Merck to Acquire Caraway Therapeutics, Inc.

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Acquisition underscores Merck's ongoing commitment to developing treatments for neurodegenerative diseases

RAHWAY, N.J., & CAMBRIDGE, Mass.--(BUSINESS WIRE)-- Merck (NYSE: MRK), known as MSD outside of the United States and Canada, and Caraway Therapeutics, Inc. announced today that the companies have entered into a definitive agreement under which Merck, through a subsidiary, will acquire Caraway Therapeutics for a total potential consideration of up to $610 million, including an undisclosed upfront payment as well as contingent milestone payments. The upfront payment will be expensed by Merck in the fourth quarter of 2023 and included in non-GAAP results.

“Caraway's multidisciplinary approach has yielded important progress in evaluating novel mechanisms of modulation of lysosomal function with potential for the treatment of progressive neurodegenerative diseases,” said George Addona, senior vice president, discovery, preclinical development and translational medicine, Merck Research Laboratories. “We look forward to applying our expertise to build upon this work with the goal of developing much needed disease-modifying therapies for these conditions.”

Caraway is a preclinical biopharmaceutical company pursuing innovative approaches for the treatment of genetically defined neurodegenerative and rare diseases. The company has built a pipeline of novel, small-molecule therapeutics for the treatment of genetically defined neurodegenerative and rare diseases.

“This important milestone is a testament to the hard work and dedication of the Caraway team and our mission to develop therapeutics with the potential to alter the progression of devasting neurodegenerative diseases and help patients,” said Martin D. Williams, chief executive officer, Caraway Therapeutics. “This acquisition leverages Merck's
industry-leading research and development capabilities to help further advance our discovery and preclinical programs. We thank and appreciate our investors, including SV Health Investors and its Dementia Discovery Fund, AbbVie Ventures, Amgen Ventures, Eisai Innovation and MRL Ventures Fund for their support.”

Under the terms of the agreement, Merck, through a subsidiary, will acquire all outstanding shares of Caraway with earnout milestones associated with the development of certain pipeline candidates. The Board of Directors of Caraway Therapeutics has approved the transaction. Merck, through its MRL Ventures Fund, has been a shareholder of Caraway Therapeutics since 2018.

About Caraway Therapeutics

Caraway Therapeutics is a biopharmaceutical company pursuing novel approaches for the treatment of genetically defined neurodegenerative and rare diseases. The company is a leader in the cutting-edge science of activating cellular recycling processes to clear toxic materials and defective cellular components by modulating lysosomal function. Caraway is utilizing its unique product engine to develop proprietary insights into lysosomal function and small molecule ion channel modulation and advance a robust pipeline of precision therapeutic candidates with disease-modifying potential for patients. The company is backed by top-tier investors, including SV Health Investors and its Dementia Discovery Fund, AbbVie Ventures, MRL Ventures Fund, Amgen Ventures, and Eisai Innovation. Caraway is based in Cambridge, MA. For more information, please visit www.carawaytx.com.

About Merck

At Merck, known as MSD outside of the United States and Canada, we are unified around our purpose: We use the power of leading-edge science to save and improve lives around the world. For more than 130 years, we have brought hope to humanity through the development of important medicines and vaccines. We aspire to be the premier research-intensive biopharmaceutical company in the world – and today, we are at the forefront of research to deliver innovative health solutions that advance the prevention and treatment of diseases in people and animals. We foster a diverse and inclusive global workforce and operate responsibly every day to enable a safe, sustainable and healthy future for all people and communities. For more information, visit www.merck.com and connect with us on X (formerly Twitter), Facebook, Instagram, YouTube and LinkedIn.

Forward-Looking Statement of Merck & Co., Inc., Rahway, N.J., USA

This news release of Merck & Co., Inc., Rahway, N.J., USA (the “company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of the company’s management and are subject to significant risks and uncertainties. There can be no guarantees with respect to pipeline candidates that the
candidates will receive the necessary regulatory approvals or that they will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements.

Risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of the global outbreak of novel coronavirus disease (COVID-19); the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the company's ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the company's patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.

The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the company's Annual Report on Form 10-K for the year ended December 31, 2022 and the company's other filings with the Securities and Exchange Commission (SEC) available at the SEC's Internet site (www.sec.gov).

Merck Investor Contact:

Peter Dannenbaum
(908) 447-6900

Merck Media Contacts:

Justine Moore
(347) 281-3754

Olivia Finucane
00 / + 44 7881 262476

Caraway Media Contact:

Carolyn Noyes