

News Release

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Merck KGaA, Darmstadt, Germany Advances R&D Strategy through Unique Development Model with Avillion for Anti IL-17 A/F Nanobody®

- **Agreement employs collaboration model that will create new options for Merck KGaA, Darmstadt, Germany to accelerate pipeline output in a risk-sharing manner**
- **Merck KGaA, Darmstadt, Germany's immunology asset anti IL-17 A/F Nanobody® to be developed by Avillion for plaque psoriasis and commercialized by Merck KGaA, Darmstadt, Germany**

Darmstadt, Germany, March 30, 2017 – Merck KGaA, Darmstadt, Germany, a leading science and technology company, today announced a development agreement with Avillion, a UK-based company focused on increasing R&D output through innovative models, for anti IL-17 A/F Nanobody®.

Merck KGaA, Darmstadt, Germany's Anti IL-17 A/F Nanobody® is an investigational therapy which has completed Phase I development, and is expected to begin Phase II in plaque psoriasis in 2017. In a collaboration model that is recently emerging in the biopharma industry, Avillion, which is amongst the pioneers of such models, will be responsible for developing anti IL-17 A/F Nanobody® from Phase II through Phase III. Avillion will also finance the clinical program through to regulatory submission. The agreement reflects Merck KGaA, Darmstadt, Germany's strategy to identify collaborations that progress highly promising clinical stage assets through novel innovation models.

"The collaboration announced today with Avillion will allow us to optimally deliver on the potential of IL-17, a compound which could address several areas of unmet need for patients today," said Belén Garijo, member of the Executive Board of

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Merck and CEO Healthcare. “In parallel, we have several highly promising priority clinical assets in our pipeline, all of which we must continue to drive in-house. By partnering appropriately, not only can we maintain the internal focus on our R&D innovation strategy, but also maximize other opportunities that emerge from our pipeline.”

Anti IL-17 A/F Nanobody® is an investigational therapy that has the potential to treat inflammatory diseases. Due to the small size and unique structure of Nanobodies®, they could be an ideal building block for a new generation of novel biological drugs.

“We are delighted to embark on this new clinical development project with Merck KGaA, Darmstadt, Germany and its innovative nanobody candidate,” said Allison Jaynes-Ellis, MD, Chief Executive Officer of Avillion. “This agreement is a further endorsement of our innovative business model. We are very encouraged that our collaborative approach to advancing the development of clinical candidates and boosting our partners’ R&D productivity is gaining such awareness in the biopharma industry.”

Merck KGaA, Darmstadt, Germany acquired full, exclusive rights to anti IL-17 A/F Nanobody® through a global development and commercialization license from Ablynx in 2013.

Both Merck KGaA, Darmstadt, Germany and Avillion agreed to not disclose the terms of the deal.

About Anti IL-17 A/F Nanobody®

Anti IL-17 A/F Nanobody® is an investigational bi-specific half-life extended nanobody that is thought to neutralise both IL-17A and IL-17F with the potential to treat inflammatory diseases.

About Avillion

[Avillion LLP](#) is a drug development company with an innovative business model focusing on the clinical co-development and regulatory approval of late stage pharmaceutical products. Avillion offers a compelling opportunity to partner late-stage therapeutic projects for approval in the US and EU and to accelerate their availability to the market. Our objective is to enable our partners to continue to develop the drug candidates in their pipeline at the highest quality without increasing the burden on their P&L or cash reserves. Avillion can achieve this by incurring 100% of the clinical and regulatory risk, while advancing the development of these late-stage assets in return for milestone payments on the commercialisation of successfully developed products.

Avillion was founded in 2012 in London, UK, and is backed by Abingworth, Clarus Ventures and Royalty Pharma.

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About Merck KGaA, Darmstadt, Germany

Merck KGaA, Darmstadt, Germany, is a leading science and technology company in healthcare, life science and performance materials. Around 50,000 employees work to further develop technologies that improve and enhance life – from biopharmaceutical therapies to treat cancer or multiple sclerosis, cutting-edge systems for scientific research and production, to liquid crystals for smartphones and LCD televisions. In 2016, Merck KGaA, Darmstadt, Germany, generated sales of € 15.0 billion in 66 countries. Founded in 1668, Merck KGaA, Darmstadt, Germany, is the world's oldest pharmaceutical and chemical company. The founding family remains the majority owner of the publicly listed corporate group. Merck KGaA, Darmstadt, Germany, holds the global rights to the „Merck“ name and brand. The only exceptions are the United States and Canada, where the company operates as EMD Serono, MilliporeSigma and EMD Performance Materials.