

November 7, 2022



Avalo Sells Economic Rights to Previously Out-Licensed Assets for \$5 Million

WAYNE, Pa. and ROCKVILLE, Md., Nov. 07, 2022 (GLOBE NEWSWIRE) -- Avalo Therapeutics, Inc. (Nasdaq: AVTX), today announced it entered into a purchase agreement to sell its economic rights to future payments for previously out-licensed assets including AVTX-007, AVTX-501, and AVTX-611 to ES Therapeutics, LLC (ES) in exchange for \$5.0 million. The sale is expected to close in November.

"This transaction will strengthen our balance sheet and further demonstrates the execution of our strategy to utilize business development to fund our core programs," said Garry A. Neil, MD, Chief Executive Officer and Chairman of the Board of Avalo Therapeutics. "Once completed, we will have raised \$20 million of nondilutive funding since August. These transactions meaningfully improve our financial position and support our lead asset, AVTX-002, which remains on track to deliver data from our Phase 2 PEAK trial in non-eosinophilic asthma in the first half of next year."

Pursuant to the purchase agreement, at the closing of the transaction Avalo (i) will sell to ES all of Avalo's (a) rights to any milestone payments under the Asset Purchase Agreement, dated August 14, 2017, by and between Avalo and Janssen Pharmaceuticals, Inc. (relating to AVTX-501), and (b) any future milestone and royalty payments under the License Agreement, dated July 29, 2022, by and between Apollo AP43 Limited and Avalo (relating to AVTX-007), and (ii) will waive all rights, including all payments due to Avalo from ES, under the Assignment of License Agreement, dated August 8, 2019 (relating to AVTX-611), by and among Avalo, ES and Armistice Capital Master Fund Ltd (Armistice). The purchase agreement contains customary representations and warranties and covenants of the Company and ES. ES is an affiliate of Armistice, which is a significant stockholder of the Company.

About AVTX-002

AVTX-002 is a fully human monoclonal antibody, directed against human LIGHT (Lymphotoxin-like, exhibits Inducible expression, and competes with Herpes Virus Glycoprotein D for Herpesvirus Entry Mediator (HVEM), a receptor expressed by T lymphocytes). AVTX-002 is currently in Phase 2 development for non-eosinophilic asthma (PEAK trial) with proof-of-concept data in inflammatory bowel diseases and COVID-19 acute respiratory distress syndrome.

About AVTX-002 PEAK Trial

The Phase 2 PEAK trial (n=approximately 80) is a randomized, double-blind, placebo-controlled study to evaluate the safety and efficacy of AVTX-002 for the treatment of poorly

controlled NEA (NCT05288504). The primary endpoint is the proportion of subjects who experience an asthma-related event. At baseline, subjects will be randomized to receive either AVTX-002 or placebo once monthly.

About Avalo Therapeutics

Avalo Therapeutics is a clinical stage biotechnology company focused on the treatment of immune dysregulation by developing therapies that target the LIGHT network.

LIGHT (Lymphotoxin-like, exhibits Inducible expression, and competes with H S V Glycoprotein D for Herpesvirus Entry Mediator (HVEM), a receptor expressed by T lymphocytes; also referred to as TNFSF14) is an immunoregulatory cytokine. LIGHT and its signaling receptors, HVEM (TNFRSF14), and lymphotoxin β receptor (TNFRSF3), form an immune regulatory network with two co-receptors of herpesvirus entry mediator, checkpoint inhibitor B and T Lymphocyte Attenuator (BTLA), and CD160 (the LIGHT-signaling network). Accumulating evidence points to the dysregulation of the LIGHT network as a disease-driving mechanism in autoimmune and inflammatory reactions in barrier organs. Therefore, we believe reducing LIGHT levels can moderate immune dysregulation in many acute and chronic inflammatory disorders.

For more information about Avalo, please visit www.avalotx.com.

About ES Therapeutics

ES Therapeutics is a privately held global pharmaceutical company focused on the development of therapeutics to treat certain neurological disorders. The company is currently engaged in clinical work in the U.S., Australia, and Canada.

Forward-Looking Statements

This press release may include forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Such forward-looking statements are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond Avalo's control), which could cause actual results to differ from the forward-looking statements. Such statements may include, without limitation, statements with respect to Avalo's plans, objectives, projections, expectations and intentions and other statements identified by words such as "projects," "may," "might," "will," "could," "would," "should," "continue," "seeks," "aims," "predicts," "believes," "expects," "anticipates," "estimates," "intends," "plans," "potential," or similar expressions (including their use in the negative), or by discussions of future matters such as: the future financial and operational outlook; the development of product candidates or products; timing and success of trial results and regulatory review; potential attributes and benefits of product candidates; and other statements that are not historical. These statements are based upon the current beliefs and expectations of Avalo's management but are subject to significant risks and uncertainties, including: Avalo's cash position and the need for it to raise additional capital in the near future; drug development costs, timing and other risks, including reliance on investigators and enrollment of patients in clinical trials, which might be slowed by the COVID-19 pandemic; reliance on key personnel, including as a result of recent management changes; regulatory risks; general economic and market risks and uncertainties, including those

caused by the COVID-19 pandemic and the war in Ukraine; and those other risks detailed in Avalo's filings with the SEC. Actual results may differ from those set forth in the forward-looking statements. Except as required by applicable law, Avalo expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Avalo's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

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