# LETTER TO SHAREHOLDERS

December 6, 2018

Dear BioPharmX Shareholders,

I would like to introduce myself as the new CEO of BioPharmX. I was recruited by the Board of Directors because of my significant experience leading pharmaceutical and medical device companies through the product development process to FDA approval and, ultimately, commercial launch. Prior to joining BioPharmX, I served as President/CEO at a number of public and private companies, leading those organizations through three NDA approvals, one PMA approval and three successful company exits via M&A. Most recently I served as CEO of Icon Bioscience, an ophthalmology drug delivery company. Before its merger with EyePoint Pharmaceuticals in March 2018, I led the Icon team in the development and February 2018 FDA approval for the drug DEXYCU, a dexamethasone intraocular suspension to treat post-cataract surgery inflammation.

Since joining BioPharmX a little over two months ago, I have focused my efforts on understanding and evaluating the company's technologies, including the Research & Development (R&D) and Chemistry, Manufacturing and Controls (CMC) work that has been conducted to date, and its capabilities and resources to execute on our drug development strategy. As part of my evaluation, I have consulted with several key opinion leaders and am encouraged by the significant potential of the HyantX™ delivery system and its late-stage development assets, BPX-01 and BPX-04. I have also met and spoken with several key stakeholders to understand the concerns and challenges the company faces as it embarks on a new chapter of operational execution to deliver long-term value to its shareholders.

Based on these discussions and my assessment, we have already taken strategic steps to focus BioPharmX on becoming a high-value dermatology company:

- Following a thorough pipeline review, we streamlined our pipeline strategy to focus exclusively on development candidates based on our HyantX delivery system and discontinued non-core development programs. It is imperative that we focus efforts and resources on programs that promise the highest clinical value and near-term visibility.

- After reviewing spending and resource allocation, we initiated a reduction in workforce in mid-November to rightsize the company to focus our resources on core programs and reduce non-essential costs. The headcount reduction, coupled with moving our R&D facility to a lower-cost location in San Jose, CA, will represent annual savings to the company in excess of $2 million a year.

BPX-04 for the treatment of papulopustular rosacea serves as an example of the focused and disciplined execution against near-term milestones that I plan for the company. We recently initiated a phase 2b study of the product and look forward to updating shareholders on this program with topline data expected mid-2019.

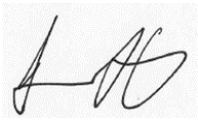
Our operational focus is on the ongoing clinical study in rosacea and CMC development in preparation for phase 3. However, I also want to take this opportunity to address concerns surrounding earlier discussions of a partnership for BPX-01 for acne and maintaining compliance with the New York Stock Exchange.

While strategic partnering has been and continues to be an attractive option for advancing clinical development, regulatory submission, and commercial launch for BPX-01 for acne, a strategic review of the program is ongoing to determine our ultimate go-forward strategy. We want to consider all options before committing the company to a single course of action. We will provide an update when that strategy is defined.

Maintaining compliance with the NYSE American continued listing standards is of paramount importance and the company is working with NYSE Regulation to restore full compliance.

In closing, I am very excited for the opportunity to lead the BioPharmX team and look forward to realizing the value associated with our unique delivery technology. Additionally, I would like to thank the Board, who shares our long-term vision for pipeline advancement and disciplined growth strategies, and our shareholders, who are placing their trust in me as we look toward the future. I look forward to a successful 2019.

With warm regards,



David S. Tierney, M.D.
President & CEO

**Forward-Looking Statement**

This letter contains forward-looking statements related to the company's plans or developments that involve risks, uncertainties and assumptions, and are subject to the "safe harbor" of the Private Securities Litigation Reform Act of 1995. These statements may be identified by words such as "plan," "expect," "believe," "intend," "should," "may" or similar expressions. Important factors that could cause actual results to differ materially than those expressed or implied in such statements include, but are not limited to, the time necessary to complete studies for BPX-01, the timing and enrollment for phase 2 of the BPX-04 study, the company's ability to obtain patent protection and defend its intellectual property and the company's ability to regain compliance with the requirements of the NYSE American and maintain its listing in the future. Additional risks are set forth in the company's filings with the Securities and Exchange Commission, including those described in the company's Quarterly Report on Form 10-Q for the most recent fiscal quarter. The forward-looking statements included in this letter are made only as of the date hereof, and the company undertakes no obligation to publicly update such statements.