

Appendix Figure 1



Deal Overview: Merck to develop and commercialize 7 of Sichuan Kelun's ADC candidates with an option for cancer, worldwide excluding mainland China, Hong Kong, and Macau

Deal Value: \$175M upfront and \$9.3B in milestones

Key Takeaways: While the deal is the largest ADC preclinical deal to date, it is sparse on the specific details of the 7 acquired assets. What we do know is that the late December 2022 transaction, was Merck's third ADC-specific deal with Kelun-Biotech over the span of 8 months, indicating a successful working relationship. The deal offered \$175M upfront for 7 preclinical ADC assets and an incredibly large \$9.3B in milestones; highlighting Merck's belief in the significant revenue potential of the assets. Through their transaction history, it is clear that Merck is significantly committed to ADC development and has in-licensed 10 unique ADC assets just in 2022 alone. If deal signifies anything, it may be that for companies who are developing early-stage ADCs candidates, quantity can potentially be helpful in order to attract large pharma attention.