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Allysta Pharmaceuticals, Inc. Raises \$15 Million in Series A Financing to Advance Novel Therapeutic for Dry Eye Disease

SAN MATEO, CA (ACCESSWIRE) Allysta Pharmaceuticals, Inc. (“Allysta”) today announced that they have completed a \$15 million Preferred Series A equity financing with Morningside Venture Investments Limited (“Morningside Ventures”). Allysta is advancing its compound ALY688, a first-in-class therapeutic peptide, for the treatment of dry eye disease and plans to submit an investigational new drug application (“IND”) and initiate clinical studies in late 2019. With the financing, Allysta also converted \$690,000 convertible note debt to equity.

ALY688 is a novel peptide analogue of adiponectin, a natural protein which has been shown to have broad anti-inflammatory actions as well as promote epithelial cell (including corneal) regeneration following injury. In animal models, the compound improved multiple dry eye measures and decreased inflammation on the ocular surface as well as shortened the time to healing following corneal injury, addressing two important features that perpetuates the dry eye disease cycle. The financing will be used to complete IND-enabling work and carry out clinical studies through Phase 2b in dry eye patients.

“We are very pleased to have the financial backing from Morningside Ventures to advance ALY688 from the laboratory into the clinic,” said CEO and President Henry Hsu, M.D. “We believe that the unique ability of ALY688 to improve multiple aspects of ocular surface damage and inflammation associated with dry eye may provide benefit to a wider range of dry eye patients than current treatments.”

In addition to developing ALY688 for ocular indications, Allysta is also advancing a systemic formulation of ALY688 for metabolic diseases including non-alcoholic steatohepatitis (“NASH”), where adiponectin protein has been shown to play an important role in protecting against insulin resistance, hepatic inflammation and fat accumulation, and fibrosis.

About Morningside Venture Investments Limited

Morningside is a diversified investment group founded in 1986 by the Chan family of Hong Kong. It is engaged primarily in private equity and venture capital investments, including

early-stage life science companies formed around new technologies. Morningside works with both academics and industry professionals to bring scientific discoveries into the clinic. The firm invests in novel therapeutics, diagnostics, and medical devices across many disease areas. For more information, visit www.morningside.com.

About Allysta Pharmaceuticals, Inc.

Allysta is a privately-held biopharmaceutical company developing first-in-class peptide therapeutics with a current focus in dry eye and liver diseases. The company's lead compound, ALY688, acts as an agonist of the adiponectin receptor and induces adiponectin-like responses. Since its discovery more than 20 years ago as a major hormone produced by adipocytes and other cell types, many studies have shown that adiponectin has beneficial actions on multiple organs and cell types because of its anti-inflammatory, insulin-sensitizing, anti-atherogenic, anti-steatotic, and anti-fibrotic properties. This broad range of activity provides an opportunity to evaluate ALY688 in multiple disease indications. Data from disease models have been consistent with predicted biologic effects. For example, in ocular models of dry eye and corneal injury, ALY688 decreased inflammation on the ocular surface (both T cell and pro-inflammatory cytokines) and promoted rapid healing (re-epithelization) following corneal injury. Additionally, in models of liver fibrosis, ALY688 reduced inflammation, hepatocyte injury, and fibrosis.

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