# Merus Announces Ono Pharmaceuticals Exercise of its Option for New Research and License Agreement to Generate Bispecific Antibody Targeting Autoimmune Diseases

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UTRECHT, The Netherlands, March 14, 2018 (GLOBE NEWSWIRE) -- Merus N.V. (Nasdaq:MRUS), a clinical-stage immuno-oncology company developing innovative bispecific antibody therapeutics (Biclonics®), today announced that Ono Pharmaceutical Co., LTD. (Osaka, Japan, 'Ono') has exercised its option under an agreement executed in April 2014 to enter into a new research and license agreement utilizing Merus' proprietary Biclonics® technology platform to generate a bispecific antibody that binds to a combination of targets designed for the treatment of autoimmune diseases.

"Ono's decision to exercise its option builds on the success to date of the original collaboration we entered into in 2014," said Ton Logtenberg, Ph.D., Chief Executive Officer of Merus. "As we continue to advance and expand Merus' proprietary pipeline of innovative therapeutic candidates in oncology, we are very excited to work with a collaborator such as Ono to leverage our Biclonics® technology platform to develop therapeutics for other disease areas with significant unmet medical needs."

"We highly value Merus' proprietary drug discovery technology which effectively generates full-length human bispecific antibody therapeutics," said Hiromu Habashita, Ph.D., Corporate Officer, and Executive Director of Discovery & Research of Ono. "We are glad to expand our collaboration and look forward to realizing the next generation of high value treatments in autoimmune disease area."

In April 2014, Merus and Ono entered into a research and license agreement to jointly develop bispecific antibody therapies for autoimmune diseases. In 2016, Ono selected a lead bispecific antibody candidate that it intends to advance into clinical testing, which triggered a milestone payment to Merus. By exercising its option under the terms of the first agreement, Ono has agreed to fund research activities at Merus that will generate candidate Biclonics® for the new program. Merus has granted Ono worldwide exclusive rights to develop, manufacture, and commercialize the resulting products developed through the collaboration.

Consistent with the terms of Merus' 2014 agreement, under the new agreement, Merus will receive an undisclosed upfront payment. Merus is also eligible to receive milestone payments upon achievement of specified research and clinical development milestones. For products commercialized under this agreement, if any, Merus is also eligible to receive a mid-single digit royalty on net sales.

**About Merus N.V.**

Merus is a clinical-stage immuno-oncology company developing innovative full-length human bispecific antibody therapeutics, referred to as Biclonics®. Biclonics®, which are based on the full-length IgG format, are manufactured using industry standard processes and have been observed in preclinical and clinical studies to have several of the same features of conventional human monoclonal antibodies, such as long half-life and low immunogenicity. Merus' most advanced bispecific antibody candidate, MCLA-128, is being evaluated in a Phase 2 combination trial in two metastatic breast cancer populations. MCLA-128 is also being evaluated in a Phase 1/2 clinical trial in gastric, ovarian, endometrial and non-small cell lung cancers. Merus' second most advanced bispecific antibody candidate, MCLA-117, is being developed in a Phase 1 clinical trial in patients with acute myeloid leukemia. The Company also has a pipeline of proprietary bispecific antibody candidates in preclinical development, including MCLA-158, which is designed to bind to cancer stem cells and is being developed as a potential treatment for colorectal cancer and other solid tumors, as well as MCLA-145, which is designed to bind to PD-L1 and a non-disclosed second immunomodulatory target, which is being developed in collaboration with Incyte Corporation. For additional information, please visit Merus' website, www.merus.nl.

**About Ono**

Ono Pharmaceutical Co., Ltd., headquartered in Osaka, Japan, is an R&D-oriented pharmaceutical company committed to creating innovative medicines in specific areas. It focuses especially on the oncology and diabetes areas. For more information, please visit the company's website at http://www.ono.co.jp/eng/index.html.

**Forward Looking Statement**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding the development and commercialization of a bispecific antibody that binds to a combination of targets designed for the treatment of autoimmune diseases under the new agreement between Merus and Ono, the progress and timing of the clinical activities as part of the collaboration with Ono, the value of the collaboration to Merus and Ono, Merus' receipt of the upfront payment from Ono, the advancement and expansion of Merus' proprietary pipeline of therapeutic candidates in oncology, the ability to leverage Merus' Biclonics® technology platform to develop therapeutic candidates, the design, treatment potential, clinical development and clinical development plans for Merus' bispecific antibody therapeutic candidates.

These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following: our need for additional funding, which may not be available and which may require us to restrict our operations or require us to relinquish rights to our technologies or Biclonics® and bispecific antibody candidates; potential delays in regulatory approval, which would impact our ability to commercialize our product candidates and affect our ability to generate revenue; the lengthy and expensive process of clinical drug development, which has an uncertain outcome; the unpredictable nature of our early stage development efforts for marketable drugs; potential delays in enrollment of patients, which could affect the receipt of necessary regulatory approvals; our reliance on third parties to conduct our clinical trials and the potential for those third parties to not perform satisfactorily; we may not identify suitable Biclonics® or bispecific antibody candidates under our collaboration with Incyte or Incyte may fail to perform adequately under our collaboration; our reliance on third parties to manufacture our product candidates,

which may delay, prevent or impair our development and commercialization efforts; protection of our proprietary technology; our patents may be found invalid, unenforceable, circumvented by competitors and our patent applications may be found not to comply with the rules and regulations of patentability; we may fail to prevail in existing and potential lawsuits for infringement of third-party intellectual property; and our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks.

These and other important factors discussed under the caption “Risk Factors” in our Annual Report on Form 20-F filed with the Securities and Exchange Commission, or SEC, on April 28, 2017, and our other reports filed with the SEC, could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management’s estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change, except as required under applicable law. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

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