Aerpio Pharmaceuticals Announces Review of Strategic Alternatives

October 21, 2019

CINCINNATI--(BUSINESS WIRE)--Oct. 21, 2019-- Aerpio Pharmaceuticals, Inc. (NasdaqCM: ARPO), a biopharmaceutical company focused on developing compounds that activate Tie2 to treat ocular disease and diabetic complications, today announced that its Board of Directors has initiated a process to explore and review a range of strategic alternatives focused on maximizing stockholder value from the Company's clinical assets and cash resources, which amounted to $48.2 million as of June 30, 2019. The Board is exploring the potential for an acquisition, company sale, merger, business combination, asset sale, in-license, out-license or other strategic transaction.

In addition, Aerpio has engaged Evercore, Ladenburg Thalmann & Co. Inc. and Duane Nash, M.D., J.D., M.B.A. to act as strategic advisors for this process. There can be no assurance that this exploration of strategic alternatives will result in the Company entering or completing any transaction. Aerpio does not intend to make any further disclosures regarding the strategic review process unless and until a specific course of action is approved.

In parallel with this strategic review, the Company also intends to streamline operations in order to preserve its capital and cash resources. Going forward, the management team will be led by Joseph Gardner, Ph.D., the Company's current President with Gina Marek, the company's Vice President of Finance, continuing in her position. Stephen J. Hoffman, M.D., Ph.D., and Michael W. Rogers, the company's Chief Executive Officer and Chief Financial Officer, respectively, have transitioned from their roles, and Dr. Hoffman has resigned from his position on the Board.

About Aerpio Pharmaceuticals

Aerpio Pharmaceuticals, Inc. is a biopharmaceutical company focused on advancing first-in-class compounds that activate Tie2 to treat ocular diseases and complications of diabetes. Tie2 is an important regulator of vascular stability, and its down-regulation, through activation of two inhibitors VE-PTP and Ang-2, is found in patients with diabetes and other conditions. The Company's lead compound, AKB-9778, a first-in-class small molecule inhibitor of VE-PTP, is being investigated in an ongoing Phase 1b clinical trial as a topical drop formulation for its therapeutic potential in open-angle glaucoma. In the recently completed phase 2b study (TIME-2b) AKB-9778 demonstrated the ability to lower proteinuria (as measured by decreasing urinary albumin creatine ratio, UACR) by about 20% replicating a finding in the previous phase 2 study. The decrease in proteinuria suggests that AKB-9778 and our other Tie2 activating drug, ARP-1536, may have the potential to improve kidney function in diabetics potentially delaying progression to kidney dialysis. The Company's second asset, ARP-1536 is a humanized monoclonal antibody observed to activate Tie2 receptors in a dose-dependent manner in preclinical models. Aerpio believes ARP-1536 holds potential as a monthly or biweekly systemic therapy to treat diabetic complications, including diabetic nephropathy. The company's third asset is a bispecific antibody that binds both VEGF and VE-PTP which inhibits VEGF activation and activates Tie2. This bispecific antibody has the potential to be an improved product for treating wAMD and DME via intravitreal injection. Finally, the Company has exclusively out-licensed its fourth asset AKB-4924 (now called GB004), a first-in-class small molecule inhibitor of hypoxia-inducible factor-1 (HIF). GB004 is being developed by AKB-4924's exclusive licensor, Gossamer Bio, Inc. (Nasdaq: GOSS), in return for an upfront payment of $20 million, future potential development, regulatory, and sales milestones of up to $400 million, and royalties on worldwide net sales. For more information, please visit www.aerpio.com.

Forward Looking Statements

This press release contains forward-looking statements. Statements in this press release that are not purely historical are forward-looking statements. Such forward-looking statements include, among other things, the Company's strategic alternatives review process and the potential transactions that may be identified and explored as a result of that process, the Company's product candidates, including AKB-9778 and ARP-1536, and the therapeutic potential thereof, and the intended benefits from its collaboration with Gossamer Bio, Inc. for GB004. Actual results could differ from those projected in any forward-looking statements due to several risk factors. Such factors include, among others, the ability to identify and consummate strategic alternatives that yield additional value for shareholders; the timing, benefits and outcome of the Company's strategic alternatives review process, including the determination of whether or not to pursue or consummate any strategic alternative; the structure, terms and specific risks and uncertainties associated with any potential strategic transaction; potential disruptions in our business and the stock price as a result of our exploration, review and pursuit of strategic alternatives or the public announcement thereof and any decision or transaction resulting from such review; the ability to continue to develop AKB-9778 or other product candidates; the inherent uncertainties associated with the drug development process, including uncertainties in regulatory interactions, commencing clinical trials and enrollment of patients in clinical trials; and competition in the industry in which the Company operates and overall market conditions; and the additional factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2018, as updated by our subsequent filings with the SEC. These forward-looking statements are made as of the date of this press release, and the Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law. Investors should consult all the information set forth herein and should also refer to the risk factor disclosure set forth in the reports and other documents the Company files with the SEC available at www.sec.gov.

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