Investor News

Bayer acquires BlueRock Therapeutics to build leading position in cell therapy

- Implied total company value of up to USD 1 billion, inclusive of 40.8 percent stake currently held by Bayer
- Initial focus in neurology, cardiology, and immunology with start of first clinical program in Parkinson's disease expected later this year
- BlueRock Therapeutics to continue to operate as an independent company

Leverkusen, Germany, August 8, 2019 – Bayer AG and BlueRock Therapeutics today announced an agreement under which Bayer will fully acquire BlueRock Therapeutics, a privately held US-headquartered biotechnology company focused on developing engineered cell therapies in the fields of neurology, cardiology and immunology, using a proprietary induced pluripotent stem cell (iPSC) platform.

Following a 2016 joint venture with Versant Ventures to establish BlueRock Therapeutics, Bayer will acquire the remaining stake for approximately USD 240 million in cash to be paid upfront at closing and an additional USD 360 million payable upon achievement of pre-defined development milestones. With Bayer currently holding 40.8 percent stake, the investment corresponds to a total company value of BlueRock Therapeutics of approximately USD 1 billion. The closing of the transaction is expected during the third quarter of 2019.

"This acquisition marks a major milestone on our path towards a leading position in cell therapy," said Stefan Oelrich, Member of the Board of Management, Bayer AG and President Pharmaceuticals Division. "In line with our strategy to ramp up our investments in technologies with breakthrough innovation potential, we have decided to build our cell therapy pipeline based on BlueRock Therapeutics' industry-leading iPSC platform. Ultimately, we are joining forces to deliver new treatment options for medical needs that are still unmet today."

“We are extremely excited to be part of the world-class Bayer organization,” said Emile Nuwaysir, Ph.D., Chief Executive Officer, BlueRock Therapeutics. “We have built a premier cell therapy platform at BlueRock Therapeutics, with industry-leading R&D, process development and manufacturing capabilities. With the expertise and support of Bayer, we will be even better positioned to pursue the discovery, development and commercialization of revolutionary new cell therapies for patients suffering from diseases previously thought of as intractable.”

The convergence of cell biology and engineering has enabled an important new treatment modality for patients, with significant clinical benefit demonstrated in diseases previously deemed intractable. Especially for degenerative diseases where cell loss and low self-repair potential occur, such as cardiac muscle loss or degenerative neurological disorders, regenerative cell therapy offers unprecedented potential to have a significant benefit for patients.

BlueRock Therapeutics’ portfolio of cell therapies is currently focused on neurology, cardiology and immunology with a lead program in Parkinson’s disease expected to enter the clinic by the end of 2019. Among neurodegenerative disorders, Parkinson's disease is the fastest growing in prevalence, disability and mortality. The primary and most debilitating symptom of Parkinson’s disease is a progressive loss of motor control. Stem cell therapy could re-innervate the human brain and reverse degenerative disease, potentially restoring motor function to more than seven million of patients suffering from Parkinson’s disease globally.

In 2016, Bayer and founding investor Versant Ventures established BlueRock Therapeutics with a USD 225 Million Series A Financing as part of the Leaps by Bayer unit. Leaps is complementary to Bayer’s divisional R&D approach and works on establishing new companies and investing in new early-stage technologies with breakthrough potential that have the potential to prevent or cure some of today’s biggest health concerns.

“This transaction is not only the foundation for an iPSC-based cell therapy portfolio, but also a manifestation of a successful innovation strategy by our Leaps unit to create biotechnological solutions that have truly transformative potential and may cure patients in life-threatening conditions one day,” said Kemal Malik, Bayer Board member for Innovation.

With this transaction, Bayer will own full rights to BlueRock Therapeutics' *CELL+GENE*™ platform, including a broad intellectual property portfolio and associated technology platform including proprietary iPSC technology, gene engineering and cell differentiation capabilities. In addition to its current focus, BlueRock Therapeutics' platform brings the opportunity to extend to other therapeutic areas beyond the current development programs. To preserve the entrepreneurial culture as an essential pillar for nurturing successful innovation, BlueRock Therapeutics' will remain an independent company operating on an arm's-length basis.

About BlueRock Therapeutics

BlueRock Therapeutics is a leading engineered cell therapy company with a mission to develop regenerative medicines for intractable diseases. BlueRock Therapeutics' *CELL+GENE*™ platform harnesses the power of cells for new medicines across neurology, cardiology and immunology indications. BlueRock Therapeutics' cell differentiation technology recapitulates the cell's developmental biology to produce native cell therapies, which are further engineered for additional function. Utilizing these cell therapies to replace damaged or degenerated tissue brings the potential to restore or regenerate lost function. BlueRock Therapeutics was founded in 2016 by Versant Ventures and Bayer AG and capitalized with one of the largest-ever Series A financings in biotech history by Bayer AG (through its Leaps by Bayer unit) and Versant Ventures. BlueRock Therapeutics' culture is defined by scientific innovation, highest ethical standards and an urgency to bring transformative treatments to all who would benefit. For more information, visit https://bluerocktx.com/.

About Bayer and Leaps by Bayer

Bayer is a global enterprise with core competencies in the life science fields of health care and nutrition. Its products and services are designed to benefit people by supporting efforts to overcome the major challenges presented by a growing and aging global population. At the same time, the Group aims to increase its earning power and create value through innovation and growth. Bayer is committed to the principles of sustainable development, and the Bayer brand stands for trust, reliability and quality throughout the world. In fiscal 2018, the Group employed around 117,000 people and had sales of 39.6 billion euros. Capital expenditures amounted to 2.6 billion euros, R&D expenses to 5.2 billion euros. For more information, go to www.bayer.com.

Leaps by Bayer, a unit of Bayer is investing into solutions to some of today's biggest problems. Previous Leaps investments into potentially breakthrough technologies include Casebia Therapeutics (CRISPR/Cas technology to cure severe genetic disorders), BlueRock Therapeutics (iPSC technology to cure cardiovascular and CNS diseases), Joyn Bio (Probiotics for plants to enable more sustainable agriculture by dramatically reducing synthetic fertilizer usage), Khloris (iPSC as cancer vaccination agents for potential prevention or cure), Century Therapeutics (iPSCs for allogeneic cell therapy of cancer) and Pyxis (antibodies focused on novel immuno-oncology targets).

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