



Avadel Pharmaceuticals Enters into Royalty Agreement with RTW Investments for up to \$75 Million

March 29, 2023

– In parallel, extended maturity on \$96.2 million of convertible notes to April 1, 2027

– Strategic financings strengthen the company's balance sheet in advance of potential commercialization of LUMRYZ

DUBLIN, Ireland, March 29, 2023 (GLOBE NEWSWIRE) -- Avadel Pharmaceuticals plc (Nasdaq: AVDL), a biopharmaceutical company focused on transforming medicines to transform lives, today announced its entry into a royalty agreement with RTW Investments, LP and certain of its affiliates ("RTW") for up to \$75 million to support the potential commercialization of LUMRYZ™ for the treatment of cataplexy or excessive daytime sleepiness (EDS) in adults with narcolepsy. Concurrently, the company extended the maturity of \$96.2 million of its convertible notes to 2027.

"These critical financing activities, including a non-dilutive source of capital with the royalty agreement, as well as the extension of the maturity on \$96.2 million of our convertible notes, provides Avadel with added financial flexibility to support the potential commercialization of LUMRYZ for people living with narcolepsy. Further, we are pleased to have the continued support of RTW Investments, a premier partner known for its strategic investments in promising healthcare companies and assets," said Greg Divis, Chief Executive Officer at Avadel Pharmaceuticals. "The execution of both of these agreements speaks to the potential of LUMRYZ and our aligned confidence in the commercial opportunity ahead as we endeavor on our vision to bring LUMRYZ to the narcolepsy community."

Under the terms of the royalty agreement, RTW will provide up to \$75 million of non-dilutive synthetic royalty financing commitment to Avadel in return for tiered rate, cash royalty payments based on net sales of LUMRYZ in the U.S. RTW will receive royalty rates ranging from low to high single digits based on a certain quarterly sales threshold. Royalty funds become available upon achieving certain regulatory and financial milestones and other customary closing conditions.

Under the terms of the convertible note exchange (the "Exchange"), \$96.2 million of the existing \$117.4 million convertible notes that would have been due in October 2023 will now be due on April 1, 2027. Following the closing of the Exchange, approximately \$21.2 million in existing notes will remain outstanding with terms unchanged. The Exchange is expected to close on April 3, 2023, subject to customary closing conditions.

"Today's investment reflects our confidence in Avadel and LUMRYZ's commercial prospects in narcolepsy. The narcolepsy community is eager for an innovative therapy that would relieve them of middle of the night dosing. We are excited to support the company at this important stage of transformation towards a commercial organization," said Roderick Wong, MD, Managing Partner and Chief Investment Officer of RTW Investments, LP.

BofA Securities acted as sole structuring agent for Avadel on the royalty agreement transaction. JWood Capital Advisors LLC and Jefferies LLC acted as financial advisors on the convertible note exchange. Goodwin Procter LLP acted as legal advisor to Avadel. Gibson Dunn & Crutcher LLP acted as legal advisor to RTW.

About LUMRYZ

LUMRYZ is an investigational formulation of sodium oxybate leveraging our proprietary drug delivery technology and designed to be taken once at bedtime for the treatment of cataplexy or excessive daytime sleepiness (EDS) in adults with narcolepsy.

In March 2020, Avadel completed the REST-ON study, a randomized, double-blind, placebo-controlled, pivotal Phase 3 trial, to assess the efficacy and safety of LUMRYZ in patients with narcolepsy. Among the three co-primary endpoints, LUMRYZ demonstrated statistically significant and clinically meaningful results in EDS, the clinician's overall assessment of the patient's functioning, and reduction in cataplexy attacks, for all three evaluated does when compared to placebo.

In January 2018, the U.S. Food and Drug Administration (FDA) granted LUMRYZ Orphan Drug Designation for the treatment of narcolepsy based on the plausible hypothesis that LUMRYZ may be safer than the twice-nightly formulation of sodium oxybate already approved by the FDA due to the ramifications associated with dosing regimen of that product. LUMRYZ is currently under review by the FDA.

On July 18, 2022, the FDA tentatively approved the LUMRYZ NDA for the treatment of cataplexy or EDS in adults with narcolepsy. Avadel submitted a minor amendment to the FDA on March 1, 2023, requesting final approval of LUMRYZ. This minor amendment submission occurred shortly after the delisting of the REMS Patent from FDA's Orange Book by Jazz Pharmaceuticals in response to the unanimous 3-0 panel decision by the United States Court of Appeals for the Federal Circuit on February 24, affirming the previous ruling from the United States District Court for the Federal District of Delaware, ordering Jazz to do so.

Avadel is currently evaluating the long-term safety and tolerability of LUMRYZ in the open-label RESTORE clinical study. For more information, visit: www.restore-narcolepsy-study.com.

About Avadel Pharmaceuticals plc

Avadel Pharmaceuticals plc (Nasdaq: AVDL) is a biopharmaceutical company focused on transforming medicines to transform lives. Our approach includes applying innovative solutions to the development of medications that address the challenges patients face with current treatment options. Our current lead drug candidate, LUMRYZ, is an investigational formulation of sodium oxybate leveraging our proprietary drug delivery technology and designed to be taken once at bedtime for the treatment of cataplexy or EDS in adults with narcolepsy. For more information, please visit www.avadel.com.

About RTW Investments, LP

RTW Investments, LP is a New York-based, global, full life-cycle investment firm that focuses on identifying transformational and disruptive innovations across the biopharmaceutical and medical technologies sectors. As a leading partner of industry and academia, RTW combines deep scientific expertise with a solution-oriented investment approach to advance emerging medical therapies by building and supporting the companies and/or academics developing them. For further information about RTW, please visit www.rtwfunds.com.

Cautionary Disclosure Regarding Forward-Looking Statements

This press release includes “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. These forward-looking statements relate to our future expectations, beliefs, plans, strategies, objectives, results, conditions, financial performance, prospects, or other events. Such forward-looking statements include, but are not limited to, expectations regarding the use of capital to support the commercialization of LUMRYZ, if approved, the closing of the convertible note exchange and market acceptance of LUMRYZ, if approved. In some cases, forward-looking statements can be identified by the use of words such as “will,” “may,” “could,” “believe,” “expect,” “look forward,” “on track,” “guidance,” “anticipate,” “estimate,” “project,” “next steps” and similar expressions, and the negatives thereof (if applicable).

The Company’s forward-looking statements are based on estimates and assumptions that are made within the bounds of our knowledge of our business and operations and that we consider reasonable. However, the Company’s business and operations are subject to significant risks, and, as a result, there can be no assurance that actual results and the results of the company’s business and operations will not differ materially from the results contemplated in such forward-looking statements. Factors that could cause actual results to differ from expectations in the Company’s forward-looking statements include the risks and uncertainties described in the “Risk Factors” section of Part I, Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission (SEC) on March 29, 2023, and subsequent SEC filings.

Forward-looking statements speak only as of the date they are made and are not guarantees of future performance. Accordingly, you should not place undue reliance on forward-looking statements. The Company does not undertake any obligation to publicly update or revise our forward-looking statements, except as required by law.

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