PULMOTECT

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Pulmotect Completes Second Clinical Trial, Closes $1.75M Investment, Earns $1M NIH Award

Houston, TX (April 5, 2016) – Clinical stage biotechnology company Pulmotect, Inc. (www.pulmotect.com) completed a second clinical trial to characterize the safety of its lead drug candidate, PUL-042, a powerful inhalant that stimulates the innate immune system in the lungs, offering protection against a wide range of inhaled pathogens.

Additionally, the company closed on an initial $1.75 million Series A investment to further expand the use of the technology and launch trials in its initial target population. Pulmotect also was awarded another $1 million grant from the National Heart, Lung, and Blood Institute of the National Institutes of Health (NIH) to expand the use of PUL-042 with antivirals to treat viral infections. Total federal and state grant funding for the PUL-042 program now exceeds $18 million.

“The results we have seen in both the clinic and non-clinical studies coupled with further validation from the NIH and outside investors has laid a solid foundation to expand the use of this novel technology. The drug is well positioned to continue moving towards our initial indication to help cancer patients at risk of pneumonia when they are immunocompromised,” said Pulmotect president and co-founder Brenton Scott, Ph.D.

The second clinical trial characterized a favorable safety profile for administering multiple doses of the drug. Further evidence was also obtained suggesting the drug is being administered at an effective dose, similar to what has been done in animal models where activity has been shown to be effective against every bacterial, viral and fungal pathogen tested to date.

Backed by Fannin Innovation Studio, Pulmotect closed on $1.75 million of the Series A offering to position the company to expand into other indications, many with significant market sizes, such as combating inhaled emerging pathogens, prevent and treating seasonal and pandemic influenza, and preventing other respiratory infections, such as those commonly causing complications for people suffering from asthma, COPD and Cystic Fibrosis.

“It’s extraordinary that Pulmotect has leveraged its seed funding to this extent, while continuing to make significant clinical progress. We look forward to ramping up development of the company’s multi-target potential using the proceeds of this funding and its existing resources,” said Atul Varadhachary, Managing Principal of Fannin.

The Phase II Small Business Innovation Research (SBIR) grant from the NIH is an additional $1 million award that builds upon an earlier grant showing promising results of combining PUL-042 with common antivirals (such as Tamiflu) to provide better treatment

options for patients with viral infections, such as the flu. The grant is the seventh such award for Pulmotect under the NIH's peer-reviewed program, and it adds to the estimated $17 million in other grant funds that have supported the technology's development.

Pulmotect's core technology, PUL-042, was developed by researchers at The University of Texas MD Anderson Cancer Center and Texas A&M Health Science Center. It has shown to be an effective defense against a wide range of lethal inhaled pathogens by instantly stimulating the lungs' innate immune system after being inhaled. The short-term protection offered by PUL-042 offers numerous advantages, as the epithelial cells are activated through specific TLR (toll-like receptor) pathways, triggering a powerful and localized anti-microbial response.

The next stage of development is to conduct a Phase Ib/IIa clinical trial, with enrollment expected this year at the University of Texas MD Anderson Cancer Center. The goal of this trial will be to assess the tolerability of the drug in leukemia and stem-cell transplant patients who are susceptible to developing pneumonia, often a consequence of cancer treatments.

About Pulmotect, Inc.

Founded in 2007, Pulmotect's technology is licensed from The Texas A&M University System and The University of Texas MD Anderson Cancer Center. Pulmotect partnered in 2008 with Fannin Innovation Studio, a Houston-based early-stage life science management and investment company, to assist in the drug's commercial development. Pulmotect is the recipient of multiple early stage investments and grants, as well as recognition and awards from the biotechnology community, and the Company was awarded $7.1 million from the Cancer Prevention Institute of Texas (CPRIT). For more information, visit www.pulmotect.com.

About Fannin Innovation Studio

Houston-based Fannin Innovation Studio is an early-stage life sciences development group focused exclusively on commercializing medical technologies. Fannin partners with life science innovators to co-found startup companies by providing a pooled experienced management team, central office space and seed funding. To further bridge the commercialization gap, Fannin's apprenticeship program provides aspiring entrepreneurs with hands-on development experience with its portfolio companies. For more information, visit www.FanninInnovation.com or email innovate@fannininnovation.com.

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