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XOMA Acquires Royalty Interest Position in Six Clinical-Stage Assets

Includes royalty interest in NIR178

EMERYVILLE, Calif., Sept. 26, 2019 (GLOBE NEWSWIRE) -- XOMA Corporation (NASDAQ: XOMA), announced today it has acquired a royalty interest in six clinical-stage assets targeting the adenosine pathway for $10.0 million from Palobiofarma S.L. One of the assets, NIR178, is being developed by Novartis as a novel checkpoint inhibitor for the treatment of solid tumors. Five of the assets are being developed by Palobiofarma.

“We are impressed by Palobiofarma’s expertise in adenosine receptor biology and what they have achieved. It’s unusual today to discover a private company that has three distinct compounds in Phase 2 development and three additional compounds in Phase 1 clinical studies. We are particularly attracted to NIR178, which is being developed by Novartis as a potential novel immuno-oncology agent for the treatment of multiple solid tumors,” said Jim Neal, Chief Executive Officer at XOMA. “Palobiofarma’s portfolio covers all four adenosine receptor sub-types. Among these sub-types, A2AR receptor antagonists are an emerging class of ‘next-generation’ immune checkpoint agents in oncology. In addition, early data suggest adenosine receptor antagonists have potential in indications beyond oncology, including psoriasis and NASH.”

The six royalty interest assets are:

- NIR178, a potent oral adenosine A2A receptor antagonist being developed by Novartis as a novel checkpoint inhibitor for the treatment of solid tumors. Novartis currently has three clinical trials ongoing in nine oncology indications with this asset.
- PBF-680, a first-in-class oral adenosine A1 receptor antagonist Palobiofarma has in Phase 2 development for asthma/chronic obstructive pulmonary disease (COPD).
- PBF-677, a potent and selective, gastrointestinal (GI)-restricted adenosine A3 receptor antagonist in development as first-in-class oral treatment for inflammatory bowel disease. Palobiofarma currently is conducting a Phase 2 ulcerative colitis study with this asset.
- PBF-999, a dual Adenosine A2A receptor antagonist / Phosphodiesterase 10 (PDE-10) inhibitor for the treatment of tumors, including “cold tumors.” Palobiofarma is investigating this compound in a Phase 1 dose escalation study in patients with solid tumors.
- PBF-1129, a potent and selective adenosine A2B receptor antagonist Palobiofarma is developing as a first-in-class oral treatment for idiopathic pulmonary fibrosis and lung cancer. A Phase 1 dose escalation study in lung cancer patients is in progress.
- PBF-1650, a potent and selective, orally bioavailable adenosine A3 receptor antagonist

Palobiofarma is pursuing for the treatment of psoriasis and nonalcoholic steatohepatitis (NASH). The company currently is conducting Phase 1 studies in healthy volunteers.

Under the terms of the agreement, XOMA will receive low single-digit royalties on future sales of these six adenosine receptor assets. XOMA will draw $5.0 million from its line of credit with Silicon Valley Bank to partially fund this transaction.

Separately, Inveready, the lead investor in the Seed Stage in Palobiofarma, invested an additional $2.0 million in Palobiofarma for the development of all six clinical-stage assets.

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.

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 generating substantial milestone and royalty proceeds over time, creating additional value for the stockholders and cash sufficiency forecast. 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 our 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; if the therapeutic product candidates to which we have a royalty interest do not receive regulatory approval, our third-party licensees will not be able to market them. Other potential risks to XOMA meeting these expectations are described in more detail in XOMA's most recent filing on Form 10-K 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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