

FOR IMMEDIATE RELEASE | August 8, 2017

BioGenerator-Backed Confluence Life Sciences Achieves Financial Exit, Retains and Attracts Jobs to St. Louis

Aclaris Acquires St. Louis Research and Development Company

ST. LOUIS –BioGenerator’s largest investment in any single company is paying off for St. Louis. Confluence Life Sciences, Inc. has been acquired by Aclaris Therapeutics, Inc. (NASDAQ: ACRS) for the St. Louis company’s world-class research team, intellectual property, and drug discovery assets.

The terms of the deal provide for Confluence to receive \$20 million upfront, equally split between cash and stock and subject to customary adjustments. Confluence shareholders also are eligible to receive up to \$80 million in contingent payments upon the achievement of certain development, regulatory, and commercial milestones, as well as potential royalty payments on drug product sales.

BioGenerator’s closing proceeds from its \$1.4 million investment in Confluence will be reinvested into new St. Louis companies and used to improve the St. Louis innovation ecosystem. BioGenerator is the investment arm of [BioSTL](#).

[Confluence Life Sciences](#) was BioGenerator’s first lab tenant and continues to carry out its research there under the leadership of Joe Monahan and Walter Smith, former Pfizer executives who became entrepreneurs when Pfizer downsized its St. Louis operations. BioGenerator worked with Monahan – the lead founder – to form the company, build out labs, purchase instrumentation, develop a business plan, and raise capital to support Confluence’s cancer and autoimmune disease drug discovery research.

“We are thrilled to achieve this significant milestone for the company and its shareholders,” Monahan said. “We built a team of proven drug hunters, successfully advanced multiple product candidates to the stage where they are appropriate to partner, and leveraged our profitable service business unit to achieve a financial exit after relatively modest dilutive investment.”

The equipment [BioGenerator](#) purchased for Confluence became the foundation for BioGenerator’s shared lab space, now home to more than 50 startups and available at little or no cost to new companies forming in the St. Louis region. In addition to support from BioGenerator, Confluence also benefitted from other regional organizations.

“BioGenerator and Missouri Technology Corporation have been instrumental in the formation and growth of Confluence, while Cortex provided enabling support for the BioGenerator Labs that were critical to our success,” Smith said. “BioGenerator was our first investor and continued

as our lead investor through several rounds of early financing as we proved our technology and business plan.”

Aclaris Therapeutics, Inc. is a dermatologist-led biopharmaceutical company focused on identifying, developing, and commercializing innovative and differentiated therapies to address significant unmet needs in dermatological disease.

“Confluence is at the forefront of innovation in the discovery and development of new compounds and new approaches to treating patients with severe and debilitating autoimmune diseases,” said Neal Walker, President and Chief Executive Officer of Aclaris. “The Confluence acquisition enables Aclaris to immediately solidify its existing position in inflammatory/autoimmune skin disorders and expand into relevant adjacent therapeutic categories. We look forward to progressing the drug candidate CDD-450, as well as Confluence’s soft JAK and ITK inhibitor programs to identify drugs to treat inflammatory skin diseases.”

Not only is Confluence producing returns for investors, but Aclaris, which is based in Philadelphia, currently expects to keep Confluence’s operations and 40 scientists in St. Louis, while adding additional talent and expanding its local footprint.

Charlie Bolten, BioGenerator Vice-President, served on Confluence’s Board of Directors since its founding. “We increased our capital commitment over the last two years, including our largest single investment in 2016,” Bolten said. “Successful companies generating capital return to investors are critical to future growth in the region, and we look forward to additional exits as the BioGenerator portfolio matures.”

Together, Confluence and BioGenerator developed and leveraged strong public-private partnerships to start and scale the company, including securing significant ongoing investments by the Missouri Technology Corporation (MTC), Mercury Fund, and Epidarex Capital. Additional funding to get Confluence off the ground also came from the St. Louis County Helix Fund, the U.S. Economic Development Administration’s i6 grant, and St. Louis Arch Angels.

“We recognized the tremendous talent encompassed by this group of individuals as they transitioned from Pfizer,” said Eric Gulve, President of BioGenerator. “The success achieved by the Confluence team exemplifies BioGenerator’s model of creating companies, building value, and then harvesting that value to put back into the St. Louis bioscience community.”

About Confluence Life Sciences, Inc.

Confluence is a biotechnology company developing novel therapeutics for the treatment of autoimmune diseases and chronic inflammation, as well as serving the international pharmaceutical and biotechnology companies with specialty contract research capabilities. Confluence’s lead programs include (1) CDD-450, a novel MK-2 pathway inhibitor designed to regulate TNF-alpha and IL-1beta with potential in psoriatic and rheumatoid arthritis, (2) an ITK inhibitor that blocks immune system T-cell function and regulates IL-17 expression with

potential therapeutic application in psoriasis and atopic dermatitis and (3) a “Soft JAK Inhibitor,” which is topically applied and active in the skin, but rapidly metabolized and inactivated when they enter the bloodstream, resulting in deminimus systemic exposure.

About BioGenerator

BioGenerator produces a sustained pipeline of successful bioscience companies and entrepreneurs in St. Louis by creating, growing and investing in promising new enterprises. BioGenerator is a nonprofit subsidiary of BioSTL, which advances St. Louis’ economic vitality by cultivating a strong bioscience and innovation sector and building regional capacity to capitalize on St. Louis’ world class medical and plant sciences. BioGenerator.org has additional information, or you can find us on Twitter @BioGeneratorSTL and on [LinkedIn](#).

About Aclaris Therapeutics, Inc.

Aclaris Therapeutics, Inc. is a dermatologist-led biopharmaceutical company focused on identifying, developing and commercializing innovative and differentiated therapies to address significant unmet needs in medical and aesthetic dermatology. Aclaris is focused on large, underserved market segments with no FDA-approved medications or where treatment gaps exist. Aclaris is based in Malvern, Pennsylvania and more information can be found by visiting the Aclaris website at www.aclaristx.com.

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