boards, managed a diverse therapeutic portfolio supporting numerous regulatory approvals, and chaired a Pharma-FDA working group. She led the development of several pioneering systems for minimizing risk in early- and late-stage drug development; these have been widely implemented by pharmaceutical companies and regulatory agencies and were recognized with numerous awards including the Wall Street Journal Technology Innovation Award. Dr. Almenoff also worked in GSK's Scientific Licensing group. Dr. Almenoff received her B.A. cum laude from Smith College and graduated with AOA honors from the M.D.-Ph.D. program at the Icahn (Mt. Sinai) School of Medicine. She completed post-graduate medical training at Stanford University Medical Center and served on the faculty of Duke University School of Medicine. She is an adjunct Professor at Duke and a Fellow of the American College of Physicians.

Sam Backenroth, age 34, has served as Chief Financial Officer and Vice President of Business Development since April 2010, and has been a Director of DepYmed, a joint venture of Ohr, since 2014. Mr. Backenroth has previously worked as an investment banker with The Benchmark Company LLC, an investment banking firm specializing in micro-cap biotech transactions. While at Benchmark, he helped fund numerous small biotech companies raise growth equity capital through a variety of structures. Mr. Backenroth also acted as an advisor to public and private biotech companies in assisting with business development activities, joint ventures, licensing, strategic partnerships, and mergers & acquisitions. He graduated with honors from Touro College with a Bachelors degree in finance.

#### **Family Relationships**

No family relationships exist between any of the executive officers and directors (or nominees for director) of the Company.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own more than 10% of the issued and outstanding shares of our common stock to file reports of initial ownership of common stock and other equity securities and subsequent changes in that ownership with the SEC. To our knowledge, during the fiscal year ended September 30, 2018, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with.

#### **Code of Ethics**

We have adopted a Code of Business Conduct and Ethics ("Code of Ethics") that applies to all of our directors and employees, including our Chief Executive Officer, and Chief Financial Officer. Our Code of Ethics includes provisions covering conflicts of interest, the reporting of illegal or unethical behavior, business gifts and entertainment, compliance with laws and regulations, insider trading practices, antitrust laws, bribes or kickbacks, corporate record keeping, and corporate accounting and disclosure. The Code of Ethics is available at the Investor Relations section of our website at [www.ohrpharmaceutical.com](http://www.ohrpharmaceutical.com). Our Code of Ethics may also be obtained without charge upon written request to Ohr Pharmaceutical, Inc. 800 Third Avenue, 11th Floor, New York, NY 11002, Attention: Investor Relations. We intend to disclose future amendments to certain provisions of the Code, or waivers of such provisions granted to executive officers and directors, on the website within four business days following the date of such amendment or waiver.

#### **Change in Procedures for Recommending Directors**

There have been no material changes to the procedures by which our stockholders may recommend nominees to our Board from those procedures set forth in our Proxy Statement for our 2018 Annual Meeting of Stockholders, filed with the SEC on September 7, 2018.

#### **Audit Committee**

The Audit Committee's function is to evaluate the adequacy of the Company's internal accounting controls, review the scope of the audit by MaloneBailey, LLP and related matters pertaining to the examination of the financial statements, review the year-end and the quarterly financial statements, review the nature and extent of any non-audit services provided by the Company's independent accountants and make recommendations to the Board of Directors with respect to the foregoing matters as well as with respect to the appointment of the Company's independent accountants. The Audit Committee had four meetings in fiscal 2018, and each member attended all meetings. The members of the Audit Committee are independent with the meaning of the rules of the Nasdaq and applicable rules and regulations of the SEC. Members of the Audit Committee are Thomas Riedhammer (Chairman), June Almenoff and Orin Hirschman. The Board of Directors has determined that Thomas Riedhammer is a financial expert.

ITEM 11. EXECUTIVE COMPENSATION

Executive Compensation

The table below provides information on the compensation we paid to the named executive officers in fiscal 2018 and 2017.

Name and Principal Position	Year	Annual Compensation				Long-Term Compensation				Total
		Salary	Bonus(1)	Stock Awards	Option Awards(2)	Non- Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation(3)		
Jason Slakter Chief Executive Officer	2018	\$220,000(4)	—	—	169,379	—	—	\$ 195	\$389,574	
	2017	\$200,000	—	—	—	—	—	\$ 195	\$200,195	
Sam Backenroth Chief Financial Officer	2018	\$200,000	—	—	152,007	—	—	\$ 18,146	\$370,153	
	2017	\$200,000	—	—	—	—	—	\$ 16,729	\$216,729	

- (1) No bonuses were awarded for service in fiscal 2018 and 2017.
- (2) The amounts in this column reflect the aggregate grant date fair value of equity awards granted during the applicable fiscal year, calculated in accordance with FASB ASC Topic 718 and using a Black-Scholes valuation model. Assumptions used in the calculation of these amounts are included in Note 8 of the audited financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2018.
- (3) Consists of the following for each named executive officer:

Name	Year	401(k) Company	Group Term	Health Benefits	Paid Time Off buy Back	Total Other Compensation
Jason Slakter Chief Executive Officer	2018	—	\$ 195	—	—	\$ 195
	2017	—	\$ 195	—	—	\$ 195
Sam Backenroth Chief Financial Officer	2018	—	\$ 195	\$ 17,951	—	\$ 18,146
	2017	—	\$ 195	\$ 16,534	—	\$ 16,729

- (4) Includes payments for service on the Company's Board of Directors

The Company's Board of Directors reviews the executives' salaries on an annual basis. Each executive may also receive an annual bonus at the discretion of the Board, in accordance with any bonus plan adopted by the Board, and participates in the Company's employee benefit programs, stock based incentive compensation plans and other benefits. No bonuses were paid during the fiscal years ended September 30, 2018, and 2017.

#### *Employment Agreements*

##### **Dr. Jason Slakter**

On August 5, 2015, the Company's Board of Directors authorized the restructuring of certain management positions, all of which became effective as of August 7, 2015. Jason S. Slakter, MD was appointed Chief Executive Officer of the Company. Dr. Slakter is paid \$7,692.31 bi-weekly and is eligible for equity grants under stockholder approved equity compensation plans.

##### **Sam Backenroth**

On January 6, 2015, the Company amended its employment agreement with Sam Backenroth, Chief Financial Officer and Vice President, Business Development, to extend the term to February 28, 2016, and to provide for automatic one year extensions thereafter absent notice of termination. The employment agreement provides for an annual base salary of \$200,000 for Mr. Backenroth.

#### *Outstanding Equity Awards at Fiscal Year-End*

The following table provides certain information with respect to outstanding individual grants through the fiscal year ended September 30, 2018 to each of our named executive officers:

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
Jason Slakter	50,000	—	\$ 10.14	3/10/2020	—	—	—	—
	130,000 <sup>(1)</sup>	260,000 <sup>(1)</sup>	\$ 0.67	10/15/2022	—	—	—	—
Sam Backenroth	60,000	—	\$ 10.14	3/10/2020	—	—	—	—
	116,666 <sup>(2)</sup>	233,334 <sup>(2)</sup>	\$ 0.67	10/15/2022	—	—	—	—

(1) One third of the options vested immediately, and one third of the options will vest on October 16, 2018 and October 16, 2019.

(2) One third of the options vested immediately, and one third of the options will vest on October 16, 2018 and October 16, 2019.

#### *Change in Control Benefits*

Change in control benefits are intended to diminish the distraction that executives would face by virtue of the personal uncertainties created by a pending or threatened change in control and to assure that the Company will continue to have the executive's full attention and services at all time. Our change in control benefits are designed to be competitive with similar benefits available at companies with which we compete for executives' talent. These benefits, as one element of our total compensation program, help the Company attract, retain and motivate highly talented executives.

## Sam Backenroth

Mr. Backenroth is entitled to (1) severance pay and benefits if his employment is terminated, whether at the end of the term of his employment agreement or termination without cause, equal to 50% of his base salary at the time of termination, or (2) alternatively, in the event of a change in control of the Company, upon (i) his termination without cause, (ii) expiration of the term of his employment agreement, or (iii) as a result of a constructive termination (that is, his resignation because he has reasonably determined in good faith that his titles, authorities, responsibilities, salary, bonus opportunities or benefits have been materially diminished, that a material adverse change in his working conditions has occurred, that his services are no longer required in light of the Company's business plan, or the Company has breached his employment agreement) which occurs: (x) concurrently with the change in control, or (y) within 12 months of the change in control, he will be entitled to receive (A) severance pay in an amount equal to \$400,000, (B) the value of any accrued but unused vacation time, (C) the amount of all accrued but previously unpaid base salary through the date of termination, and (D) all of his then current employment benefits for the longer of twelve (12) months or the full un-expired term of his employment agreement. Mr. Backenroth has the right, for a period of 30 to 90 days following termination of his employment to exercise his Company options to the extent such options are otherwise vested and exercisable as of the date of termination.

### *Equity compensation plans and other benefit plans*

#### Ohr Pharmaceutical, Inc. 2016 Consolidated Stock Incentive Plan

**General Information.** The Board of Directors adopted the Ohr Pharmaceutical, Inc. 2016 Consolidated Stock Incentive Plan (the "2016 Plan") on January 7, 2016 and the shareholders approved the plan on March 17, 2016 to assist the Company in recruiting and retaining individuals with ability and initiative by enabling them to receive awards and participate in the future success of the Company by associating their interests with those of the Company and its stockholders. The 2016 Plan is intended to permit the grant of stock options (both incentive stock options ("ISOs") and non-qualified stock options ("NQSOs")), stock appreciation rights ("SARs"), restricted stock ("Restricted Stock Awards"), restricted stock units ("RSUs") and other incentive awards ("Incentive Awards").

**Prior Plans.** We previously maintained each of the Ohr Pharmaceutical, Inc. 2014 Stock Incentive Plan (the "2014 Plan") and the Ohr Pharmaceutical, Inc. 2009 Stock Incentive Plan (the "2009 Plan"). The 2016 Plan is intended to consolidate the 2014 Plan and the 2009 Plan into a new plan, with an aggregate number of shares available for issuance under the 2016 Plan as set forth below under "- Shares Subject to Plan." For Options and Restricted Stock Awards granted under the 2014 Plan and the 2009 Plan prior to January 7, 2016, the terms and conditions of the 2014 Plan and the 2009 Plan and the applicable award agreements will control, except that the our Compensation Committee (the "Committee"), in its discretion may allow a participant to pay all or part of the option price (i) by surrendering shares of common stock to the Company that the participant already owns and, if necessary to avoid adverse accounting consequences, has held for at least six months; (ii) by a cashless exercise through a broker; (iii) by means of a "net exercise" procedure, (iv) by such other medium of payment as the Committee in its discretion shall authorize or (v) by any combination of the aforementioned methods of payment. If shares of common stock are used to pay all or part of the Option price, the sum of the cash and cash equivalent and the fair market value (determined as of the day preceding the date of exercise) of the shares surrendered shall equal the Option price of the shares for which the Option is being exercised.

**Written Agreements.** All awards granted under the 2016 Plan will be governed by separate written agreements between the Company and the participants. The written agreements will specify when the award may become vested, exercisable or payable, as well as other terms and conditions that may apply to the award. No right or interest of a participant in any award will be subject to any lien, obligation or liability of the participant. The laws of the State of Delaware govern the 2016 Plan.

No awards may be granted after January 7, 2026, the date which is 10 years after the adoption of the 2016 Plan by the Board.

**Tax Treatment.** It is intended that awards granted under the 2016 Plan shall be exempt from treatment as "deferred compensation" subject to Section 409A of the Internal Revenue Code of 1986 (and any amendments thereto) (the "Code").

**Administration.** The Company bears all expenses of administering the 2016 Plan. The Committee administers the 2016 Plan. The Committee has the authority to grant awards to such persons and upon such terms and conditions (not inconsistent with the provisions of the 2016 Plan), as it may consider appropriate. The Committee may delegate to one or more officers of the Company all or part of its authority and duties with respect to awards to individuals who are not subject to Section 16 of the Exchange Act.

**Eligibility for Participation.** Any of the Company's employees or service providers, including any employees or service providers of our Affiliates (as defined in the 2016 Plan), and any non-employee member of our Board of Directors or the boards of directors of our Affiliates, is eligible to receive an award under the 2016 Plan. However, ISOs may only be granted to employees of the Company or an Affiliate.

**Shares Subject to Plan.** The maximum number of shares of Common Stock that may be issued under the life of the 2016 Plan pursuant to awards will be (a) 5,833,334 shares minus (b) the number of shares of Common Stock that previously have been issued pursuant to the exercise of options under the 2009 Plan or 2014 Plan or the number of shares of restricted stock granted under the 2014 Plan and the 2009 Plan that, as of December 28, 2018 are no longer subject to a substantial risk of forfeiture. One hundred percent (100%) of such shares may be issued pursuant to Options (including Incentive Stock Options), SARs, Restricted Stock Awards, Restricted Stock Units or Incentive Awards or any combination of Awards. Of the 5,833,334 shares, 333,334 previously were authorized under the 2009 Plan and 2,750,000 previously were authorized under the 2014 Plan.



Shares of Common Stock covered by an Award shall only be counted as issued to the extent they are actually issued. A share of Common Stock issued in connection with any Award under the 2016 Plan shall reduce the total number of shares of Common Stock available for issuance under the 2016 Plan by one; provided, however, that a share of Common Stock covered under a stock-settled SAR shall reduce the total number of shares of Common Stock available for issuance under the 2016 Plan by one even though the shares of Common Stock are not actually issued in connection with settlement of the SAR. Except as otherwise provided in the 2016 Plan, any shares of Common Stock related to an Award which terminates by expiration, forfeiture, cancellation or otherwise without issuance of shares of Common Stock, which is settled in cash in lieu of Common Stock or which is exchanged, with the Committee's permission, prior to the issuance of shares of Common Stock, for Awards not involving shares of Common Stock, shall again be available for issuance under the 2016 Plan. The following shares of Common Stock, however, may not again be made available for issuance as Awards under the 2016 Plan: (i) shares of Common Stock not issued or delivered as a result of a net settlement of an outstanding Award, (ii) shares of Common Stock tendered or held to pay the exercise price, purchase price or withholding taxes relating to an outstanding Award, or (iii) shares of Common Stock repurchased on the open market with the proceeds of the exercise price of an Award.

In any calendar year, no participant may be granted options, SARs, Restricted Stock Awards, RSUs, or any combination thereof that relate to more than 500,000 shares of Common Stock. In any calendar year, no participant may be granted an Incentive Award (i) with reference to a specified dollar limit for more than \$3,000,000 million and (ii) with reference to a specified number of shares of Common Stock for more than 500,000 shares of Common Stock. The maximum number of shares of Common Stock that may be issued pursuant to awards, the per individual limits on awards and the terms of outstanding awards will be adjusted as the Committee in its sole discretion determines is equitably required in the event of corporate transactions and other appropriate events.

**Options.** A stock option entitles the participant to purchase from the Company a stated number of shares of Common Stock. The Committee will determine whether the option is intended to be an ISO or a NQSO and specify the number of shares of Common Stock subject to the option. In the case of ISOs, the aggregate fair market value (determined as of the date of grant) of Common Stock with respect to which an ISO may become exercisable for the first time during any calendar year cannot exceed \$100,000; and if this limitation is exceeded, the ISOs which cause the limitation to be exceeded will be treated as NQSOs. The exercise price per share of Common Stock may not be less than the fair market value of the Common Stock on the date the option is granted. With respect to an ISO granted to a participant who beneficially owns more than 10% of the combined voting power of the Company or any Affiliate (determined by applying certain attribution rules), the exercise price per share may not be less than 110% of the fair market value of the Common Stock on the date the option is granted. The exercise price may be paid in cash or, if the agreement so provides, the Committee may allow a participant to pay all or part of the exercise price by tendering shares of Common Stock the participant already owns, through a broker-assisted cashless exercise, by means of "net exercise" procedure, any other specified medium of payment or a combination.

**Stock Appreciation Rights. ("SARs").** A SAR entitles the participant to receive, upon exercise, the excess of the fair market value on that date of each share of Common Stock subject to the exercised portion of the SAR over the fair market value of each such share on the date of the grant of the SAR. A SAR can be granted alone or in tandem with an option. A SAR granted in tandem with an option is called a Corresponding SAR and entitles the participant to exercise the option or the SAR at which time the other tandem award expires. The Committee will specify the number of shares of Common Stock subject to a SAR and whether the SAR is a Corresponding SAR. No participant may be granted Corresponding SARs in tandem with ISOs which are first exercisable in any calendar year for shares of Common Stock having an aggregate fair market value (determined as of the date of grant) that exceeds \$100,000; and if this limitation is exceeded the tandem option will be treated as NQSOs. A Corresponding SAR may be exercised only to the extent that the related option is exercisable and the fair market value of the Common Stock on the date of exercise exceeds the exercise price of the related option. As set forth in the agreement, the amount payable as a result of the exercise of a SAR may be settled in cash, shares of Common Stock or a combination of each.

**Restricted Stock Awards .** A Restricted Stock Award is the grant or sale of shares of Common Stock, which may be subject to forfeiture restrictions. The Committee will prescribe whether the Restricted Stock Award is forfeitable and the conditions to which it is subject. If the participant must pay for a Restricted Stock Award, payment for the award generally shall be made in cash or, if the agreement so provides, by surrendering shares of Common Stock the participant already owns or any other medium of payment. Prior to vesting or forfeiture, a participant will have all rights of a shareholder with respect to the shares underlying the Restricted Stock Award, including the right to receive dividends and vote the underlying shares; provided, however, the participant may not transfer the shares. The Company may retain custody of the certificates evidencing the shares until they are no longer forfeitable.

**RSUs.** An RSU entitles the participant to receive shares of Common Stock when certain conditions are met. The Committee will prescribe when the RSUs shall become payable. The Company will pay the participant one share of Common Stock for each RSU that becomes earned and payable.

**Incentive Awards.** An Incentive Award entitles the participant to receive cash or Common Stock or a combination of each when certain conditions are met. The Committee will prescribe the terms and conditions of the Incentive Award. As set forth in the participant's agreement, an Incentive Award may be paid in cash, shares of Common Stock or a combination of each.

**Performance Objectives.** The Committee has discretion to establish objectively-determinable performance conditions for when awards will become vested, exercisable and payable. Objectively-determinable performance conditions are performance conditions (i) that are established in writing (a) at the time of grant (b) no later than the earlier of (x) 90 days after the beginning of the period of service to which they relate and (y) before the lapse of 25% of the period of service to which they relate; (ii) that are uncertain of achievement at the time they are established; and (iii) the achievement of which is determinable by a third party with knowledge of the relevant facts. These performance conditions may include any or any combination of the following: (a) gross, operating or net earnings before or after taxes; (b) return on equity; (c) return on capital; (d) return on sales; (e) return on investments; (f) return on assets or net assets; (g) earnings per share; (h) cash flow per share; (i) book value per share; (j) gross margin; (k) customers; (l) cash flow or cash flow from operations; (m) fair market value of the Company or any Affiliate or shares of Common Stock; (n) share price or total shareholder return; (o) market share; (p) level of expenses or other costs; (q) gross, operating or net revenue; (r) earnings before interest and taxes; (s) adjusted earnings before interest and

taxes; (t) profitability; (u) earnings before interest, taxes, depreciation and amortization; (v) adjusted earnings before interest, taxes, depreciation and amortization; (w) adjusted earnings before interest, taxes, depreciation and amortization less capital expenditures; (x) research and development milestones; (y) business development objectives, partnerships and other collaborations; or (z) peer group comparisons of any of the aforementioned performance conditions. Performance conditions may be related to a specific customer or group of customers or geographic region. The form of the performance conditions also may be measured on a Company, Affiliate, division, business unit, service line, segment or geographic basis or a combination thereof. Performance goals may reflect absolute entity performance or a relative comparison of entity performance to the performance of a peer group of entities or other external measure of the selected performance conditions. Profits, earnings and revenues used for any performance condition measurement may exclude any extraordinary or nonrecurring items. The performance conditions may, but need not, be based upon an increase or positive result under the aforementioned performance criteria and could include, for example and not by way of limitation, maintaining the status quo or limiting the economic losses (measured, in each case, by reference to the specific business criteria). An award that is intended to become exercisable, vested or payable on the achievement of performance conditions means that the award will not become exercisable, vested or payable solely on mere continued employment or service. However, such an award, in addition to performance conditions, may be subject to continued employment or service by the participant. Additionally, the vesting, exercise or payment of an award can be conditioned on mere continued employment or service if it is not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code.

**Change in Control.** In the event of or in anticipation of a “Change in Control” (as defined in the 2016 Plan), the Committee in its discretion may terminate outstanding awards (i) by giving the participants an opportunity to exercise the awards that are then exercisable and then terminating, without any payment, all awards that have not been exercised (including those that were not then exercisable) or (ii) by paying the participant the value of the awards that are then vested, exercisable or payable without payment for any awards that are not then vested, exercisable or payable or that have no value. Alternatively, the Committee may take such other action as the Committee determines to be reasonable under the circumstances to permit the participant to realize the vested value of the award. The Committee may provide that a participant’s outstanding awards become fully exercisable or payable on and after a Change in Control or immediately before the date the awards will be terminated in connection with a Change in Control. Awards will not be terminated to the extent they are to be continued after the Change in Control.

**Stockholder Rights.** No participant shall have any rights as a shareholder of the Company until the award is settled by the issuance of Common Stock (other than a Restricted Stock Award or RSUs for which certain shareholder rights may be granted).

**Transferability.** An award is non-transferable except by will or the laws of descent and distribution, and during the lifetime of the participant to whom the award is granted, the award may only be exercised by, or payable to, the participant. The holder of the transferred award will be bound by the same terms and conditions that governed the award during the period that it was held by the participant.

**Maximum Award Period.** No award shall be exercisable or become vested or payable more than ten years after the date of grant. An ISO granted to a participant who beneficially owns more than 10% of the combined voting power of the Company or any Affiliate (determined by applying certain attribution rules) or a Corresponding SAR that relates to such an ISO may not be exercisable more than five years after the date of grant.

**Compliance With Applicable Law.** No award shall be exercisable, vested or payable except in compliance with all applicable federal and state laws and regulations (including, without limitation, tax and securities laws), any listing agreement with any stock exchange to which the Company is a party, and the rules of all domestic stock exchanges on which the Company’s shares may be listed.

**Amendment and Termination of Plan.** The Board of Directors may amend or terminate the 2016 Plan at any time; provided, however, that no amendment may adversely impair the rights of a participant with respect to outstanding awards without the participant’s consent. An amendment will be contingent on approval of the Company’s shareholders, to the extent required by law, by the rules of any stock exchange on which the Company’s securities are then traded or if the amendment would (i) increase the benefits accruing to participants under the 2016 Plan, including without limitation, any amendment to the 2016 Plan or any agreement to permit a repricing or decrease in the exercise price of any outstanding options or SARs, (ii) increase the aggregate number of shares of Common Stock that may be issued under the 2016 Plan, (iii) modify the requirements as to eligibility for participation in the 2016 Plan or (iv) change the stated performance conditions for qualified performance-based compensation under Section 162(m) of the Code. Additionally, to the extent the Board deems necessary for the 2016 Plan to continue to grant awards that are intended to comply with the performance-based exception to the deduction limits of Code Section 162(m), the Board will submit the material terms of the stated performance conditions to the Company’s shareholders for approval no later than the first shareholder meeting that occurs in the fifth year following the year in which the shareholders previously approved the material terms of the performance goals.

Notwithstanding any other provision of the 2016 Plan, the Committee may amend any outstanding award without participant’s consent if, as determined by the Committee in its sole discretion, such amendment is required either to (i) confirm exemption from Section 409A of the Code, (ii) comply with Section 409A of the Code or (iii) prevent the Participant from being subject to any tax or penalty under Section 409A of the Code.

**Forfeiture Provisions.** Awards do not confer upon any individual any right to continue in the employ or service of the Company or any Affiliate. All rights to any award that a participant has will be immediately forfeited if the participant is discharged from employment or service for “Cause” (as defined in the 2016 Plan).

## Material U.S. Federal Income Tax Consequences

The following discussion summarizes the material United States federal income tax consequences associated with awards granted under the 2016 Plan to U.S. citizens. The discussion is based on laws, regulations, rulings and court decisions currently in effect, all of which are subject to change.

**ISOs.** A participant will not recognize taxable income on the grant or exercise of an ISO. A participant will recognize taxable income when he or she disposes of the shares of Common Stock acquired under the ISO. If the disposition occurs more than two years after the grant of the ISO and more than one year after its exercise (the "ISO holding period"), the participant will recognize long-term capital gain (or loss) to the extent the amount realized from the disposition exceeds (or is less than) the participant's tax basis in the shares of Common Stock. A participant's tax basis in shares of the Common Stock generally will be the amount the participant paid for the shares.

If Common Stock acquired under an ISO is disposed of before the expiration of the ISO holding period described above, the participant will recognize as ordinary income in the year of the disposition the excess of the fair market value of the Common Stock on the date of exercise of the ISO over the exercise price. Any additional gain will be treated as long-term or short-term capital gain, depending on the length of time the participant held the shares. A special rule applies to such a disposition where the amount realized is less than the fair market value of the Common Stock on the date of exercise of the ISO. In that case, the ordinary income the participant will recognize will not exceed the excess of the amount realized on the disposition over the exercise price. If the amount realized is less than the exercise price, the participant will recognize a capital loss (long-term if the stock was held more than one year and short-term if held one year or less). A participant will receive different tax treatment if the exercise price is paid by delivery of Common Stock the participant already owns.

Neither the Company nor any of its Affiliates will be entitled to a federal income tax deduction with respect to the grant or exercise of an ISO. However, in the event a participant disposes of Common Stock acquired under an ISO before the expiration of the ISO holding period described above, the Company or its Affiliate will be entitled to a federal income tax deduction equal to the amount of ordinary income the participant recognizes.

**NQSOs.** A participant will not recognize any taxable income on the grant of a NQSO. On the exercise of a NQSO, the participant will recognize as ordinary income the excess of the fair market value of the Common Stock acquired over the exercise price. A participant's tax basis in the Common Stock is the amount paid plus any amounts included in income on exercise. The participant's holding period for the stock begins on acquisition of the shares. Any gain or loss that a participant realizes on a subsequent disposition of Common Stock acquired on the exercise of a NQSO generally will be treated as long-term or short-term capital gain or loss, depending on the length of time the participant held such shares. The amount of the gain (or loss) will equal the amount by which the amount realized on the subsequent disposition exceeds (or is less than) the participant's tax basis in his or her shares. A participant will receive different tax treatment if the exercise price is paid by delivery of Company Stock the participant already owns.

The exercise of a NQSO will entitle the Company or its Affiliate to claim a federal income tax deduction equal to the amount of ordinary income the participant recognizes. If the participant is an employee, that ordinary income will constitute wages subject to withholding and employment taxes.

**SARs.** A participant will not recognize any taxable income at the time the SARs are granted. The participant at the time of receipt will recognize as ordinary income the amount of cash and the fair market value of the Common Stock that he or she receives. The Company or its Affiliate will be entitled to a federal income tax deduction equal to the amount of ordinary income the participant recognizes. If the participant is an employee, that ordinary income will constitute wages subject to withholding and employment taxes.

**Restricted Stock Awards.** A participant will recognize ordinary income on account of a Restricted Stock Award on the first day that the shares are either transferable or not subject to a substantial risk of forfeiture. The ordinary income recognized will equal the excess of the fair market value of the Common Stock on such date over the amount, if any, the participant paid for the Restricted Stock Award. However, even if the shares under a Restricted Stock Award are both nontransferable and subject to a substantial risk of forfeiture, the participant may make a special "83(b) election" within 30 days of the grant date to recognize income, and have his or her tax consequences determined, as of the date the Restricted Stock Award is made. The participant's tax basis in the shares received will equal the income recognized plus the price, if any, paid for the Restricted Stock Award. Any gain (or loss) that a participant realizes upon the sale of any Common Stock acquired pursuant to a Restricted Stock Award will be equal to the amount by which the amount realized on the disposition exceeds (or is less than) the participant's tax basis in the shares and will be treated as long-term (if the shares are held for more than one year) or short-term (if the shares are held for one year or less) capital gain or loss. The participant's holding period for the stock begins on the date the shares are either transferable or not subject to a substantial risk of forfeiture, except that the holding period will begin on the date of grant if the participant makes the special "83(b) election." The Company or its Affiliate will be entitled to a federal income tax deduction equal to the ordinary income the participant recognizes. If the participant is an employee, that ordinary income will constitute wages subject to withholding and employment taxes.

**RSUs.** The participant will not recognize any taxable income at the time the RSUs are granted. When the terms and conditions to which the RSUs are subject have been satisfied and the RSUs are paid, the participant, at the time of receipt, will recognize as ordinary income the fair market value of the Common Stock he or she receives. The participant's holding period in the Common Stock will begin on the date the stock is received. The participant's tax basis in the Common Stock will equal the amount he or she includes in ordinary income. Any gain or loss that a participant realizes on a subsequent disposition of the shares will be treated as long-term or short-term capital gain or loss, depending on the participant's holding period for the stock (long-term if the shares are held for more than one year; short-term if one year or less). The amount of the gain (or loss) will equal the amount by which the amount realized on the disposition exceeds (or is less than) the participant's tax basis in the Common Stock. The Company or its Affiliate will be entitled to a federal income tax deduction equal to the ordinary income the participant recognizes. If the participant is an employee, that ordinary income will constitute wages subject to withholding and employment taxes.



*Incentive Awards.* A participant will not recognize any taxable income at the time an Incentive Award is granted. When the terms and conditions to which an Incentive Award is subject have been satisfied and the award is paid, the participant, at the time of receipt, will recognize as ordinary income the amount of cash and the fair market value of the Common Stock he or she receives. The participant's holding period in any Common Stock received will begin on the date of receipt. The participant's tax basis in the Common Stock will equal the amount he or she includes in ordinary income with respect to such shares. Any gain or loss that a participant realizes on a subsequent disposition of the Common Stock will be treated as long-term or short-term capital gain or loss, depending on the participant's holding period for the Common Stock (long-term if the shares are held for more than one year; short-term if one year or less). The amount of the gain (or loss) will equal the amount by which the amount realized on the disposition exceeds (or is less than) the participant's tax basis in the Common Stock. The Company or its Affiliate will be entitled to a federal income tax deduction equal to the amount of ordinary income the participant recognizes. If the participant is an employee, that ordinary income will constitute wages subject to withholding and employment taxes.

*Limitation on Deductions.* The deduction for a publicly-held corporation for otherwise deductible compensation to a "covered employee" generally is limited to \$1 million per year. An individual is a covered employee if he or she is the chief executive officer or one of the other three highest compensated officers for the year (other than the chief executive officer or chief financial officer). The \$1million limit does not apply to compensation payable solely because of the attainment of performance conditions that meet the requirements set forth in Section 162(m) of the Code and the regulations thereunder. Compensation is considered performance-based only if

(a) it is paid solely on the achievement of one or more performance conditions; (b) two or more "outside directors" set the performance conditions; (c) before payment, the material terms under which the compensation is to be paid, including the performance conditions, are disclosed to, and approved by, the shareholders and (d) before payment, two or more "outside directors" certify in writing that the performance conditions have been met. The 2016 Plan has been designed to enable the Committee to structure awards that are intended to meet the requirements for qualified performance-based compensation that would not be subject to the \$1 million per year deduction limit under Section 162(m) of the Code.

Any grant, exercise, vesting or payment of an award may be postponed if the Company reasonably believes that its or any applicable Affiliate's deduction with respect to such award would be limited or eliminated by application of Code Section 162(m) to the extent permitted by Section 409A of the Code; provided, however, such delay will last only until the earliest date at which the Company reasonably anticipates the deduction will not be limited or eliminated under Code Section 162(m).

*Other Tax Rules.* The 2016 Plan is designed to enable the Committee to structure awards that are intended to not be subject to Code Section 409A, which imposes certain restrictions and requirements on deferred compensation.

#### 2014 Stock Incentive Plan

The Ohr Pharmaceutical, Inc. 2014 Stock Incentive Plan (the "2014 Plan") was first adopted by the Board on January 31, 2014, and by the shareholders on March 31, 2014, as amended by the Board on January 6, 2015, and by the shareholders on March 10, 2015.

The 2014 Plan is designed to advance the Company's interests by enhancing its ability to attract and retain employees and others in a position to make significant contributions to the success of the Company through ownership of shares of common stock. The 2014 Plan provides for the grant of ISOs, NQSOs, restricted stock, and combinations of the above. Awards under the 2014 Plan may also include provision for payment of dividend equivalents with respect to the shares subject to the award.

The 2014 Plan is administered by the Compensation Committee. All employees of the Company and any of its subsidiaries and other persons or entities (including non-employee directors of the Company and its subsidiaries) who, in the opinion of the Board, are in a position to make a significant contribution to the success of the Company or its subsidiaries are eligible to participate in the 2014 Plan.

**Summary of the 2014 Plan.** The exercise price of an ISO granted under the 2014 Plan may not be less than 100% (110% in the case of 10% stockholders) of the fair market value of the common stock at the time of grant. The exercise price of a NQSO granted under the 2014 Plan is determined by the Board. The term of each option may be set by the Board but cannot exceed ten years from grant (five years from grant in the case of an incentive stock option granted to a 10% stockholder), and each option will be exercisable at such time or times as the Board specifies. The option price may be paid in cash or check acceptable to the Company or, if permitted by the Board and subject to certain additional limitations, by tendering shares of common stock, by using a promissory note, by delivering to the Company an unconditional and irrevocable undertaking by a broker promptly to deliver sufficient funds to pay the exercise price, or a combination of the foregoing.

Except as otherwise provided by the Board, if a participant dies, options held by such participant immediately prior to death, to the extent then exercisable, may be exercised by the participant's executor, administrator or transferee during a period of one year following such death (or for the remainder of their original term, if less). Except as otherwise determined by the Board, options not exercisable at a participant's death terminate. Outstanding awards of restricted common stock must be transferred to the Company upon a participant's death except as otherwise determined by the Board.

In the case of termination of a participant's association with the Company for any reason other than death, options remain exercisable, to the extent they were exercisable immediately prior to termination, for 30 days (or for the remainder of their original term, if less), and shares of restricted common stock must be resold to the Company, unless otherwise determined by the Board. If any such association is terminated due to the participant's discharge for cause which, in the opinion of the Board, casts such discredit on the participant as to justify immediate termination of any award under the 2014 Plan, such participant's options may be terminated immediately.

In the event of a consolidation or merger in which the Company is not the surviving corporation or which results in the acquisition of substantially all of the Company's outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert or in the event of the sale or transfer of substantially all of the Company's assets, the Board may determine that (i) each outstanding option will become immediately exercisable unless otherwise provided at the time of grant, and (ii) each outstanding share of restricted Common Stock will immediately become free of all restrictions and conditions. The Board may also arrange to have the surviving or acquiring corporation or affiliate assume any award held by a participant or grant a replacement award. If the optionee is terminated after a change in control by the Company without cause, or in the case of certain officers designated from time to time by the Board resigns under certain circumstances, within two years following the change in control, all unvested options will vest and all options will be exercisable for the shorter of four years or their original duration and all other awards will vest. If the option committee makes no such determination, outstanding awards to the extent not fully vested will be forfeited.

#### 2009 Stock Incentive Plan

The Ohr Pharmaceutical, Inc. 2009 Stock Incentive Plan (the "2009 Plan") was first adopted by the Board in June 2009 and by the shareholders effective as of July 13, 2009.

The 2009 Plan was designed to encourage ownership of common stock by employees, consultants and directors of the Company and its affiliates and to provide additional incentive for them to promote the success of the Company's business. The 2009 Plan provided for the grant of ISOs, NQSOs, restricted stock, and combinations of the above.

The 2009 Plan is administered by the Compensation Committee. An award under the 2009 Plan may grant to any employee of or consultant to one or more of the Company and its affiliates or to any non-employee member of the Board or of any board of directors (or similar governing authority) of any affiliate.

**Summary of the 2009 Plan.** If any Option expires, terminates, or is cancelled for any reason without having been exercised in full, or if any award of restricted stock is forfeited by the recipient, the shares not purchased by the optionee or forfeited by the recipient shall again be available for awards to be granted under the 2009 Plan.

The exercise price of an ISO granted under the 2009 Plan may not be less than 100% (110% in the case of 10% stockholders) of the fair market value of the common stock at the time of grant. The exercise price of a NQSO granted under the 2009 Plan is determined by the Board. The term of each option may be set by the Board but cannot exceed ten years from grant (five years from grant in the case of an incentive stock option granted to a 10% stockholder), and each option will be exercisable at such time or times as the Board specifies. The option price may be paid in cash or check acceptable to the Company or, if permitted by the Board and subject to certain additional limitations, by tendering shares of common stock, by using a promissory note, by delivering to the Company an unconditional and irrevocable undertaking by a broker promptly to deliver sufficient funds to pay the exercise price, or a combination of the foregoing.

The option price may be paid in cash or check acceptable to the Company or, if permitted by the Board and subject to certain additional limitations, by (i) shares of stock having a market value equal to the exercise price of the shares to be purchased, or (ii) by using a promissory note.

If a participant's employment or other association with the Company and its affiliates ends for any reason, any outstanding option of the participant will cease to be exercisable in any respect not later than 30 days following that event and, for the period it remains exercisable following that event, will be exercisable only to the extent exercisable at the date of that event. Military or sick leave or other bona fide leave will not be deemed a termination of employment or other association.

Unless the Compensation Committee provided otherwise for any award of restricted stock, upon termination of a participant's employment or other association with the Company and its affiliates for any reason during the restriction period, all shares of restricted stock subject to forfeiture will be forfeited or otherwise subject to return to or repurchase by the Company on the terms specified in the award agreement.

In the event of a Change in Control (as defined in the 2009 Plan), any restricted stock award still then subject to a forfeiture and any outstanding option not then exercisable in full shall vest under the terms of the award. The Compensation Committee shall have the discretion, exercisable either in advance of a change in control or at the time thereof, to provide (upon such terms as it may deem appropriate) for (i) the automatic acceleration of one or more outstanding options that do not otherwise accelerate by reason of the change in control, and/or (ii) the subsequent termination of one or more of the Company's repurchase rights with respect to restricted stock awards that do not otherwise terminate at that time, in the event that the employment of the respective grantees of such awards should subsequently terminate following such change in control.

#### **Material U.S. Federal Income Tax Consequences For the 2014 Plan and the 2009 Plan**

The following discussion summarizes the principal United States federal income tax consequences associated with awards granted under the 2014 Plan and 2009 Plan to U.S. citizens. The discussion is based on laws, regulations, rulings and court decisions currently in effect, all of which are subject to change.

*ISOs.* A participant will not recognize taxable income on the grant or exercise of an ISO. A participant will recognize taxable income when he or she disposes of the shares of Common Stock acquired under the ISO. If the disposition occurs more than two years after the grant of the ISO and more than one year after its exercise (the "ISO holding period"), the participant will recognize long-term capital gain (or loss) to the extent the amount realized from the disposition exceeds (or is less than) the participant's tax basis in the shares of Common Stock. A participant's tax basis in shares of the Common Stock generally will be the amount the participant paid for the shares.

If Common Stock acquired under an ISO is disposed of before the expiration of the ISO holding period described above, the participant

will recognize as ordinary income in the year of the disposition the excess of the fair market value of the Common Stock on the date of exercise of the ISO over the exercise price. Any additional gain will be treated as long-term or short-term capital gain, depending on the length of time the participant held the shares. A special rule applies to such a disposition where the amount realized is less than the fair market value of the Common Stock on the date of exercise of the ISO. In that case, the ordinary income the participant will recognize will not exceed the excess of the amount realized on the disposition over the exercise price. If the amount realized is less than the exercise price, the participant will recognize a capital loss (long-term if the stock was held more than one year and short-term if held one year or less). A participant will receive different tax treatment if the exercise price is paid by delivery of Common Stock the participant already owns.



Neither the Company nor any of its Affiliates will be entitled to a federal income tax deduction with respect to the grant or exercise of an ISO. However, in the event a participant disposes of Common Stock acquired under an ISO before the expiration of the ISO holding period described above, the Company or its Affiliate will be entitled to a federal income tax deduction equal to the amount of ordinary income the participant recognizes.

*NQSOs.* A participant will not recognize any taxable income on the grant of a NQSO. On the exercise of a NQSO, the participant will recognize as ordinary income the excess of the fair market value of the Common Stock acquired over the exercise price. A participant's tax basis in the Common Stock is the amount paid plus any amounts included in income on exercise. The participant's holding period for the stock begins on acquisition of the shares.

Any gain or loss that a participant realizes on a subsequent disposition of Common Stock acquired on the exercise of a NQSO generally will be treated as long-term or short-term capital gain or loss, depending on the length of time the participant held such shares. The amount of the gain (or loss) will equal the amount by which the amount realized on the subsequent disposition exceeds (or is less than) the participant's tax basis in his or her shares. A participant will receive different tax treatment if the exercise price is paid by delivery of Company Stock the participant already owns.

The exercise of a NQSO will entitle the Company or its Affiliate to claim a federal income tax deduction equal to the amount of ordinary income the participant recognizes. If the participant is an employee, that ordinary income will constitute wages subject to withholding and employment taxes.

*Restricted Stock Awards.* A participant will recognize ordinary income on account of a Restricted Stock Award on the first day that the shares are either transferable or not subject to a substantial risk of forfeiture. The ordinary income recognized will equal the excess of the fair market value of the Common Stock on such date over the amount, if any, the participant paid for the Restricted Stock Award. However, even if the shares under a Restricted Stock Award are both nontransferable and subject to a substantial risk of forfeiture, the participant may make a special “83(b) election” to recognize income, and have his or her tax consequences determined, as of the date the Restricted Stock Award is made. The participant’s tax basis in the shares received will equal the income recognized plus the price, if any, paid for the Restricted Stock Award. Any gain (or loss) that a participant realizes upon the sale of any Common Stock acquired pursuant to a Restricted Stock Award will be equal to the amount by which the amount realized on the disposition exceeds (or is less than) the participant’s tax basis in the shares and will be treated as long-term (if the shares are held for more than one year) or short-term (if the shares are held for one year or less) capital gain or loss. The participant’s holding period for the stock begins on the date the shares are either transferable or not subject to a substantial risk of forfeiture, except that the holding period will begin on the date of grant if the participant makes the special “83(b) election.” The Company or its Affiliate will be entitled to a federal income tax deduction equal to the ordinary income the participant recognizes. If the participant is an employee, that ordinary income will constitute wages subject to withholding and employment taxes.

Any grant, exercise, vesting or payment of an award may be postponed if the Company reasonably believes that its or any applicable Affiliate’s deduction with respect to such award would be limited or eliminated by application of Code Section 162(m) to the extent permitted by Section 409A of the Code; provided, however, such delay will last only until the earliest date at which the Company reasonably anticipates the deduction will not be limited or eliminated under Code Section 162(m).

*Other Tax Rules.* The Incentive Plan is designed to enable the Compensation Committee to structure awards that are intended to not be subject to Code Section 409A, which imposes certain restrictions and requirements on deferred compensation.

### Compensation of Directors

During the year ending September 30, 2018, the following options were granted to non-executive directors serving in fiscal 2018:

<u>Name</u>	<u>Grant Date</u>	<u>All other stock awards: Number of shares of stock or units</u>	<u>All other option awards: Number of securities underlying options</u>	<u>Exercise Price</u>	<u>Grant Date Fair Value of Stock and Option Awards<sup>(1)</sup></u>
June Almenoff Director	10/16/2017	—	170,000	\$ 0.67	\$ 73,832
Orin Hirschman Director	10/16/2017	—	245,000	\$ 0.67	\$ 106,405
Thomas Riedhammer Director	10/16/2017	—	170,000	\$ 0.67	\$ 73,832

<sup>(1)</sup> The amounts in this column reflect the aggregate grant date fair value of equity awards granted during the applicable fiscal year, calculated in accordance with FASB ASC Topic 718 and using a Black-Scholes valuation model. Assumptions used in the calculation of these amounts are included in Note 8 of the audited financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

The following table shows the number of outstanding options held by our non-executive directors at the end of fiscal 2018:

**Number of Securities Underlying Unexercised Options (#)<sup>(1)</sup>**

Name	Exercisable	Unexercisable	Unearned	Option Exercise Price	Option Expiration Date
Michael Ferguson Chairman	375,000 <sup>(2)</sup>	125,000 <sup>(2)</sup>	—	\$ 0.65	5/11/2027
Orin Hirschman Director	84,000	—	—	\$ 10.14	3/10/2020
	60,000	—	—	\$ 5.14	1/6/2021
	81,666 <sup>(3)</sup>	163,334 <sup>(3)</sup>	—	\$ 0.67	10/15/2022
Thomas Riedhammer Director	84,000	—	—	\$ 10.14	3/10/2020
	60,000	—	—	\$ 5.14	1/6/2021
	56,666 <sup>(4)</sup>	113,334 <sup>(4)</sup>	—	\$ 0.67	10/15/2022
June Almenoff Director	84,000	—	—	\$ 10.14	3/10/2020
	60,000	—	—	\$ 5.14	1/6/2021
	56,666 <sup>(4)</sup>	113,334 <sup>(4)</sup>	—	\$ 0.67	10/15/2022

(1) The Option numbers represent options to acquire shares of common stock.

(2) 250,000 options vested on May 12, 2017, 125,000 vested on May 12, 2018, and 125,000 will vest on May 12, 2019.

(3) 81,666 vested on October 16, 2017, and 81,667 will vest on each of October 16, 2018 and October 16, 2019.

(4) 56,666 vested on October 16, 2017, and 56,667 will vest on each of October 16, 2018 and October 16, 2019.

The following table shows the compensation of our non-executive directors for fiscal year 2018:

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards</b>	<b>Option Awards</b>	<b>Non-Equity Incentive Plan Compensation</b>	<b>Change in Pension Value and Non-Qualified Deferred Compensation Earnings</b>	<b>All Other Compensation</b>	<b>Total</b>
Michael Ferguson Chairman	10,000	—	—	—	—	—	\$ 10,000
June Almenoff Director	10,000	—	73,832	—	—	—	\$ 83,832
Orin Hirschman Director	10,000	—	106,405	—	—	—	\$ 116,405
Thomas Reidhammer Director	10,000	—	73,832	—	—	—	\$ 83,832

Pursuant to the Separation Agreement dated May 12, 2017 (the “Separation Agreement”), between the Company and Ira Greenstein, a former director of the Company, the Company agreed to pay to Mr. Greenstein separation pay of \$250,000 (the “Separation Pay”) in recognition of his past services and contributions to the Company. The Separation Pay was to be paid in five equal annual installments over a term of five years on or before June 30 of each year, commencing June 30, 2017. Additionally, under the Separation Agreement, each vested stock option of the Company held by Mr. Greenstein remained exercisable for the remaining term of such option and each unvested stock option of the Company held by Mr. Greenstein fully vested on the date of the Separation Agreement and would remain exercisable for the remaining term of such option. On March 28, 2018, Mr. Greenstein and the Company entered into an amendment (the “Amendment”) to the Separation Agreement pursuant to which, among other things, Mr. Greenstein paid to the Company \$34,865, which amount was equal to the amount of the Separation Pay paid by the Company to Mr. Greenstein under the Separation Agreement as of the date of the Amendment, and the Company and Mr. Greenstein agreed that the Company had no obligation to pay the Separation Pay to Mr. Greenstein. Additionally, under the Amendment, Mr. Greenstein agreed that all of his options expired as of the date of the Amendment.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table provides information about the beneficial ownership of our common stock as of December 31, 2018.

- each person or entity known by us to own beneficially more than five percent of our common stock;
- the named executive officers;
- each of our directors; and
- all of our directors and executive officers as a group.

In accordance with Securities and Exchange Commission rules, beneficial ownership includes any shares for which a person or entity has sole or shared voting power or investment power and any shares for which the person or entity has the right to acquire beneficial ownership within 60 days after December 31, 2018 through the exercise of any option, warrant or otherwise. Except as noted below, we believe that the persons named in the table have sole voting and investment power with respect to the shares of common stock set forth opposite their names. Percentage of beneficial ownership is based on 56,466,428 shares of common stock outstanding as of December 31, 2018, plus any shares of common stock issuable upon exercise of presently exercisable common stock options or common stock warrants held by such person or entity. All shares included in the “Right to Acquire” column represent shares subject to outstanding stock options or warrants that are exercisable within 60 days after December 31, 2018. The address of each of our directors and executive officers is c/o Ohr Pharmaceutical, Inc., 800 Third Avenue, 11th Floor, New York, New York 10022.

Name and Address of Beneficial Owner	Shares Owned	Right to Acquire	Common and Warrant or Option Shares Owned Beneficially	Fully Diluted Ownership Percentage <sup>(1)</sup>
Orin Hirschman <sup>(2)</sup>	2,530,468	427,334	2,957,802	5.2%
Jason Slakter <sup>(3)</sup>	2,263,622	410,001	2,673,623	4.7%
Sam Backenroth <sup>(4)</sup>	212,596	343,334	555,930	1.0%
June Almenoff <sup>(5)</sup>	16,900	257,333	274,233	*
Thomas Riedhammer <sup>(6)</sup>	8,000	257,333	265,333	*
Michael Ferguson <sup>(7)</sup>	—	375,000	375,000	*
All Officers and Directors as a Group	5,031,586	2,070,335	7,101,921	12.5%

\* Less than 1%.

(1) Calculated on the basis of shares of Common Stock outstanding plus the number of shares such holder has the right to acquire.

(2) Mr. Hirschman has sole voting and dispositive power over shares held by AIGH Investments. AIGH Investment Partners (AIGH) directly owns shares and warrants to purchase common stock. Mr. Hirschman is the sole member of AIGH and directly determines investment and voting decisions. Mr. Hirschman indirectly owns shares as custodian of accounts for the benefit of his minor children. Mr. Hirschman shares voting and dispositive power over shares and warrants held by The Tzedakah Fund. Mr. Hirschman also owns options and warrants directly.

(3) Consists of 1,067,898 shares of common stock held by Dr. Slakter directly and 1,195,724 shares of common stock held by SKS Ocular I LLC, an affiliate of Dr. Slakter. Dr. Slakter has sole voting and dispositive power over shares and options held by Dr. Slakter personally. Dr. Slakter shares voting and dispositive power over shares held by SKS Ocular I LLC. Dr. Slakter disclaims any beneficial ownership

of the 1,195,724 shares of common stock held by SKS Ocular I LLC except to the extent of his pecuniary interest therein.

- (4) Includes shares currently issuable upon exercise of options and warrants granted to Mr. Backenroth.
- (5) Includes shares currently issuable upon exercise of options granted to Dr. Almenoff.
- (6) Includes shares currently issuable upon exercise of options granted to Dr. Riedhammer.
- (7) Includes shares currently issuable upon exercise of options granted to Mr. Ferguson.

## Equity Compensation Plan Information

The following table sets forth information, as of September 30, 2018, with respect to compensation plans under which shares of the Company's common stock are authorized for issuance:

	<b>Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity Compensation Plans Approved by Stockholders	3,153,050	\$ 2.93	1,907,775
Total	3,153,050	\$ 2.93	1,907,775

### ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

#### Policies and procedures for related person transactions

Our Board has adopted a written related policy with respect to related person transactions. This policy governs the review, approval or ratification of covered related person transactions. The Audit Committee of our Board manages this policy.

For purposes of this policy, a "related person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we (or any of our subsidiaries) were, are or will be a participant, and the amount involved exceeds \$120,000 and in which any related person had, has or will have a direct or indirect interest. For purposes of determining whether a transaction is a related person transaction, the Audit Committee relies upon Item 404 of Regulation S-K, promulgated under the Securities Exchange Act of 1934, as amended.

A "related person" is defined as:

- any person who is, or at any time since the beginning of our last fiscal year was, one of our directors or executive officers or a nominee to become one of our directors;
- any person who is known to be the beneficial owner of more than five percent of any class of our voting securities;
- any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of the director, executive officer, nominee or more than five percent beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than five percent beneficial owner; and
- any firm, corporation, or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a ten percent or greater beneficial ownership interest.

The policy generally provides that we may enter into a related person transaction only if:

- the Audit Committee pre-approves such transaction in accordance with the guidelines set forth in the policy;
- the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the Audit Committee (or the chairperson of the Audit Committee) approves or ratifies such transaction in accordance with the guidelines set forth in the policy;
- the transaction is approved by the disinterested members of the Board; or
- the transaction involves compensation approved by the Compensation Committee of the Board.

In the event a related person transaction is not pre-approved by the Audit Committee and our management determines to recommend such related person transaction to the Audit Committee, such transaction must be reviewed by the Audit Committee. After review, the Audit Committee will approve or disapprove such transaction. When our Chief Financial Officer in consultation with our Chief Executive Officer, determines that it is not practicable or desirable for us to wait until the next Audit Committee meeting, the chairperson of the Audit Committee possesses delegated authority to act on behalf of the Audit Committee. The Audit Committee (or the chairperson of the Audit Committee) may approve only those related person transactions that are in, or not inconsistent with, our best interests and the best interests of our shareholders, as the Audit Committee (or the chairperson of the Audit Committee) determines in good faith.

The Audit Committee has determined that certain types of related person transactions are deemed to be pre-approved by the Audit Committee. Our related person transaction policy provides that the following transactions, even if the amount exceeds \$120,000 in the aggregate, are considered to be pre-approved by the Audit Committee:

- any employment of certain named executive officers that would be publicly disclosed;
- director compensation that would be publicly disclosed;
- transactions with other companies where the related person's only relationship is as a director or owner of less than ten percent of said company (other than a general partnership), if the aggregate amount involved does not exceed the greater of \$200,000 or five percent of that company's consolidated gross revenues;
- transactions where all shareholders receive proportional benefits;
- transactions involving competitive bids;
- transactions with a related person involving the rendering of services at rates or charges fixed in conformity with law or governmental authority; and
- transactions with a related person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.

In addition, the Audit Committee will review the policy at least annually and recommend amendments to the policy to the Board from time to time.

The policy provides that all related person transactions will be disclosed to the Audit Committee, and all material related person transactions will be disclosed to the Board. Additionally, all related person transactions requiring public disclosure will be properly disclosed, as applicable, on our various public filings.

The Audit Committee will review all relevant information available to it about the related person transaction. The policy provides that the Audit Committee may approve or ratify the related person transaction only if the Audit Committee determines that, under all of the circumstances, the transaction is in, or is not inconsistent with, our best interests. The policy provides that the Audit Committee may, in its sole discretion, impose such conditions as it deems appropriate on us or the related person in connection with approval of the related person transaction.

#### **Interest of Management in Certain Transactions**

In May 2014, the Company acquired certain assets of SKS Ocular (and affiliates; collectively referred to as "SKS"), which is a related party of Dr. Slakter, currently a director of the Company and its Chief Executive Officer. In consideration thereof, the Company paid \$3.5 million in cash and 1,194,862 shares of the Company's common stock. Dr. Slakter was not a director of the Company at the time of the transaction. In the acquisition, the Company entered into a consulting agreement with Dr. Slakter, and agreed to appoint a designee of SKS as a director of the Company. The Company was obliged to grant to SKS Ocular up to an aggregate of 1,493,577 shares of the common stock upon reaching certain milestones. In December 2015, milestone 1 was achieved, and in May 2016, milestone 2 was achieved, resulting in the issuance of 995,718 shares of Ohr common stock to SKS Ocular 1 LLC. Milestone 3 was not achieved.

During the Mako trial, our CRO running our phase 3 trial had contracted with Jason S. Slakter, M.D., P.C., d/b/a Digital Angiography Reading Center ("DARC"), a well-known digital reading center, which is owned by Dr. Jason Slakter, our CEO, pursuant to our related party transactions policy, with the review and approval of the Audit Committee, to provide digital reading and imaging services in connection with the Phase 3 MAKO study. The Company indirectly paid \$899,001 in fiscal 2018, and \$55,398 in fiscal 2017 to Digital Angiography Reading Center, an affiliate of Dr. Slakter, for services rendered to the Company.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The Board of Directors has selected MaloneBailey, LLP as the Company's independent auditors for the fiscal year ended September 30, 2018. MaloneBailey, LLP has audited Ohr Pharmaceutical's financial statements since 2012.

#### **Principal Accountant Fees and Services.**

For fiscal year 2018, MaloneBailey, LLP charged the Company a total of \$64,500 for independent accounting and review fees. For fiscal year 2017, MaloneBailey, LLP charged the Company a total of \$124,950 for independent accounting and review fees.

	<b>Fiscal Year Ended</b>	
	<b>September 30, 2018 (1)</b>	<b>September 30, 2017 (2)</b>
Audit Fees & Audit-Related Fees	\$ 64,500	\$ 124,950
Tax Fees	4,400	4,250
All Other Fees	—	—
Total Fees	<u>\$ 68,900</u>	<u>\$ 129,200</u>

(1) Fees billed to the Company through September 30, 2018.



(2) Fees billed to the Company through September 30, 2017.

## Pre-Approval of Audit and Non-Audit Services

The Board has not approved any formal policy concerning pre-approval of the auditors to perform both audit and non-audit services (services other than audit, review and attest services). Instead, on a case by case basis, any audit or non-audit services proposed to be performed are considered by and, if deemed appropriate, approved by the Board in advance of the performance of such services.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Documents listed below are filed as exhibits to this Annual Report on Form 10-K. (a) Exhibit Index:

<b>Exhibit Number</b>	<b>Description of Exhibit</b>	<b>The filings referenced for incorporation by reference are Ohr Pharmaceutical, Inc. (File No. 001-35963)</b>
<a href="#">2.1</a>	Contribution Agreement, dated May 14, 2014, among Ohr Pharmaceutical, Inc., certain affiliates of Ohr, SKS Ocular, LLC, SKS Ocular 1, LLC, and the controlling members of SKS	May 16, 2014, Form 8-K, Exhibit 2.1
<a href="#">2.2</a>	Agreement and Plan of Merger, dated May 30, 2014, Ohr Pharmaceutical, Inc., Ohr Holdco, Inc., and Ohr Merger Sub, Inc.	June 2, 2014, Form 8-K, Exhibit 2.2
<a href="#">2.3</a>	Asset Purchase Agreement, dated August 21, 2009, between Ohr Pharmaceutical, Inc. and Genaera Liquidating Trust	August 26, 2009, Exhibit 10.01
<a href="#">3.1</a>	Certificate of Incorporation of Ohr Pharmaceutical, Inc.	June 2, 2014, Form 8-K, Exhibit 3.1(a)
<a href="#">3.2</a>	Certificate of Amendment to Certificate of Incorporation of Ohr Pharmaceutical, Inc.	June 2, 2014, Form 8-K, Exhibit 3.1(b)
<a href="#">3.3</a>	By-Laws of Ohr Pharmaceutical, Inc.	June 2, 2014, Form 8-K, Exhibit 3.2
<a href="#">4.1(a)</a>	Form of Class J Common Stock Purchase Warrant issued on December 16, 2011	December 20, 2011, Form 8-K, Exhibit 10.25
<a href="#">4.1(b)</a>	Amendment, dated March 11, 2014, to Class J Common Stock Purchase Warrants	March 14, 2014, Form 8-K, Exhibit 10.39
<a href="#">4.2</a>	Form of Consulting Warrants	June 30, 2011, Form 10-Q, Exhibit 10.21
<a href="#">4.3</a>	Form of Series A Warrant	December 8, 2016, Form 8-K, Exhibit 4.1
<a href="#">4.5</a>	Form of Warrant	April 6, 2017, Form 8-K, Exhibit 4.1
<a href="#">10.1*</a>	Form of Non-Qualified Option Agreement	March 15, 2012, Form 8-K, Exhibit 10.26
<a href="#">10.2(a)*</a>	Employment Agreement, dated January 8, 2014, between Ohr Pharmaceutical, Inc. and Sam Backenroth	January 10, 2014, Form 8-K, Exhibit 10.38

<b>Exhibit Number</b>	<b>Description of Exhibit</b>	<b>The filings referenced for incorporation by reference are Ohr Pharmaceutical, Inc. (File No. 001-35963)</b>
<a href="#"><u>10.2(b)*</u></a>	Amendment 1, dated as of January 6, 2015, to the Employment Agreement, dated January 8, 2014, between Ohr Pharmaceutical, Inc. and Sam Backenroth	January 8, 2015, Form 8-K, Exhibit 10.51
<a href="#"><u>10.2(c)*</u></a>	Proprietary Information and Inventions Agreement, dated April 10, 2010, between Ohr Pharmaceutical, Inc. and Sam Backenroth	September 30, 2015, form 10-K, Exhibit 10.3(c)
<a href="#"><u>10.3</u></a>	Securities Purchase Agreement, dated April 5, 2016, by and among Ohr Pharmaceuticals, Inc. and to purchasers listed therein.	April 6, 2017, Form 8-K, Exhibit 10.1.
<a href="#"><u>10.4</u></a>	Placement Agent Agreement dated as of April 5, 2017, by and among Ohr Pharmaceutical, Inc., Chardan Capital Markets, LLC and H.C. Wainwright & Co., LLC	April 6, 2017, Form 8-K, Exhibit 10.2
<a href="#"><u>10.5</u></a>	Assignment and Assumption Agreement, dated as of May 30, 2014, between Ohr Pharmaceutical, Inc. and Ohr Holdco, Inc.	June 2, 2014, Form 8-K, Exhibit 10.44
<a href="#"><u>10.6</u></a>	Subscription Agreement, dated as of April 8, 2014, among Ohr Pharmaceutical, Inc. and the purchasers identified on the signature page thereto	April 8, 2014, Form 8-K, Exhibit 10.41
<a href="#"><u>10.7</u></a>	Placement Agency Agreement, dated as of April 8, 2014, among Ohr Pharmaceutical, Inc. and Chardan Capital Markets, LLC and Brean Capital, LLC	April 8, 2014, Form 8-K, Exhibit 10.40
<a href="#"><u>10.8</u></a>	Securities Purchase Agreement, dated December 7, 2016, by and among Ohr Pharmaceuticals, Inc. and to purchasers listed therein	December 8, 2016, Form 8-K, Exhibit 10.1
<a href="#"><u>10.9</u></a>	Letter Agreement, dated December 2, 2016, by and between Ohr Pharmaceutical, Inc. and H.C. Wainwright & Co., LLC	December 8, 2016, Form 8-K, Exhibit 10.2
<a href="#"><u>10.10a</u></a>	Ohr Pharmaceutical, Inc. 2016 Consolidated Stock Incentive Plan	March 21, 2016, Form 8-K, Exhibit 10.1
10.11(b)*	Form of Stock Option Agreement	Filed herewith
10.11(c)*	Form of Restricted Stock Agreement	Filed herewith
<a href="#"><u>10.10(a)*</u></a>	<a href="#"><u>The Ohr Pharmaceutical, Inc. 2014 Stock Incentive Plan</u></a>	April 14, 2014, Form 8-K, Exhibit 10.42
<a href="#"><u>10.10(b)*</u></a>	<a href="#"><u>Amendment to Ohr Pharmaceutical, Inc. 2014 Stock Incentive Plan</u></a>	September 30, 2015, Form 10-K, Exhibit 10.8(b)
<a href="#"><u>10.11*</u></a>	<a href="#"><u>Form of Stock Option Agreement</u></a>	March 31, 2015, Form 10-Q, Exhibit 10.53
<a href="#"><u>10.12*</u></a>	<a href="#"><u>Ohr Pharmaceutical, Inc. 2009 Stock Incentive Plan</u></a>	March 31, 2010, Form 10-Q, Exhibit 10.1

**The filings referenced for  
incorporation by reference  
are Ohr Pharmaceutical, Inc.  
(File No. 001-35963)**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>	
<a href="#">14</a>	<a href="#">Code of Ethics</a>	September 30, 2015, Form 10-K, 10.8(b)
<a href="#">21</a>	<a href="#">Subsidiaries of the Registrant</a>	Filed herewith
<a href="#">23</a>	<a href="#">Consent of Independent Registered Public Accounting Firm</a>	Filed herewith
<a href="#">31.1</a>	<a href="#">Section 302 Certification of Chief Executive Officer</a>	Filed herewith
<a href="#">31.2</a>	<a href="#">Section 302 Certification of Chief Financial Officer</a>	Filed herewith
<a href="#">32.1</a>	<a href="#">Section 906 Certification of Chief Executive Officer</a>	Filed herewith
<a href="#">32.2</a>	<a href="#">Section 906 Certification of Chief Financial Officer</a>	Filed herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REGISTRANT:  
OHR PHARMACEUTICAL, INC.

Dated: January 3, 2019

By: /s/ JASON SLAKTER  
Jason Slakter, Chief Executive Officer  
(Principal Executive Officer)

Dated: January 3, 2019

By: /s/ SAM BACKENROTH  
Sam Backenroth, Chief Financial Officer  
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: January 3, 2019

By: /s/ JASON SLAKTER  
Jason Slakter, Director

Dated: January 3, 2019

By: /s/ MICHAEL FERGUSON  
Michael Ferguson, Director

Dated: January 3, 2019

By: /s/ ORIN HIRSCHMAN  
Orin Hirschman, Director

Dated: January 3, 2019

By: /s/ JUNE ALMENOFF  
June Almenoff, Director

Dated: January 3, 2019

By: /s/ THOMAS RIEDHAMMER  
Thomas Riedhammer, Director

**Exhibit 21**

**List of Subsidiaries of Ohr Pharmaceutical, Inc.**

1. Ohr Opco, Inc. (incorporated in Delaware)
  2. Ohr Pharma, LLC (organized in Delaware)
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**Exhibit 23**  
**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333- 220487) and Form S-8 (No. 333-215382) of Ohr Pharmaceutical, Inc. of our report dated January 3, 2019, relating to the consolidated financial statements for the year ended September 30, 2018, which report appears in this Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

/s/ MaloneBailey, LLP

www.malonebailey.com

Houston, Texas

January 3, 2019

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**Exhibit 31.1**  
Certification of Chief Executive Officer  
Pursuant to Section 302 of the  
Sarbanes-Oxley Act of 2002

I, Jason Slakter, certify that:

1. I have reviewed this report on Form 10-K of Ohr Pharmaceutical, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a15(f) and 15(d)-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 3, 2019

/s/ Jason Slakter

Jason Slakter, Chief Executive Officer  
(Principal Executive Officer)

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**Exhibit 31.2**  
Certification of Chief Financial Officer  
Pursuant to Section 302 of the  
Sarbanes-Oxley Act of 2002

I, Sam Backenroth, certify that:

1. I have reviewed this report on Form 10-K of Ohr Pharmaceutical, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a15(f) and 15(d)-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: January 3, 2019

/s/ Sam Backenroth

Sam Backenroth, Chief Financial Officer  
(Principal Financial and Accounting Officer)

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**Exhibit 32.1**

Certification of Chief Executive Officer  
Pursuant to 18 U.S.C Section 1350,  
As Adopted Pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002

Not Filed Pursuant to the Securities Exchange Act of 1934

In connection with the Annual Report of Ohr Pharmaceutical, Inc. (the "*Company*") on Form 10-K for the fiscal year ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Jason Slakter, Chief Executive Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 3, 2019

/s/ Jason Slakter

Jason Slakter, Chief Executive Officer  
(Principal Executive Officer)

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**Exhibit 32.2**

Certification of Chief Financial Officer  
Pursuant to 18 U.S.C Section 1350,  
As Adopted Pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002

Not Filed Pursuant to the Securities Exchange Act of 1934

In connection with the Annual Report of Ohr Pharmaceutical, Inc. (the "*Company*") on Form 10-K for the fiscal year ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Sam Backenroth, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 3, 2019

/s/ **Sam Backenroth**

Sam Backenroth, Chief Financial Officer  
(Principal Financial and Accounting Officer)

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