Sutro Biopharma to Receive Milestone Payment for Novel Bispecific Antibody Drug Conjugate Targeting Solid Tumors

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- Merck KGaA, Darmstadt, Germany Designates Undisclosed Bispecific ADC as Clinical Development Candidate -

SOUTH SAN FRANCISCO, Calif., Oct. 8, 2019 /PRNewswire/ -- Sutro Biopharma, Inc. (NASDAQ: STRO) today announced that it has achieved a milestone under its collaboration and license agreement with the healthcare division of Merck KGaA, Darmstadt, Germany and is entitled to receive a milestone payment. The milestone was achieved upon the designation by Merck KGaA, Darmstadt, Germany of an undisclosed bispecific antibody drug conjugate (ADC) as a clinical development candidate with approval to advance to IND-enabling studies. This candidate was discovered using Sutro's XpressCF+™ drug discovery and manufacturing technology and includes a proprietary linker-warhead also discovered by Sutro. The ADC is based on Merck´s strand-exchange engineered domain (SEED) platform to generate bispecific antibody-like molecules. As part of the agreement, Sutro will manufacture the ADC immediately for the early clinical supply of the candidate and is eligible for further milestones and royalties. Merck KGaA, Darmstadt, Germany will be responsible for drug product, clinical development and commercialization of this clinical development candidate.

"The achievement of this milestone marks our fourth ADC clinical product candidate in three years, further validating our XpressCF+™ drug discovery and manufacturing technology which enables iterative optimization through cell-free protein synthesis and site specific conjugation as well as our linker-warhead, all of which are designed to achieve an improved therapeutic window," said Bill Newell, Sutro's Chief Executive Officer. "We look forward to continuing our collaboration with Merck KGaA, Darmstadt, Germany as we seek to discover the next-generation of oncology therapeutics and transform the lives of cancer patients in urgent need of new therapies."

"We are extremely excited to reach this milestone; the development of a therapeutic candidate that incorporates site-specific homogeneous drug conjugation onto a bispecific antibody for the treatment of solid tumors is another demonstration of the versatility of our technology platform," said Trevor Hallam, PhD, Sutro's Chief Scientific Officer.

Under the terms of the agreement announced in 2014, Sutro and Merck KGaA, Darmstadt, Germany have collaborated to discover and develop ADCs utilizing Sutro's cell-free protein synthesis platform, Xpress CF+™Merck KGaA, Darmstadt, Germany will be responsible for drug product, clinical development and commercialization of any resulting products. Sutro is eligible to receive certain pre-commercial milestone payments and tiered royalties ranging from low-to-mid single digit percentages, along with certain additional one-time royalties, on worldwide sales of any commercial products. Further financial details are not being disclosed.

About Sutro Biopharma
Sutro Biopharma, Inc., located in South San Francisco, is a clinical-stage drug discovery, development and manufacturing company. Using precise protein engineering and rational design, Sutro is advancing next-generation oncology therapeutics.

Sutro's proprietary and integrated cell-free protein synthesis and site-specific conjugation platform, XpressCF+™, led to the discovery of STRO-001 and STRO-002, Sutro's first two internally-developed ADCs. STRO-001 is an CD-74 ADC currently being investigated in a Phase I clinical trial of patients with advanced B-cell malignancies, including multiple myeloma and non-Hodgkin lymphoma. STRO-001 was granted Orphan Drug Designation by the FDA for multiple myeloma in October 2018. STRO-002 is a folate receptor alpha (FolRα) ADC, currently being investigated in a Phase I clinical trial of patients with ovarian and endometrial cancers. This is the second product candidate to be evaluated in clinical trials resulting from Sutro's XpressCF+™ technology platform. A third program, BCMA ADC, which is part of Sutro's collaboration with Celgene, recently received FDA clearance for its IND. Sutro's proprietary technology was responsible for the discovery and manufacturing of the BCMA ADC, for which Celgene has worldwide development and commercialization rights. Sutro is entitled to development and regulatory milestone payments and tiered royalties from Celgene for this BCMA ADC.

Sutro is dedicated to transforming the lives of cancer patients by creating medicines with improved therapeutic profiles for areas of unmet need.

To date, Sutro has designed cytokine-based immuno-oncology therapies, ADCs, vaccines and bispecific antibodies primarily directed at clinically-validated targets for which the current standard of care is suboptimal.

Sutro's platform allows it to accelerate discovery and development of potential first-in-class and best-in-class molecules through rapid and systematic evaluation of protein structure-activity relationships to create optimized homogeneous product candidates.

In addition to developing its own oncology pipeline, Sutro is collaborating with select pharmaceutical and biotech companies to discover and develop novel, next-generation therapeutics. As the pace of clinical development accelerates, Sutro and its partners are developing therapeutics designed to more efficiently kill tumors without harming healthy cells.

Follow Sutro on Twitter, @Sutrobio, and at www.sutrobio.com to learn more about our passion for changing the future of oncology.

About Merck KGaA, Darmstadt, Germany
Merck KGaA, Darmstadt, Germany, a leading science and technology company, operates across healthcare, life science and performance materials. Around 52,000 employees work to make a positive difference to millions of people's lives every day by creating more joyful and sustainable ways to

live. From advancing gene editing technologies and discovering unique ways to treat the most challenging diseases to enabling the intelligence of devices – the company is everywhere. In 2018, Merck KGaA, Darmstadt, Germany, generated sales of € 14.8 billion in 66 countries.

The company holds the global rights to the name and trademark "Merck" internationally. The only exceptions are the United States and Canada, where the business sectors of Merck KGaA, Darmstadt, Germany operate as EMD Serono in healthcare, MilliporeSigma in life science, and EMD Performance Materials. Since its founding 1668, scientific exploration and responsible entrepreneurship have been key to the company's technological and scientific advances. To this day, the founding family remains the majority owner of the publicly listed company.

Forward-Looking Statements
This press release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, anticipated clinical development activities, potential benefits of the company's product candidates and platform, the company's ability to achieve future milestones under its collaboration agreements and anticipated financial trends. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Although the company believes that the expectations reflected in such forward-looking statements are reasonable, the company cannot guarantee future events, results, actions, levels of activity, performance or achievements, and the timing and results of biotechnology development and potential regulatory approval is inherently uncertain. Forward-looking statements are subject to risks and uncertainties that may cause the company's actual activities or results to differ significantly from those expressed in any forward-looking statement, including risks and uncertainties related to the company's ability to advance its product candidates, the receipt and timing of potential regulatory designations, approvals and commercialization of product candidates, the Company's ability to maintain and recognize the benefits of certain designations received by product candidates, the timing and results of preclinical and clinical trials, the company's ability to fund development activities and achieve development goals, the company's ability to protect intellectual property, and the Company's commercial collaborations with third parties and other risks and uncertainties described under the heading "Risk Factors" in documents the company files from time to time with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this press release, and the company undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date hereof.

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