

Middleland Capital's VTC Innovation Fund and Pharmstandard International Co-lead \$8.5m Series B Financing of TearSolutions, Inc.

Roanoke, Virginia, December 7, 2017 – Middleland Capital's Virginia Tech Carilion (VTC) Innovation Fund and Pharmstandard International, S.A. co-led the \$8.5M Series B financing of TearSolutions, Inc. Also participating were most of TearSolutions' existing investors, including Santen Ventures, Inc. Proceeds will be used to advance Lacripep™, a novel replacement therapy for dry eye disease, through its ongoing Phase I/II clinical trial.

TearSolutions, Inc. is a clinical stage ocular health-focused pharmaceutical company whose lead candidate, Lacripep™, is currently in a Phase I/II clinical trial of primary Sjögren's Syndrome dry eye. Lacripep™, a novel and naturally occurring peptide fragment of the tear protein Lacritin, is being developed as a replacement therapy, which restores tearing and homeostasis to the ocular surface as has been demonstrated preclinically.

"TearSolutions is poised to make a significant impact in the lives of dry eye patients," said James Ramey, JD, Principal and Fund Manager of Middleland Capital's VTC Innovation Fund, who will be joining TearSolutions' Board of Directors as an observer. "This Company has a blue-chip management team and we are proud to work with our syndicate partners to support TearSolutions' efforts as it advances Lacripep™ to this underserved patient population."

"Due to its unique mode of action and excellent safety profile, Lacripep™ has a great chance to become a breakthrough product for dry eye disease, particularly for primary Sjögren's Syndrome patients. The team is equipped with outstanding management and investment syndicate, so I believe we have everything in place to make this story a success," notes Alexey Vinodogrov, head of Pharmstandard Ventures, who will be joining TearSolutions' Board of Directors in conjunction with the financing.

TearSolutions' current 201 patient Phase I/II POC trial (FPI June 2017, LPO Q1 2018) compares vehicle to two dose strengths of Lacripep™, a novel 19 AA peptide that is present in similar form in normal tears and deficient in all forms of dry eye. "We are enrolling patients at clinical trial sites across the United States with the help of the Sjögren's Syndrome Foundation and CRO Lexitas Pharma Services. Considering TearSolution's base in Central and Southwest Virginia and Carilion Clinic's reputation for patient-centric care coupled with its cutting edge clinical research, Vistar Eye Center, a partner of Carilion Clinic, was a natural choice for our Lacripep™ trial," said Tom Gadek, PhD, CEO of TearSolutions.

"Dry eye in primary Sjögren's patients is particularly acute. The strong interest from such high-quality investors further validates our confidence in Lacripep™, to meet this challenge," noted Gadek. "Our new and existing investors understand the unmet clinical need and share TearSolutions' vision of treating this underserved patient population by rapidly bringing Lacripep™ to market."

About TearSolutions, Inc.

TearSolutions is a clinical-stage biotechnology company spun out of the University of Virginia that is advancing a novel, first-in-class topical treatment for dry eye through Phase I/II human clinical trials. The drug, Lacripep™, is a synthetic fragment of the human tear protein Lacritin discovered and developed with National Eye Institute funding. Topical Lacripep™ is a breakthrough opportunity that in preclinical studies eliminates corneal staining and independently promotes basal tearing without

irritation for hours by natural physiological processes. For more information please visit www.tearsolutions.com.

About the Virginia Tech Carilion (VTC) Innovation Fund

Managed by Middleland Capital, the VTC Innovation Fund is a private investment fund focused on early stage life science and technology opportunities across the Commonwealth of Virginia, as well as opportunities outside Virginia with a connection to Virginia Tech or Carilion Clinic. The Fund aims to partner with exceptional management teams to commercialize innovative technologies, accelerate growth, and build long-term value. For more information, please visit www.vtcinnovationfund.com.

About Pharmstandard

Pharmstandard International S.A. is a company with the main focus on venture investments in innovative medicines/therapies with strong potential globally. Pharmstandard International S.A. is a fully owned subsidiary of Pharmstandard, JSC – Russia's leading pharmaceutical company. For more information, please visit: www.pharmstd.lu.

Pharmstandard Ventures is venture arm of Pharmstandard, JSC, founded in 2013 (under the name “Inbio Ventures”, became a part of Pharmstandard in 2017) with the mission to provide professional support to Pharmstandard International S.A. in venture transactions. With more than \$100m under management Pharmstandard Ventures is focused on disruptive innovation, making difference in patients’ lives. For more information, please visit: www.pharmstd-ventures.com.