Astrocyte Pharmaceuticals 2021 Q1 Investor Update

To Astrocyte Pharmaceuticals Shareholders,

We are pleased to provide everyone with the first quarterly update of 2021. In November & December of 2020, we successfully completed several closes on the Astrocyte Pharmaceuticals Series A financing totaling just over $5.0M of investment. This financing enables the Company to reach the next significant value inflection point of demonstrating a safe profile for AST-004 in humans through the conduct of Phase 1 clinical safety studies. We have been holding the remaining $1M in the round for a family office; however, this investor has had additional delays and will not be able to transact within the round's current 120-day financing window. They are still planning to invest, but given their delays, it will require an additional shareholder vote to approve the investment and we'll deal with that separately in the coming months.

We are therefore now opening up the remaining $1M in the round to additional investors, and we will have a close on Friday, March 19th. If you are interested in increasing your investment, or know of another investor who may be interested in Astrocyte and can close by March 19th, let me know. $200k of this additional $1M is already committed. Furthermore, we continue to pursue sources of non-dilutive financing and are receiving positive feedback for our efforts.

The Astrocyte team is focused operationally on the manufacturing of the drug product and the assembly of the necessary regulatory documents to initiate human studies. Our manufacturing partner Patheon is developing the final parameters for the manufacturing campaign in Ferentino, Italy. The campaign that consists of filling over 1,000 vials of AST-004 and over 1,000 vials of placebo is scheduled for the first week of June. In parallel, we are assembling all the ~200-page documentation of AST-004's pharmacology, manufacturing, pharmacokinetics, toxicology, and the clinical study plan that regulators require for starting the clinical study. We plan to submit the IMPD (Investigational Medicinal Product Dossier) in

Q3, and with timely approval, initiate the Phase 1 study in Q4 2021. The Phase 1 studies themselves take 9-12 months to conduct such that we should have the safety outcomes in hand before the end of 2022.

With intellectual property, Astrocyte continues to expand its patent portfolio. The U.S. Patent & Trademark Office has issued the Company another Notice of Allowance for our 5th patent that should be issued in March. This new patent provides additional protection for several backup drug candidates – AST-008 and AST-009. Our previous patents protect the use of AST-004 in a broad range of neurological and cardiovascular indications, and this 5th patent extends those protections to our backup molecules as well.

We have successfully migrated to Carta for electronic management of Astrocyte securities and capitalization table. Approximately 80% of you have successfully logged into Carta and accepted your stock certificates. For those of you who have yet to do so, please review those email notices and accept the stock certificates. We will also be utilizing Carta for future shareholder updates and shareholder approvals. If you have any questions about the platform, or any other Astrocyte topics, please let me know.

Stay safe.

Sincerely,

William S. Korinek
CEO, Astrocyte Pharmaceuticals Inc.