



Aileron Therapeutics Reports Third Quarter 2017 Financial Results

November 9, 2017

Company continues to advance clinical trials of lead product candidate ALRN-6924 in PTCL and AML/MDS

Two abstracts selected for oral presentations at American Society of Hematology Annual Meeting, highlighting potential of p53-reactivating ALRN-6924 in the treatment of PTCL and AML

CAMBRIDGE, Mass., Nov. 09, 2017 (GLOBE NEWSWIRE) -- Aileron Therapeutics (NASDAQ:ALRN), the clinical-stage leader in the field of stapled peptides developing therapeutics for cancers and other diseases, today reported financial results for the third quarter ended September 30, 2017, and provided an update on recent developments.

"Throughout the third quarter, we continued to progress across multiple clinical studies with our lead stapled peptide product candidate, ALRN-6924, which we believe to be the first dual-inhibitor of MDMX and MDM2 in clinical development, designed to restore the function of tumor suppressor p53," said Joseph A. Yanchik III, President and Chief Executive Officer. "We are looking forward to the preclinical reports by our collaborators from two studies of ALRN-6924 in PTCL and AML selected for oral presentations at the upcoming ASH Annual Meeting."

Program Highlights and Current Updates

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

Aileron continues to advance its p53-reactivating lead product candidate, ALRN-6924, in multiple clinical trials that include 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 anticipates reporting interim results from the PTCL clinical trial in the first half of 2018. ALRN-6924 has orphan drug designation for AML with the U.S. Food and Drug Administration (FDA).

- **Two Abstracts on Lead Product Candidate ALRN-6924 Selected for Oral Presentation at Upcoming American Society of Hematology (ASH) Annual Meeting in December**

The oral presentations will highlight preclinical data supporting the potential of the Company's lead asset ALRN-6924 in PTCL and AML from its collaborations with the Dana-Farber Cancer Institute and Albert Einstein College of Medicine, respectively.

Corporate Highlights

- **Company Completed \$50 Million IPO**

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

- **Aileron Added to the Russell 2000®, Russell 3000® and Russell Microcap® Indexes**

In September, the Company was added to the Russell indexes. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity market and is a subset of the Russell 3000, representing approximately 10 percent of the total market capitalization of that index.

Third Quarter 2017 Financial Results

- **Cash Position and Guidance:** Cash, cash equivalents and investments as of September 30, 2017 were \$56.9 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 \$50.0 million. The Company believes that its cash, cash equivalents and investments as of September 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 \$3.8 million in Q3 2017, compared to \$2.6 million in Q3 2016. This increase was primarily driven by increased activity in the Company's ALRN-6924 program and expenses related to the hiring of additional R&D personnel. The Company expects R&D expenses to continue to increase as it continues to advance its ALRN-6924 program and hires additional R&D personnel.
- **G&A Expenses:** General and administrative (G&A) expenses were \$2.6 million in Q3 2017, compared to \$1.6 million in Q3 2016. The increase was primarily due to increases in non-cash stock compensation costs and professional fees, consisting mostly of legal and accounting fees. The Company expects G&A expenses to continue to increase as it hires additional personnel to support the Company's anticipated growth in its research and development activities and incurs increased expenses associated with being a public company.
- **Net Loss:** The Company reported a net loss attributable to common stockholders of (\$6.3) million in Q3 2017 compared to (\$4.2) million in Q3 2016.

Based on the Company's weighted average shares outstanding, the Company reported a net loss attributable to common stockholders of (\$0.45) per share, in Q3 2017, compared to \$(9.84) per share, in Q3 2016. Q3 2017 GAAP net loss per share attributable to common stockholders was impacted by the timing of the conversion of the Company's pre-IPO convertible preferred stock which converted into common stock upon the closing of its initial public offering on July 5, 2017 as GAAP weighted-average common shares for Q3 2017 and 2016 were 13,939,950 and 430,929, respectively for the three months ended September 30, 2017 and 2016.

Non-GAAP net loss attributable to common stockholders for Q3 2017 and Q3 2016 was (\$0.43) and (\$0.45) per share, respectively, based on non-GAAP weighted-average common shares outstanding of 14.5 and 9.5 million shares, respectively. The non-GAAP weighted-average shares outstanding gives effect to the 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.

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 September 30, 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 quarterly report on Form 10-Q for the period ended September 30, 2017, filed on November 9, 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 September 30,	
	2017	2016
GAAP net loss per share attributable to common stockholders—basic and diluted	\$ (0.45)	\$ (9.84)
Numerator:		
GAAP net loss	\$ (6,259)	\$ (4,222)
Accretion of redeemable convertible preferred stock to redemption value	-	(19)
GAAP net loss attributable to common stockholders	\$ (6,259)	\$ (4,241)
Denominator:		
GAAP weighted average common shares outstanding — basic and diluted	13,939,950	430,929
Assumed conversion of redeemable convertible preferred stock to common stock ⁽¹⁾	571,183	9,057,338
Non-GAAP weighted average common shares outstanding - basic and diluted	14,511,133	9,488,267
Non-GAAP net loss per share attributable to common stockholders—basic and diluted	\$ (0.43)	\$ (0.45)

(1) All redeemable convertible preferred stock converted to common stock upon the settlement of the IPO on July 5th. Conversion of the preferred stock into common stock is presumed to have occurred at the beginning of each of the periods presented.

Investors:

Aileron Therapeutics
 Don Dougherty, CFO
 617-995-0900
ddougherty@aileronrx.com

Media:

BMC Communications
 Brad Miles, 646-513-3125
bmiles@bmccommunications.com

Source: Aileron Therapeutics

