Flex Pharma Announces Corporate Update

June 13, 2018

-- FLX-787 Phase 2 Clinical Programs in ALS & CMT to Close --

-- FLX-787 Clinical Evaluation of Dysphagia to Continue --

-- Wedbush PacGrow Retained to Guide Assessment of Strategic Alternatives --

-- Restructuring with Workforce Reduction --

BOSTON--(BUSINESS WIRE)--Jun. 13, 2018-- Flex Pharma, Inc. (NASDAQ: FLKS), a clinical-stage biotechnology company, today announced that the Company is ending its ongoing Phase 2 clinical trial investigations of FLX-787 in amyotrophic lateral sclerosis (ALS) and Charcot-Marie-Tooth (CMT) due to oral tolerability concerns observed in both studies, in a subset of patients being treated, with the oral disintegrating tablet formulation at 30 mg, taken three times a day.

"In the past few months we have reported positive efficacy data in two serious and distinctly different neurological diseases: multiple sclerosis (MS) and ALS. We believe that these clinical data demonstrate the clear potential of FLX-787 as a symptomatic therapy to reduce painful cramps and spasms in these patient populations," stated Bill McVicar, Ph.D., President and CEO of Flex Pharma. "However, recent observations of oral intolerability at the current dose and formulation, in a subset of patients, in both studies, indicate that more formulation and dose-ranging studies are required, which is challenging for the Company based upon our current resources."

The Company's Board of Directors and its management are in alignment that the Company's best path forward to preserve stockholder value is to focus its resources on assessing strategic alternatives, including the potential sale or merger of the Company. The Board has established a Strategic Committee that will work with management to oversee this process. Wedbush PacGrow has been engaged to act as the Company's strategic financial advisor. There can be no assurance that this process will result in any such transaction and the Company does not intend to disclose additional details unless and until it has entered into a specific transaction.

The Company will continue to operate with a reduced internal team that will focus their efforts on assessing the potential of FLX-787 in dysphagia (difficulty swallowing) and operating the HOTSHOT consumer business while the strategic review is ongoing.

In connection with these decisions, Flex Pharma will restructure its organization to reduce costs, including reducing its workforce by approximately 60 percent. Most of these changes are anticipated to be completed by June 30, 2018. As a result, the Company expects to realize annualized cost savings beginning in the third quarter of 2018. The Company estimates that it will incur one-time costs of approximately $0.8 million to $1.1 million related to the restructuring plan.

About Flex Pharma

Flex Pharma, Inc. is a clinical-stage biotechnology company that is developing FLX-787 for dysphagia. Flex Pharma was founded by National Academy of Science members Rod MacKinnon, M.D. (2003 Nobel Laureate), and Bruce Bean, Ph.D., recognized leaders in the fields of ion channels and neurobiology, along with Christoph Westphal, M.D., Ph.D.

Forward-Looking Statements

This press release contains forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding our intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things: the corporate restructuring; the reduction in force and restructuring charges; the potential cost savings resulting from these changes; the ability to achieve cash flow savings; the discontinuation of the Company's trials of FLX-787 in amyotrophic lateral sclerosis (ALS) and Charcot-Marie-Tooth (CMT); the ability to continue to develop FLX-787; and the potential for a sale or merger of the Company. These forward-looking statements are based on management's expectations and assumptions as of the date of this press release and are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those expressed or implied by such statements. These risks and uncertainties include, without limitation: uncertainties regarding whether the Company will be able to implement the restructuring in a timely fashion and at the level of expense projected; whether the Company will be able to effectively manage the organizational changes brought about by the restructuring and have sufficient capital resources to fund its continuing operations in future periods to realize its anticipated cost savings; availability of funding sufficient for our foreseeable and unforeseeable operating expenses and capital expenditure requirements; other matters that could affect the availability or commercial potential of our consumer or drug product candidates; and the inherent uncertainties associated with intellectual property. Other factors that may cause actual results to differ from those expressed or implied in the forward-looking statements in this press release are discussed in our filings with the U.S. Securities and Exchange Commission (SEC), including the "Risk Factors" contained therein. You are encouraged to read our filings with the SEC, available at www.sec.gov, for a discussion of these and other risks and uncertainties. Any forward-looking statements that we make in this press release speak only as of the date of this press release. We assume no obligation to update our forward-looking statements whether as a result of new information, future events or otherwise, after the date of this press release.

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