



Aileron Therapeutics Reports Second Quarter 2017 Financial Results

August 10, 2017

*Initial clinical data showing anti-tumor activity with ALRN-6924 presented at ASCO 2017
-Presentation selected for Best of ASCO Meetings*

Ongoing enrollment of clinical trials in PTCL and AML/MDS

Initial public offering raised \$50 million in net proceeds

ALRN-6924 granted Orphan Drug designation in AML

CAMBRIDGE, Mass., Aug. 10, 2017 (GLOBE NEWSWIRE) -- Aileron Therapeutics (NASDAQ:ALRN), the clinical-stage leader in the field of stapled peptide therapeutics for cancers and other diseases, today reported financial results for the second quarter ended June 30, 2017, and provided an update on recent developments.

"The first half of the year was highly productive for our Company, marked by significant progress across multiple clinical studies with our lead product candidate, and operationally, with the completion of a successful IPO," said Joseph A. Yanchik III, President and CEO. "We were pleased with the response to our clinical data presentation at ASCO in June on ALRN-6924, the first stapled peptide therapeutic designed to restore the function of tumor suppressor p53, and with the continued enthusiasm for our ongoing clinical studies in PTCL, AML and MDS. Our IPO provided the Company with the financial resources needed to advance ALRN-6924 and expand our pipeline of stapled peptide therapeutics. We are looking forward to reporting interim data from these ongoing trials during the first half of 2018."

Clinical Program Developments

- **Anti-Tumor Activity Shown in Phase 1 Trial with P53-Targeting ALRN-6924**

In an oral presentation at the American Society of Clinical Oncology (ASCO) annual meeting, data were reported from the ongoing Phase 1 "All-comers" trial with ALRN-6924, demonstrating a favorable safety profile and anti-tumor activity in a variety of advanced solid tumors and lymphomas. Of the 41 patients who received a therapeutic dose, there were two complete responses (CR), two partial responses (PR) and 20 patients with stable disease (SD) for a disease control rate of 59%. As of May 1, 2017, one CR patient, both PR patients and two SD patients had received ALRN-6924 for more than one year. The Aileron abstract was also selected for the Best of ASCO® Meetings program, an educational initiative highlighting the year's most notable abstracts from the conference.

- **Enrollment Ongoing in PTCL and AML/MDS Clinical Studies**

In addition to the Phase 1 "All-comers" trial, Aileron continues to advance its lead product candidate ALRN-6924 in multiple indications, including a Phase 2a trial for the treatment of patients with peripheral T-cell lymphoma (PTCL), a Phase 1 trial for the treatment of acute myeloid leukemia (AML) and advanced myelodysplastic syndrome (MDS) as a monotherapy, and a Phase 1b trial for the treatment of AML/MDS in combination with cytosine arabinoside, or Ara-C. The Company expects to report interim results from the PTCL clinical trial in the first half of 2018. In April, ALRN-6924 was granted orphan drug designation for AML by the U.S. Food and Drug Administration (FDA).

Corporate Highlights

- **Company Completes Successful Initial Public Offering**

In an initial public offering (IPO) in early July, Aileron issued and sold 3,750,000 shares of common stock at an offering price of \$15 per share, resulting in net proceeds of approximately \$50 million after deducting underwriting discounts, commissions and expenses.

- **Appointment of Chief Financial Officer**

Donald Dougherty joined the Aileron management team as Senior Vice President and Chief Financial Officer in June. He brings more than 30 years of financial leadership experience, most recently as President at Compound Capital Growth Investments, LLC, a Boston investment firm he founded that focused on biopharmaceutical and other technology sectors.

Second Quarter 2017 Financial Results

- **Cash Position and Guidance:** Cash, cash equivalents and investments as of June 30, 2017 were \$11.3 million, compared to \$20.7 million as of December 31, 2016. The Company closed its initial public offering on July 5, 2017, resulting in net proceeds of \$50.1 million. The Company believes that the net proceeds from the initial public offering, together with its cash, cash equivalents and investments as of June 30, 2017, will enable the Company to fund its operating expenses and capital expenditure requirements through Q2 2019.
- **R&D Expenses:** Research and development (R&D) expenses were \$3.2 million in Q2 2017, compared to \$2.1 million in Q2 2016. This increase was primarily driven by advances in the Company's ALRN-6924 programs and expenses related to hiring additional R&D personnel.
- **G&A Expenses:** General and administrative (G&A) expenses were \$1.8 million in Q2 2017, compared to \$3.5 million in Q2 2016. The decrease was primarily due to a decrease in professional fees related to the write-off of financing costs in Q2 2016, consisting mostly of legal and accounting fees, previously capitalized in connection with a 2016 equity financing.
- **Net Loss:** The Company reported a net loss attributable to common stockholders of (\$4.9) million in Q2 2017, compared to (\$5.6) million in Q2 2016.

Upon the closing of the Company's IPO on July 5, 2017, the Company's convertible preferred stock automatically converted into 10,509,774 shares of common stock. As a result of this timing, the 10,509,774 shares of common stock could not be included in the weighted average common shares outstanding for Q2 2017, thus, the Company's weighted average common shares outstanding for Q2 2017 only includes 450,495 shares. This exclusion has a significant impact on the calculation of net loss attributable to common stockholders. As a result, we have presented below both the GAAP net loss per share reflecting the smaller number of shares of common stock and a pro forma non-GAAP loss per share reflecting the inclusion in the loss per share calculation of the shares of common stock issued upon conversion of the convertible preferred stock.

Based on the weighted average common shares outstanding, the Company reported a net loss attributable to common stockholders of (\$10.98) per share in Q2 2017, compared to (\$12.95) per share in Q2 2016. GAAP weighted average common shares for Q2 2017 and 2016 were 450,495 and 428,870, respectively for the three months ended June 30, 2017 and 2016.

Adjusting for the conversion of the convertible preferred shares, non-GAAP net loss attributable to common stockholders for Q2 2017 and Q2 2016 was (\$0.45) and (\$0.59) per share, respectively, based on non-GAAP weighted average common shares outstanding of 11.0 and 9.5 million shares, respectively.

A reconciliation of GAAP to non-GAAP financial measures has been provided in the table included below in this press release. An explanation of these measures is also included below under the heading "Non-GAAP Financial Measures."

- **Shares Outstanding:** As of July 5, 2017, subsequent to the closing of the IPO and the conversion of the convertible preferred stock, there were 14.7 million shares of common stock outstanding.

About ALRN-6924

ALRN-6924 is a first-in-class product candidate designed to reactivate wild type p53 tumor suppression by disrupting the interactions between the two primary p53 suppressor proteins, MDMX and MDM2. Aileron believes ALRN-6924 is the first and only product candidate in clinical development that can equipotently bind to and disrupt the interaction of MDMX and MDM2 with p53. Based on preclinical data and preliminary evidence of safety and anti-tumor activity in its ongoing clinical trials, there may be a significant opportunity to develop ALRN-6924 as a monotherapy or combination therapy for a wide variety of solid and liquid tumors. ALRN-6924 is currently being evaluated in multiple clinical trials for the treatment of acute myeloid leukemia (AML), advanced myelodysplastic syndrome (MDS) and peripheral T-cell lymphoma (PTCL). For information about its clinical trials, please visit www.clinicaltrials.gov.

About Aileron

Aileron is a clinical-stage biopharmaceutical company advancing stapled peptides, a novel class of therapeutics for cancers and other diseases. Stapled peptides are chemically stabilized alpha-helical peptides that are modified to improve their stability and cell penetrability while maintaining high affinity for large protein surfaces. Our goal is to use our proprietary stapled peptide drug platform to create first-in-class therapeutics, like ALRN-6924, that may be able to address historically undruggable targets and complex mechanisms that underlie many diseases with high unmet medical need. Our platform enables us to chemically stabilize and improve the performance and activity of a broad range of alpha-helical peptides that

we believe can potentially activate and inhibit key cellular functions that are otherwise difficult to target with existing drug technologies, including small molecules and monoclonal antibodies. For more information, visit www.aileronrx.com.

Forward-Looking Statements

Statements in this press release about Aileron's future expectations, plans and prospects, as well as any other statements regarding matters that are not historical facts, may constitute forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements about the Company's cash forecast, the sufficiency of the Company's cash resources and the timing of clinical trial enrollments and data. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including whether Aileron's cash resources will be sufficient to fund its continuing operations for the periods and/or trials anticipated; whether results obtained in preclinical studies and clinical trials will be indicative of results obtained in future clinical trials; whether Aileron's product candidates will advance through the clinical trial process on a timely basis, or at all; whether the results of such trials will warrant submission for approval from the United States Food and Drug Administration or equivalent foreign regulatory agencies; whether Aileron's product candidates will receive approval from regulatory agencies on a timely basis or at all; whether, if product candidates obtain approval, they will be successfully distributed and marketed; and other factors discussed in the "Risk Factors" section of Aileron's Prospectus that forms a part of the Company's Registration Statement on Form S-1 1 (File No. 333-218474). The Prospectus was filed with the Securities and Exchange Commission (SEC) pursuant to Rule 424(b)(4) on June 29, 2017 and risks described in other filings that Aileron may make with the Securities and Exchange Commission. Any forward-looking statements contained in this press release speak only as of the date hereof, and Aileron specifically disclaims any obligation to update any forward-looking statement, whether because of new information, future events or otherwise.

Non-GAAP Financial Measures

We report all financial information required in accordance with U.S. generally accepted accounting principles (GAAP). To supplement our unaudited condensed financial statements presented in accordance with GAAP, we use certain non-GAAP measures of financial performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. We use non-GAAP weighted average shares outstanding to calculate non-GAAP net loss per share attributable to common stockholders. This non-GAAP financial measure gives effect to the conversion of all outstanding shares of preferred stock to common stock, as if such conversion had occurred at the beginning of the period.

For a reconciliation of historical non-GAAP financial measures to the most directly comparable GAAP financial measures, please see the accompanying table titled "Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures."

We believe that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our results. Management uses, and believes that investors benefit from referring to these non-GAAP financial measures in assessing our operating results, as well as when planning, forecasting and analyzing future periods. For periods prior to the closing of our initial public offering on July 5, 2017, we give effect to the automatic conversion of all outstanding shares of redeemable convertible preferred stock to common stock, as if such conversion had occurred at the beginning of the period, in our calculations of non-GAAP weighted average common shares, basic and diluted, and non-GAAP net loss per share attributable to common stockholders, basic and diluted. The inclusion of these shares facilitates the comparison of results and business outlook for future periods with results for prior periods in order to better understand the long-term performance of our business.

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

Aileron Therapeutics, Inc.

Reconciliation of non-GAAP net loss per share, basic and diluted

	(in thousands, except per share data)	
	Three Months Ended June 30,	
	2017	2016
GAAP net loss per share attributable to common stockholders—basic and diluted	\$ (10.98	\$ (12.95
Numerator:		
GAAP net loss	\$ (4,923	\$ (5,534
Accretion of redeemable convertible preferred stock to redemption value	(21	(19
GAAP net loss attributable to common stockholders	\$ (4,944	\$ (5,553
Denominator:		
GAAP weighted average common shares outstanding — basic and diluted	450,495	428,870
Assumed conversion of redeemable convertible preferred stock to common stock	10,509,774	9,057,339
Non-GAAP weighted average common shares outstanding - basic and diluted	10,960,269	9,486,209
Non-GAAP net loss per share attributable to common stockholders—basic and diluted	\$ (0.45	\$ (0.59

Investors:

Aileron Therapeutics
Don Dougherty, CFO
617-995-2806

ddougherty@aileronrx.com

Media:

BMC Communications

Brad Miles, 646-513-3125

bmiles@bmccommunications.com

Source: Aileron Therapeutics



Aileron Therapeutics