NGM Amends Collaboration with Merck to Focus Primarily on Advancing Novel Medicines for Retinal and Cardiovascular and Metabolic (CVM) Diseases

July 1, 2021

- Merck and NGM will continue their research, discovery and development collaboration with a narrower scope, focused primarily on retinal and cardiovascular and metabolic (CVM) targets of interest to Merck
- Merck will continue to advance MK-3655, an FGFR1c/KLB agonistic antibody, currently in an ongoing global Phase 2b clinical trial in patients with non-alcoholic steatohepatitis
- Merck retains its option to license NGM621, an anti-complement C3 antibody, currently in an NGM-led Phase 2 clinical study (CATALINA) in patients with geographic atrophy
- NGM gains worldwide rights to its disclosed oncology portfolio, including NGM120 (anti-GFRAL), NGM707 (anti-ILT2/ILT4) and NGM438 (anti-LAIR1), as well as all undisclosed preclinical and research assets falling outside of the amended collaboration's narrower scope
- Merck will provide approximately $120 million in R&D collaboration funding to NGM through March 2024

SOUTH SAN FRANCISCO, Calif., July 01, 2021 (GLOBE NEWSWIRE) -- NGM Biopharmaceuticals, Inc. (NGM) today announced that the company has entered into an amended and restated agreement with Merck, known as MSD outside the United States and Canada, to extend their ongoing collaboration through March 2024 but with a narrower scope. NGM disclosed in March 2021 that NGM and Merck were negotiating modifications to certain terms of the agreement to better address their respective evolving priorities. Going forward, the collaboration will focus primarily on the development of novel medicines for unmet patient needs in retinal and CVM diseases, including heart failure. Merck retains an option to license those programs being advanced under the amended collaboration. NGM gains worldwide rights to its disclosed oncology portfolio, as well as all preclinical, and current and future research, assets falling outside of the amended collaboration's narrower scope, subject to a low single digit net sales royalty to Merck.

"We are pleased to continue to collaborate with Merck to address retinal and CVM diseases that represent significant unmet needs, while moving forward with greater independence and flexibility to advance our broader portfolio of assets," said Dr. David J. Woodhouse, Chief Executive Officer at NGM. "We now have a portfolio of four disclosed wholly owned programs as well as multiple undisclosed preclinical and research programs, which puts us in a fundamentally different position. Moreover, our in-house discovery engine can now work on programs solely for NGM's benefit outside of Merck's targeted areas. Bolstered by a strong balance sheet with runway expected to take us into the first half of 2024, we are well-positioned to advance multiple value-driving opportunities for stockholders."

"Key to the success of our collaboration with NGM has been our companies' unwavering commitment to scientific excellence," said Dr. Dean Li, President, Merck Research Laboratories. "Our continued investment in NGM is due to the concentrated and reproducible effort of NGM scientists to select a problem, dissect and understand the molecular basis for it, and think carefully about how to address it. This amended agreement now enables the application of NGM's biology-centric discovery approach to further explore new opportunities in important therapeutics areas such as retinal and cardiometabolic diseases."

The amended collaboration's primary focus on retinal and CVM diseases builds upon progress with NGM621 and MK-3655, both discovered by NGM under the collaboration. NGM621, an anti-complement C3 antibody, is currently being evaluated in the NGM-led Phase 2 CATALINA study in patients with geographic atrophy. MK-3655, an FGFR1c/KLB agonistic antibody previously licensed by Merck, is currently being evaluated in the Merck-led global Phase 2b study in patients with non-alcoholic steatohepatitis (NASH). NGM will pursue further research and development on two undisclosed retinal targets, as well as CVM targets initially focusing on heart failure. NGM has agreed to work exclusively with Merck in heart failure during the remaining collaboration term. Merck retains an option to license assets directed to targets that are developed by NGM within the scope of the amended collaboration at proof-of-concept or at earlier points as specified in the amended collaboration.

NGM's currently disclosed oncology product candidates, all derived from the company's in-house discovery engine, are now wholly owned by NGM and include: NGM120, a GFRAL antagonistic antibody in Phase 2 study for the treatment of metastatic pancreatic cancer and cancer-related cachexia; NGM707, an anti-ILT2/ILT4 dual antagonist antibody; and NGM438, a LAIR1 antagonist antibody. In addition, NGM now has full rights to existing preclinical and research assets, as well as any future assets resulting from its in-house discovery engine, in each case that fall outside of the amended collaboration's narrower scope. NGM will be funding these programs going forward.

Under the terms of the amended collaboration, Merck will provide an aggregate of approximately $120 million in research and development funding to NGM through March 2024, including $86 million for the period from April 2021 through March 2022, plus additional potential option payments if Merck exercises any license option. The amended collaboration is in place through at least March 2024, with possible extensions for each of the various programs to allow NGM or Merck to complete ongoing development. NGM has committed to advancing an undisclosed ocular program to a potential IND submission, utilizing its own funding after March 2022. Economics for programs for which Merck exercises its license option are unchanged from the original collaboration terms. Prior to Merck initiating any Phase 3 study of a program licensed by Merck, NGM may elect to receive milestone or royalty payments or, in certain cases, co-fund development and participate in a global cost and profit share arrangement of up to 50%. NGM also has the option to participate in the co-promotion of any co-funded program in the United States.

A Current Report on Form 8-K describing the terms of the amended collaboration in more detail will be filed by NGM, and this press release is subject

to the further detail provided in the Form 8-K.

About NGM

NGM is a biopharmaceutical company focused on discovering and developing novel therapeutics based on scientific understanding of key biological pathways underlying retinal diseases, cancer and liver and metabolic diseases. We leverage our biology-centric drug discovery approach to uncover novel mechanisms of action and generate proprietary insights that enable us to move rapidly into proof-of-concept studies and deliver potential first-in-class medicines to patients. At NGM, we aspire to operate one of the most productive research and development engines in the biopharmaceutical industry. All of our therapeutics have been generated by our in-house discovery engine; today, we have six disclosed programs, including four in Phase 2 or 2b studies, across three therapeutics areas. Visit us at www.ngmbio.com for more information.

Forward-Looking Statements

Statements contained in this press release regarding matters that are not historical facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expected,” “will,” “may,” “can,” “enables,” “potential,” “possible,” “aspire,” “continue,” and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements. These statements include those related to anticipated activities under NGM’s amended collaboration with Merck and the expected benefits to NGM thereof; the amount of development funding under, and potential option payments to NGM under, the amended collaboration; possible extensions under the amended collaboration; the potential receipt of milestone and royalty payments by NGM under the amended collaboration; NGM’s expectations with respect to the sufficiency of its cash runway to take NGM into the first half of 2024; NGM funding programs that fall outside of the amended collaboration’s narrower scope; NGM advancing an undisclosed ocular program to a potential IND submission; NGM advancing multiple value-driving opportunities for stockholders; the therapeutic potential of NGM’s product candidates and MK-3655; and other statements that are not historical fact. Because such statements deal with future events and are based on NGM’s current expectations, they are subject to various risks and uncertainties, and actual results, performance or achievements of NGM could differ materially from those described in or implied by the statements in this press release. These forward-looking statements are subject to risks and uncertainties, including, without limitation, risks and uncertainties associated with the costly and time-consuming biopharmaceutical product development process and the uncertainty of clinical success, including risks related to failure or delays in successfully initiating, enrolling or completing clinical studies, as well as the risk that results obtained in clinical trials to date may not be indicative of results obtained in ongoing or future trials; NGM’s ability to maintain the amended collaboration with Merck, including the risk that if Merck were to breach or terminate the amended collaboration or Merck’s development funding obligations, NGM would not obtain all of the anticipated financial and other benefits of the amended collaboration, and the development and/or commercialization of NGM’s product candidates within the scope of the amended collaboration could be delayed, perhaps substantially; the time-consuming and uncertain regulatory approval process; NGM’s reliance on third-party manufacturers for its product candidates; the sufficiency of NGM’s cash resources, including to fund programs that fall outside of the amended collaboration’s narrower scope, and NGM’s need for additional capital; the ongoing COVID-19 pandemic, which has adversely affected, and could materially and adversely affect in the future, NGM’s business and operations, including NGM’s clinical trials; and other risks and uncertainties affecting NGM and its development programs, including those discussed in the section titled “Risk Factors” in NGM’s quarterly report on Form 10-Q for the quarter ended March 31, 2021 filed with the United States Securities and Exchange Commission (SEC) on May 6, 2021 and future filings and reports that NGM makes from time to time with the SEC. Except as required by law, NGM assumes no obligation to update these forward-looking statements, or to update the reasons if actual results differ materially from those anticipated in the forward-looking statements.

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