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XOMA Acquires Royalty Rights to Five Hematology Candidates

EMERYVILLE, Calif., April 08, 2019 (GLOBE NEWSWIRE) -- XOMA Corporation (NASDAQ: XOMA) announced today it has agreed to acquire the rights to potential royalty payments and a portion of the potential milestone payments associated with five hematology assets from Aronora, Inc. Three of the assets are anti-thrombotic candidates that are covered by a collaboration with Bayer, a global leader in hematology therapeutics. Two of the collaboration assets are in early to mid-stages of development and the third is a Phase 2 candidate that is subject to an option. In addition, XOMA agreed to acquire the rights to potential royalty payments and a portion of the potential upfront and milestone payments associated with two unpartnered hematology programs from Aronora.

"The transaction diversifies XOMA's royalty interest portfolio by expanding into hematology indications, and these innovative anti-thrombotic candidates have the potential to address very large market opportunities. The fact that three assets are part of an ongoing collaboration between Aronora and Bayer, a company for whom we have tremendous respect, strengthens our belief in the potential of these therapies to address significant unmet medical needs," said Jim Neal, Chief Executive Officer at XOMA. "These assets possess the characteristics we have established for our royalty aggregator business model: outstanding development partner, mid-stage to early clinical stage of development, important therapeutic categories, and sizable potential royalty opportunities. Aronora's expertise in hematology, with an advanced focus on anti-thrombotic monoclonal antibodies, intrigued our team."

The five royalty interest assets XOMA acquired from Aronora are:

- Three Bayer collaboration monoclonal antibody (mAb) programs targeting factor XI/XIa: BAY1213790 in Phase 2 clinical development; BAY1831865 in early clinical development; and Aronora's AB023 (xisomab 3G3) in Phase 2 development; and,
- Two proprietary hematology programs at Phase 1 and preclinical stage: AB002, a thrombin analog, and AB054, a factor XII mAb, positioned for acute cardiovascular events, medical device associated clots, and/or inflammation.

Under the terms of the agreement, XOMA will make an initial \$6 million payment subject to closing conditions defined in the agreement. XOMA will make an additional payment of up to \$3 million to Aronora upon fulfillment of certain other conditions. In return, XOMA will receive, on average, low single-digit royalties on future sales of these five products and 10 percent of the milestones associated with each of the assets. In addition, XOMA could pay Aronora sales-based milestones on each asset if XOMA's royalty receipts related to each program exceed certain thresholds. XOMA expects this transaction to close within the next

90 days.

About XOMA Corporation

XOMA has built a significant portfolio of products that are licensed to and being developed by other biotechnology and pharmaceutical companies. The Company's portfolio of partner-funded programs spans multiple stages of the drug development process and across various therapeutic areas. Many of these licenses are the result of XOMA's pioneering efforts in the discovery and development of antibody therapeutics. The Company's royalty-aggregator business model includes acquiring additional licenses to partner-funded programs. For more information, visit www.xoma.com.

About Aronora Inc.

Aronora Inc. is a translational biotechnology company engaged in the commercial development of proprietary biologic therapeutics, including recombinant monoclonal antibodies and enzymes. For more information, please visit www.aronorabio.com.

Forward-Looking Statements

Certain statements contained in this press release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding the potential of XOMA's portfolio of partnered programs and licensed technologies to generate royalty proceeds over time and create potential cash flow, including from potential milestone and royalty payments associated with hematology programs of Aronora. These statements are based on assumptions that may not prove accurate, and actual results could differ materially from those anticipated due to certain risks inherent in the biotechnology industry, including those related to the fact that we may not receive any significant royalty or milestone payments from Aronora's assets, product candidates subject to out-license agreements are still being developed, and our licensees may require substantial funds to continue development which may not be available; we do not know whether there will be, or will continue to be, a viable market for the products in which we have an ownership or royalty interest; we may not be successful in entering into out-license agreements for our product candidates; if our therapeutic product candidates do not receive regulatory approval, our third-party licensees will not be able to manufacture and market them. Other potential risks to XOMA meeting these expectations are described in more detail in XOMA's most recent annual report on Form 10-K, in subsequent quarterly reports on Form 10-Q and in other SEC filings.

Consider such risks carefully when considering XOMA's prospects. Any forward-looking statement in this press release represents XOMA's views only as of the date of this press release and should not be relied upon as representing its views as of any subsequent date.

XOMA disclaims any obligation to update any forward-looking statement, except as required by applicable law.

EXPLANATORY NOTE: Any references to "portfolio" in this press release refer strictly to milestone and/or royalty rights associated with a basket of drug products in development. Any references to "assets" in this press release refer strictly to milestone and/or royalty rights associated with individual drug products in development.

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