



NEWS RELEASE

Merck to Acquire Tilos Therapeutics

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Merck Gains Portfolio of Investigational Antibodies Modulating TGFβ

KENILWORTH, N.J.--(**BUSINESS WIRE**)--Merck (NYSE: MRK), known as MSD outside the United States and Canada, today announced that it has entered into a definitive agreement to acquire Tilos Therapeutics, a privately held biopharmaceutical company developing therapeutics targeting the latent TGFβ complex for the treatment of cancer, fibrosis and autoimmune diseases.

"At Merck we continue to enhance our robust pipeline through active execution of our business development strategy," said Dr. Dean Li, senior vice president, discovery and translational medicine, Merck Research Laboratories. "Tilos has developed a compelling portfolio of candidates that employ a novel approach to modulating the potent signaling molecule TGFβ by binding to latency-associated peptide, with potential applications across a range of disease indications."

Under the terms of the agreement, Merck, through a subsidiary, will acquire all outstanding shares of Tilos for total potential consideration of up to \$773 million, including an upfront payment as well as contingent milestone payments.

"We are proud that the Tilos team has advanced the discoveries of our scientific founders by developing a portfolio of anti-LAP antibodies designed to realize the full potential of TGFβ-modulating therapeutics," said Dr. Barbara Fox, CEO, Tilos. "This agreement with Merck, an industry leader in biopharmaceutical research and development, provides meaningful validation for our therapeutic approach and best positions our pipeline for broad clinical and commercial success."

Tilos was founded by Boehringer Ingelheim Venture Fund and Partners Innovation Fund, based on discoveries by the laboratory of Dr. Howard Weiner at Brigham and Women's Hospital and Harvard Medical School. Additional investment was provided by ShangPharma Innovation Fund.

About TGFβ and LAP

TGFβ is a potent cytokine believed to play an important role in the development of cancer and fibrotic diseases. TGFβ is secreted as a complex with the protein, latency-associated peptide (LAP). LAP forms a cage around TGFβ, holding the cytokine in an inactive state until it is deployed. Evidence has shown that anti-LAP antibodies block the release of TGFβ from the TGFβ-LAP complex with the potential to provide a novel therapeutic mechanism to reduce TGFβ activity.

About Merck

For more than a century, Merck, a leading global biopharmaceutical company known as MSD outside of the United States and Canada, has been inventing for life, bringing forward medicines and vaccines for many of the world's most challenging diseases. Through our prescription medicines, vaccines, biologic therapies and animal health products, we work with customers and operate in more than 140 countries to deliver innovative health solutions. We also demonstrate our commitment to increasing access to health care through far-reaching policies, programs and partnerships. Today, Merck continues to be at the forefront of research to advance the prevention and treatment of diseases that threaten people and communities around the world - including cancer, cardio-metabolic diseases, emerging animal diseases, Alzheimer's disease and infectious diseases including HIV and Ebola. For more information, visit www.merck.com and connect with us on [Twitter](#), [Facebook](#), [Instagram](#), [YouTube](#) and [LinkedIn](#).

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

This news release of Merck & Co., Inc., Kenilworth, 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 products that the products 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 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 2018 Annual Report on Form 10-K and the company's other filings with the Securities and Exchange Commission (SEC) available at the SEC's Internet site (www.sec.gov).

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