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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 6-K**

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**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

August 8, 2016

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Commission File Number: 001-37773

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**Merus N.V.**

(Exact Name of Registrant as Specified in Its Charter)

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**Padualaan 8 (postvak 133)  
3584 CH Utrecht, the Netherlands  
+31 30 253 8800  
(Address of principal executive office)**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F       Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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**INFORMATION CONTAINED IN THIS REPORT ON FORM 6-K**

On August 8, 2016, Merus N.V. (the “Company”) issued a press release (the “Press Release”) announcing the Company’s financial results for the three month period ended June 30, 2016.

The unaudited financial statements of the Company for the three month period ended June 30, 2016 are furnished herewith as Exhibit 99.1 to this Report on Form 6-K, and the Press Release is furnished herewith as Exhibit 99.2 to this Report on Form 6-K.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Merus N.V.**

Date: August 8, 2016

By: /s/ Ton Logtenberg

Name: Ton Logtenberg

Title: Chief Executive Officer

By: /s/ Shelley Margetson

Name: Shelley Margetson

Title: Chief Financial Officer

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Unaudited financial statements for Merus N.V. for the three month period ended June 30, 2016.
99.2	Press Release of Merus N.V., dated August 8, 2016.

## Merus N.V.

## Unaudited Condensed Consolidated Statement of Financial Position

*(after appropriation of result for the period)*

	Note	June 30, 2016	December 31, 2015
(euros in thousands)			
<b>Non-current assets</b>			
Property, plant and equipment		428	325
Intangible assets		404	435
Restricted cash		195	218
<b>Total non-current assets</b>		<b>1,027</b>	<b>978</b>
<b>Current assets</b>			
Trade and other receivables	5	1,440	1,665
Cash and cash equivalents		71,149	32,851
<b>Total current assets</b>		<b>72,589</b>	<b>34,516</b>
<b>Total assets</b>		<b>73,616</b>	<b>35,494</b>
<b>Shareholders' equity</b>			
Issued and paid-in capital		1,448	775
Share premium account		139,981	90,909
Accumulated loss		(73,067)	(63,382)
<b>Total equity</b>	9	<b>68,362</b>	<b>28,302</b>
<b>Non-current liabilities</b>			
Borrowings	7	417	486
Deferred revenue	8	279	390
<b>Current liabilities</b>			
Borrowings		167	167
Trade payables		1,711	2,419
Taxes and social security liabilities		65	142
Deferred revenue	8	223	223
Other liabilities and accruals	6	2,392	3,365
<b>Total current liabilities</b>		<b>4,558</b>	<b>6,316</b>
<b>Total liabilities</b>		<b>5,254</b>	<b>7,192</b>
<b>Total equity and liabilities</b>		<b>73,616</b>	<b>35,494</b>

**Unaudited Condensed Consolidated Statement of Profit or Loss and  
Comprehensive Loss**

	Note	Three month period ended	
		June 30,	
		2016	2015
		(euros in thousands, except per share data)	
<b>Revenue</b>	10	<b>1,098</b>	1,157
Research and development costs	11	(3,945)	(3,786)
Management and administration costs	11	(373)	(149)
Other expenses	11	(1,664)	(2,775)
<b>Total operating expenses</b>		<b>(5,982)</b>	(6,710)
<b>Operating result</b>		<b>(4,884)</b>	(5,553)
Finance income		23	1
Finance costs		(13)	(11)
<b>Total finance income / (expenses)</b>		<b>10</b>	(10)
<b>Result before tax</b>		<b>(4,874)</b>	(5,563)
Income tax expense		—	—
<b>Result after taxation</b>		<b>(4,874)</b>	(5,563)
<b>Other comprehensive income</b>			
Exchange differences on the translation of foreign operations		—	—
<b>Total other comprehensive loss for the period</b>		<b>(4,874)</b>	(5,563)
<b>Total comprehensive loss for the period</b>		<b>(4,874)</b>	(5,563)
<b>Basic (and diluted) loss per share</b>		<b>(0.40)</b>	(1.25)

**Unaudited Condensed Consolidated Statement of Profit or Loss and  
Comprehensive Loss**

	Note	Six month period ended	
		June 30,	
		2016	2015
		(euros in thousands, except per share data)	
<b>Revenue</b>	10	<b>1,945</b>	1,264
Research and development costs	11	<b>(8,307)</b>	(7,234)
Management and administration costs	11	<b>(735)</b>	(341)
Other expenses	11	<b>(3,277)</b>	(4,070)
<b>Total operating expenses</b>		<b>(12,319)</b>	(11,645)
<b>Operating result</b>		<b>(10,374)</b>	(10,381)
Finance income		<b>56</b>	1
Finance costs		<b>(18)</b>	(18)
<b>Total finance income / (expenses)</b>		<b>38</b>	(17)
<b>Result before tax</b>		<b>(10,336)</b>	(10,398)
Income tax expense		<b>—</b>	—
<b>Result after taxation</b>		<b>(10,336)</b>	(10,398)
<b>Other comprehensive income</b>			
Exchange differences on the translation of foreign operations		<b>3</b>	—
<b>Total other comprehensive loss for the period</b>		<b>(10,333)</b>	(10,398)
<b>Total comprehensive loss for the period</b>		<b>(10,333)</b>	(10,398)
<b>Basic (and diluted) loss per share</b>		<b>(1.00)</b>	(2.43)

The results for the period and the comprehensive loss for the period are fully attributable to the owners of the Company.

**Unaudited Condensed Consolidated Statement of Changes in Equity**

(euros in thousands)	<i>Note</i>	Common share capital	Class A Pref. share capital	Class B Pref. share capital	Class C Pref. share capital	Common share premium	Class A Pref. share premium	Class B Pref. share premium	Class C Pref. share premium	Accumulated loss	Total equity
<b>Balance at January 1, 2015</b>		<b>30</b>	<b>21</b>	<b>231</b>	<b>—</b>	<b>1,564</b>	<b>1,334</b>	<b>34,026</b>	<b>—</b>	<b>(40,765)</b>	<b>(3,559)</b>
Result		—	—	—	—	—	—	—	—	(10,398)	(10,398)
Other comprehensive income		—	—	—	—	—	—	—	—	—	—
Total comprehensive loss		—	—	—	—	—	—	—	—	(10,398)	(10,398)
<b>Transactions with owners of the Company:</b>											
Issuance of shares (net)	9	—	—	120	—	—	—	4,866	—	—	4,986
Convertible option		—	—	—	—	—	—	—	—	409	409
Equity settled shared-based payments	12	—	—	—	—	—	—	—	—	166	166
<b>Total contributions by and distributions to owners of the Company</b>		<b>—</b>	<b>—</b>	<b>120</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,866</b>	<b>—</b>	<b>575</b>	<b>5,561</b>
<b>Balance at June 30, 2015</b>		<b>30</b>	<b>21</b>	<b>351</b>	<b>—</b>	<b>1,564</b>	<b>1,334</b>	<b>38,892</b>	<b>—</b>	<b>(50,588)</b>	<b>(8,396)</b>
<b>Balance at January 1, 2016</b>		<b>30</b>	<b>21</b>	<b>351</b>	<b>373</b>	<b>1,564</b>	<b>1,334</b>	<b>38,906</b>	<b>49,105</b>	<b>(63,382)</b>	<b>28,302</b>
Result		—	—	—	—	—	—	—	—	(10,336)	(10,336)
Other comprehensive loss		—	—	—	—	—	—	—	—	3	3
Total comprehensive loss		—	—	—	—	—	—	—	—	(10,333)	(10,333)
<b>Transactions with owners of the Company:</b>											
Issuance of shares (net)	9	673	—	—	—	50,478	—	—	—	—	51,151
IPO Expenses		—	—	—	—	(1,406)	—	—	—	—	(1,406)
Conversion preference shares		745	(21)	(351)	(373)	89,345	(1,334)	(38,906)	(49,105)	—	—
Equity settled shared-based payments	12	—	—	—	—	—	—	—	—	648	648
<b>Total contributions by and distributions to owners of the Company</b>		<b>1,418</b>	<b>(21)</b>	<b>(351)</b>	<b>(373)</b>	<b>138,417</b>	<b>(1,334)</b>	<b>(38,906)</b>	<b>(49,105)</b>	<b>648</b>	<b>50,393</b>
<b>Balance at June 30, 2016</b>		<b>1,448</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>139,981</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(73,067)</b>	<b>68,362</b>



**Unaudited Condensed Consolidated Statement of Cash flows**

Six month period ended June 30,  
2016                      2015  
(euros in thousands)

<b>Cash flows from operating activities</b>		
Result after taxation	<b>(10,336)</b>	(10,398)
Adjustments for:		
Depreciation and amortization	<b>105</b>	101
Share option expenses	<b>648</b>	166
Net finance (income) costs	<b>(38)</b>	17
	<b>(9,621)</b>	(10,114)
Changes in working capital:		
Trade and other receivables	<b>(678)</b>	544
Trade payables	<b>(708)</b>	821
Other liabilities and accruals	<b>(1,096)</b>	672
Deferred revenue	<b>(111)</b>	(111)
Taxes and social security liabilities	<b>(77)</b>	21
<b>Cash used in operations</b>	<b>(12,291)</b>	(8,167)
Interest paid	<b>(18)</b>	(18)
Tax paid	—	—
<b>Net cash used in operating activities</b>	<b>(12,309)</b>	(8,185)
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	<b>(176)</b>	(5)
Interest received	<b>60</b>	1
<b>Net cash used in investing activities</b>	<b>(116)</b>	(4)
<b>Cash flow from financing activities</b>		
Proceeds from issuing shares, net	9	50,770
Proceeds from borrowings	—	8,000
Repayment of borrowings	<b>(69)</b>	(69)
Movement in restricted cash	<b>23</b>	23
<b>Net cash from financing activities</b>	<b>50,724</b>	12,940
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>38,299</b>	4,751
Cash and cash equivalents as at January 1	32,851	1,568
Effects of exchange rate changes on cash and cash equivalents	<b>(1)</b>	—
<b>Cash and cash equivalents as at June 30</b>	<b>71,149</b>	6,319

## 1. General information

Merus N.V. is a clinical-stage immuno-oncology company developing innovative bispecific antibody therapeutics, headquartered in Utrecht, the Netherlands. Merus US, Inc. is a wholly-owned subsidiary of Merus N.V. located in Boston, Massachusetts, United States. These condensed consolidated interim financial statements as at and for the six month period ended 30 June 2016 comprise Merus N.V. and Merus US, Inc. (together, the “Company”).

On 24 May 2016, Merus N.V. closed its initial public offering of 5,500,000 common shares and, upon the underwriters’ exercise of their option to purchase additional shares on 26 May 2016, issued an additional 639,926 of its common shares, at a price to the public of US\$10.00 per share (the “IPO”). Net proceeds to Merus N.V. after deducting underwriting discounts and commissions and offering expenses were US\$53.3 million. On 19 May 2016, Merus N.V.’s common shares were listed on The NASDAQ Global Market (“NASDAQ”). In connection with the IPO, Merus N.V.’s legal structure under Dutch law was changed from a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) to a public company with limited liability (*naamloze vennootschap*). In addition, in connection with the IPO, all of Merus N.V.’s preferred shares converted into common shares.

Merus N.V. was incorporated in the Netherlands, with its statutory seat in Utrecht. In connection with becoming a public company, on 19 May 2016, Merus N.V.’s name changed from “Merus B.V.” to “Merus N.V.” The address of Merus N.V.’s registered office is Padualaan 8, 3584CH Utrecht, the Netherlands.

## 2. Significant accounting policies

These unaudited interim condensed consolidated financial statements (the “interim financial statements”) have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board. Certain information and disclosures normally included in financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been condensed or omitted. Accordingly, these interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2015. In the opinion of management, all adjustments (consisting of a normal recurring nature) considered necessary for a fair presentation have been included in the interim financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment on the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to these interim financial statements are disclosed in Note 4. The results of operations for the six month period ended 30 June 2016 are not necessarily indicative of operations to be expected for the full fiscal year ending 31 December 2016.

Items included in each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The interim financial statements are presented in euros, which is Merus N.V.'s functional and presentation currency. All amounts are rounded to the nearest thousands of euros, except where otherwise indicated.

The Company's financial results have varied substantially, and are expected to continue to vary, from period to period. The Company believes that its ordinary activities are not linked to any particular seasonal factors per International Accounting Standard 34.16.

The Company operates in one reportable segment, which comprises the discovery and development of innovative bispecific therapeutics.

### **3. Adoption of New and Revised International Financial Reporting Standards**

Except as otherwise indicated, the accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2015. A number of new standards, amendments to standards and interpretations will be effective for periods beginning on or after 1 January 2018 or 2019 and may be relevant to the Company. The Company does not plan to adopt new standards early.

### **4. Critical Accounting estimates and Judgments**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. No changes were identified compared to previous financial statements.

The following are the critical judgments and assumptions that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the interim financial statements.

**(a) Equity settled share-based payments**

Share options granted to employees and consultants providing similar services are measured at the grant date fair value of the equity instruments granted. The grant date fair value is determined through the use of an option-pricing model considering the following variables:

- a) the exercise price of the option;
- b) the expected life of the option;
- c) the current value of the underlying shares;
- d) the expected volatility of the share price;
- e) the dividends expected on the shares; and
- f) the risk-free interest rate for the life of the option.

For the Company's share option plans, management's judgment is that the Black-Scholes valuation formula and the binomial option pricing model are the most appropriate methods for determining the fair value of the Company's share options considering the terms and conditions attached to the grants made and to reflect exercise behaviour. Since the Company was not listed on a national securities exchange until 19 May 2016, there was no published share price information available until 19 May 2016, for the six month period ended 30 June 2016. Consequently, the Company estimated the fair value of its shares and the expected volatility of that share value for the period up to 19 May 2016. Since 19 May 2016 the Company uses the public share information to determine the current value of the underlying shares.

The result of the share option valuations and the related compensation expense that is recognized for the respective vesting periods during which services are received, is dependent on the model and input parameters used. Even though management considers the fair values reasonable and defensible based on the methodologies applied and the information available, others might apply a different fair value for the Company's share options.

**(b) Income tax**

Deferred tax assets in respect of tax losses have not been recognized, because the Company has no history of generating taxable profits and at the balance sheet date, there is no convincing evidence that sufficient taxable profit will be available against which the tax losses can be utilized.

**(c) Capitalization of development costs**

The criteria for capitalization of development costs have been considered by management and determined not to have been met in the six month period ended 30 June 2016. Therefore, all development expenditures relating to internally generated intangible assets in the six month period ended 30 June 2016 were expensed as incurred.

**(d) Accounting for upfront license fees**

The Company entered into a research and license agreement with ONO Pharmaceuticals Co., Ltd (“ONO”) in April 2014. In connection with this arrangement, the Company received an upfront fee, which relates to the integrated package of deliverables under the contract (one single performance obligation). The applicable period over which to recognize the upfront payment is a significant judgment. Revenue related to this upfront fee is deferred and amortized on a straight-line basis over the contract period, as that is the period over which the Company provides its integrated service activities to ONO.

**(e) Treatment of expenses relating to an equity transaction**

The Company incurred costs, relating to the preparation of the IPO. The costs of the IPO, which involved both issuing new common shares and listing on NASDAQ, have been accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares were initially recognized as prepaid expenses and were deducted from equity on the date of the closing of the IPO (net of any income tax benefit); and
- Costs that relate to listing on NASDAQ, or are otherwise not incremental and directly attributable to issuing new shares, were directly recorded as an expense in the statement of profit or loss and comprehensive loss.
- Costs that relate to both share issuance and listing were allocated between those functions on a rational and consistent basis.

**(f) Going concern**

During the year ended 31 December 2015 and the six month period ended 30 June 2016, the Company suffered losses from its operations, which further weakened the shareholders’ equity (not considering the impact of the IPO).

The Company expects to incur significant expenses and operating losses for the foreseeable future as its bispecific antibody candidates advance from discovery through preclinical development and into clinical trials, and it seeks regulatory approval and pursues commercialization of any approved bispecific antibody candidate. In addition, the Company may incur expenses in connection with the licensing or acquisition of additional bispecific antibody candidates.

As a result, the Company will need additional financing to support its continuing operations. Until the Company can generate significant revenue from product sales, if ever, the Company expects to finance its operations through public equity or debt financings or other sources, which may include collaborations with third parties. Adequate additional financing may not be available to the Company on acceptable terms, or at all. The

Company's inability to raise capital as and when needed would have a negative impact on the financial condition and ability to pursue its business strategy. The Company will need to generate significant revenue to achieve profitability and may never do so.

The Company expects that its existing cash and cash equivalents, together with funds raised from the IPO which closed in May 2016, will enable the Company to fund its operating expenses and capital expenditure requirements for at least the next 12 months from the date of these interim financial statements.

**(g) Foreign currency translation**

Foreign currency transactions are translated using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate at the reporting date are generally recognized in profit or loss.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and comprehensive income or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

## 5. Trade and other receivables

All trade and other receivables are short-term and due within one year.

	June 30, 2016	December 31, 2015
	(euros in thousands)	
Trade receivable	136	—
Grant receivable	500	—
Taxation and social security premiums	299	296
Prepaid general expenses	434	500
Prepaid IPO costs	—	814
Interest receivable	36	45
Other receivables	35	10
	<u>1,440</u>	<u>1,665</u>

## 6. Other liabilities and accruals

All amounts are short-term and payable within one year.

	June 30, 2016	December 31, 2015
	(euros in thousands)	
Accrued auditor's fee	261	335
Accrual for holiday expenses	104	50
Personnel	—	141
R&D studies	824	741
IP – Legal fee	374	170
Bonuses	348	391
Subsidy advance received	201	1,294
Other accruals	281	243
	<u>2,393</u>	<u>3,365</u>

## 7. Borrowings

The Company entered into a financing agreement with Rabobank Utrechtse Heuvelrug U.A. ("Rabobank") on 29 December 2005, which provided for total borrowings of €1.5 million for the financing of its business activities. The duration of this agreement is 12 years.

Under the agreement, the loans are to be repaid in monthly instalments of €14 thousand, beginning on 31 January 2009. Repayments were deferred in January 2010 for a period of two years. Repayment recommenced in January 2012. The loans bear interest at an annual rate equal to 4.45% and were fixed until 1 April 2016. From that date the interest rate has been fixed at 3.55% until 31 March 2017.

In connection with the financing agreement, the following securities have been issued:

- a right of pledge on the account of €500 thousand, in the Company's name in a new savings account for the benefit of Rabobank; and
- a suretyship of €1 million within the framework of the Royal Decree "Borgstelling MKB-krediet."

The pledged amount decreases in relation to the outstanding balance. At 30 June 2016, an amount of €195 thousand (at 30 June 2015: €250 thousand) related to the abovementioned pledge, has been included as non-current assets on the balance sheet.

Movements in the Company's borrowings with Rabobank were as follows:

	(euros in thousands)
Balance 1 January 2015	<b>819</b>
Repayments	<b>(69)</b>
Balance portion 30 June 2015	<b>750</b>
Short term portion 30 June 2015	<b>(167)</b>
Long term portion 30 June 2015	<b>583</b>



	(euros in thousands)
Balance 1 January 2016	653
Repayments	(69)
Balance 30 June 2016	584
Short term portion 30 June 2016	(167)
Long term portion 30 June 2016	417

## 8. Deferred revenue

On 8 April 2014, the Company entered into a research and license agreement with ONO. As part of this agreement, the Company received a non-refundable upfront payment of €1.0 million. This upfront payment is being amortized on a straight-line basis, and presented as revenue, over a period from 8 April 2014 through 30 September 2018, the end of the agreement term. The Company is eligible to receive milestone payments upon achievement of specified research and clinical development milestones. For products commercialized under this agreement, if any, the Company is also eligible to receive a mid-single digit royalty on net sales. ONO also provides funding for the Company's research and development activities under an agreed-upon plan. ONO has the right to terminate this agreement at any time for any reason, with or without cause.

Deferred revenue under the agreement with ONO is as follows:

	June 30, 2016	December 31, 2015
	(euros in thousands)	
Deferred revenue – current portion	223	223
Deferred revenue – non-current	279	390
	<u>502</u>	<u>613</u>

## **9. Shareholders' equity**

On 6 May 2016, the general meeting of shareholders of the Company resolved to approve and effect a capital reorganization, based on a reverse share split. The effect of the reverse share split was a 1-for-1.8 reverse share split of the outstanding common and preferred shares held by the Company's shareholders. This reverse share split became effective on 6 May 2016. All share, per-share and related information presented in the interim financial statements and corresponding disclosure notes have been retrospectively adjusted, where applicable, to reflect the impact of the reverse share split.

### **Issued and paid-in share capital**

#### ***Common shares***

For the six month period ended 30 June 2016, 18,283 options were exercised at an exercise price of €1.93 per share. As a result, 18,283 common shares were issued, share capital increased by €1,645 and share premium increased by €33,640. For the six month period ended 30 June 2015, no common shares were issued.

#### ***Situation as at 30 June 2016***

As a result of the IPO, all issued and paid-in preferred shares were converted to common shares. The conversion ratio was a one for one conversion, taking into consideration the reverse share split that became effective on 6 May 2016. During the three month period ended 30 June 2016, a total of €0.4 million was paid related to costs that are directly attributable to issuing the new shares.

At 30 June 2016, a total of 16,079,675 common shares with a nominal value of €0.09 per share were issued and paid up. At 30 June 2015, a total of 3,899,104 Class B preferred shares, 229,055 Class A preferred shares and 337,562 common shares with a nominal value of €0.09 per share were issued and paid up.

#### ***Share option program (equity-settled)***

In 2010, the Company established the Merus B.V. 2010 Employee Option Plan (the "2010 Plan") that entitles key management personnel, staff and consultants providing similar services to purchase shares in the Company. Under the 2010 Plan, holders of vested options were entitled to purchase depository receipts for common shares at the exercise price determined at the date of grant. Upon exercise of the option, common shares were issued to a foundation established to facilitate administration of share-based compensation awards and pool the voting interests of the underlying shares, and depository receipts were issued by the foundation to the individual holders. In connection with the IPO, the 2010 Plan was amended to cancel the depository receipts and allow individual holders to directly hold the common shares obtained upon exercise of their options. The compensation expenses included in personnel expenses were €648 thousand in the six month period ended 30 June 2016 (in the six month period ended 30 June 2015: €166 thousand)

Options granted under the 2010 Plan are exercisable once vested. The options granted under the 2010 Plan vest in installments over a four-year period from the grant date. Twenty-five percent of the options vest on the first anniversary of the vesting commencement date, and the remaining 75% of the options vest in 36 monthly instalments for each full month of continuous service provided by the option holder thereafter, such that 100% of the options shall become vested on the fourth anniversary of the vesting commencement date. Options will lapse on the eighth anniversary of the date of grant.

In connection with the IPO, the Company established the 2016 Incentive Award Plan (the "2016 Plan"). Following the IPO, the Company is no longer making grants under the 2010 Plan; however, the terms of the 2010 Plan will continue to govern grants made under the 2010 Plan. All new incentive award grants will be made under the 2016 Plan.

As part of the 2016 Plan, the Company also established the Supervisory Board Remuneration Program. As part of this program, the members of the supervisory board are entitled to cash compensation as well as equity compensation. The equity compensation consists of an initial option grant as well as annual awards, subject to approval of the shareholders.

The initial awards granted under the Supervisory Board Remuneration Program vest in installments over a three year period. Thirty-three percent of the options vest on the first anniversary of the vesting commencement date, and the remaining 67% of the options in 24 substantially equal monthly installments thereafter, such that the award shall be fully vested on the third anniversary of the vesting commencement date. Each subsequent award shall vest and become exercisable in 12 substantially equal monthly installments following the vesting commencement date, such that the subsequent award shall be fully vested on the first anniversary of the date of grant.

For a detailed description of the 2016 Plan and the Supervisory Board Member Compensation Plan, please refer to the Company's registration statement on Form F-1 (File No. 333-207490) as filed with the SEC on 9 May 2016.

#### ***Measurement of fair values of the Equity-settled share-based payment arrangements***

The fair value of the employee share options has been measured using the Black-Scholes model (for members of the executive management team) or a binomial option pricing model (for other participants, including supervisory board members). Service and non-market performance conditions attached to the transactions were not taken into account in measuring fair value.

During the six month period ended 30 June 2016, options were granted only to supervisory board members, and no options were granted to the executive management team or other employees. The inputs used in the measurement of the fair values and the related fair values at the grant dates were as follows for the options granted during the six month period ended 30 June 2016.

	Six month period ended June 30, 2016 €
Fair value at grant date	5.74-5.79
Share price at grant date	8.46-8.87
Exercise price	8.46-8.87
Expected volatility (weighted-average)	97.15%
Expected life (weighted average)	3.27 years
Expected dividends	0%
Risk-free interest rate (based on government bonds)	0.10%-1.87%

#### *Reconciliation of outstanding share options*

Changes in the number of options outstanding and their related weighted average exercise prices are as follows:

	Six month period ended June 30, 2016	
	<u>Weighted average exercise price</u> €	<u>Number of options</u>
Outstanding at 1 January 2016	5.35	953,689
Forfeited during the six month period		(6,748)
Exercised during the six month period	1.93	(18,283)
Granted during the six month period	8.76	93,112
Outstanding at 30 June 2016	5.68	<u>1,021,770</u>
Exercisable at 30 June 2016		<u>211,512</u>

The exercised options, include a total of 6,176 options for which the share issuance occurred after the balance sheet date of the six month period ended 30 June 2016. The option exercise took place in June 2016.

On 18 March 2016 an initial equity grant was granted to independent supervisory board members Gabriele Dallmann and Wolfgang Berthold for 12,556 options each. The option exercise price is €8.46 per share.

On 19 May 2016, in connection with the IPO, an equity grant was granted to supervisory board members Anand Mehra, Lionel Carnot, John de Koning and Gregory Perry, each for 17,000 options. The option exercise price is €8.87 per share.

Furthermore, in connection with the IPO, Gabriele Dallmann and Florent Gros resigned from the supervisory board and Gregory Perry was appointed to the supervisory board. Mr. Perry also serves as chair of the audit committee.

## 10. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

	Three month period ended June 30, 2016		Six month period ended June 30, 2016	
	2016	2015	2016	2015
	(euros in thousands)			
ONO Pharmaceutical Co., Ltd. – research funding	192	1,106	248	1,162
Income from grants on research projects	906	51	1,697	102
	<u>1,098</u>	<u>1,157</u>	<u>1,945</u>	<u>1,264</u>

## 11. Total operating expenses

Research and development costs are comprised of allocated employee costs, the costs of materials and laboratory consumables, IP and license costs and allocated other costs.

A breakdown of total operating expenses is presented as follows:

	Three month period ended June 30		Six month period ended June 30	
	2016	2015	2016	2015
	(euros in thousands)			
Manufacturing costs	322	1,418	1,100	2,756
IP and license costs	346	456	488	736
Personnel related R&D	901	627	1,952	1,323
Other research and development costs	2,376	1,285	4,767	2,419
<i>Total research and development costs</i>	<b>3,945</b>	<b>3,786</b>	<b>8,307</b>	<b>7,234</b>
Management and administration costs	373	149	735	341
Litigation costs	493	2,393	1,053	3,300
Other operating expenses	1,171	382	2,224	770
<i>Other expenses</i>	<b>1,664</b>	<b>2,775</b>	<b>3,277</b>	<b>4,070</b>
<b>Total operating expenses</b>	<b>5,982</b>	<b>6,710</b>	<b>12,319</b>	<b>11,645</b>

On 11 March 2014 Regeneron Pharmaceuticals Inc. (“Regeneron”) filed a complaint in the United States District Court for the Southern District of New York (the “Court”), alleging that the Company was infringing on one or more claims in Regeneron’s U.S. Patent No. 8,502,018, entitled “Methods of Modifying Eukaryotic Cells.” On 3 July 2014, the Company filed a response to the complaint, denying Regeneron’s allegations of infringement and raising affirmative defenses, and filed counterclaims seeking, among other things, a declaratory judgment that the Company did not infringe the patent and that the patent was invalid. The Company subsequently filed amended counterclaims during the period from August to December 2014, seeking a declaratory judgment of unenforceability of the patent due to Regeneron’s commission of inequitable conduct.

On 21 November 2014, the Court found that there was clear and convincing evidence that a claim term present in each of the patent claims was indefinite and granted the Company’s proposed claim constructions. On 24 February 2015, the Court entered partial judgment in the proceeding, on the grounds that the Company did not infringe each of the patent claims, and that each of the patent claims were invalid due to indefiniteness. On 2 November 2015, the Court found Regeneron had withheld material information from the United States Patent and Trademark Office during prosecution of the patent, and Regeneron had engaged in inequitable conduct and affirmative egregious misconduct in connection with the prosecution of the patent. On 18 December 2015, Regeneron filed an appeal of the Court’s decision which is currently pending. A decision in this appeal proceeding is expected in the second half of 2016.

On 11 March 2014, Regeneron served a writ in the Netherlands alleging that the Company was infringing one or more claims in their European patent EP 1 360 287 B1. The Company opposed the patent in June 2014 and the Dutch litigation is currently stayed. On 17 September 2014, Regeneron's patent EP 1 360 287 B1 was revoked in its entirety by the European Opposition Division of the European Patent Office (the "EPO"). In Europe, an appeal hearing occurred in October and November 2015 at the Technical Board of Appeal for the EPO at which time the patent was reinstated to Regeneron with amended claims. The Company believes that its current business operations do not infringe the patent reinstated to Regeneron with amended claims because it believes it has not used the technology or methods claimed under the amended claims.

The costs incurred in the above litigation and opposition (€1.1 million for the six month period ended 30 June 2016; €3.3 million for the six month period ended 30 June 2015) are included in the statement of profit or loss and comprehensive loss for the period.

Operating expenses presented by nature are outlined below:

	Three month period ended June 30		Six month period ended June 30	
	2016	2015	2016	2015
	(euros in thousands)			
Costs of outsourced work	2,985	2,488	6,254	5,825
Other external costs	1,669	3,395	3,273	4,055
Employee benefits	1,274	776	2,687	1,664
Depreciation and amortization	54	51	105	101
<b>Total operating expenses</b>	<b>5,982</b>	<b>6,710</b>	<b>12,319</b>	<b>11,645</b>

## 12. Employee benefits

The average number of personnel during the six month period ended 30 June 2016 was approximately 42 (for the six month period ended 30 June 2015: 30), all employed in the Netherlands, with the exception of one employee employed in the United States. Employees are principally employed in the area of research and development. Employees that are devoted to activities other than research and development are included under management and administration costs.

Details of the total employee benefits are presented as follows:

	Three month period ended June 30		Six month period ended June 30	
	2016	2015	2016	2015
	(euros in thousands)			
Salaries and wages	1,130	658	2,267	1,391
WBSO subsidy	(438)	(117)	(908)	(174)
Social security premiums	96	68	180	137
Pension costs	107	56	217	113
Option expense	321	83	648	166
Other personnel expenses	58	28	283	31
	<u>1,274</u>	<u>776</u>	<u>2,687</u>	<u>1,664</u>

### 13. Operating leases

Merus N.V. has a contract for the rent of facilities with the University of Utrecht, seated in Utrecht. The contract expired on 31 December 2015. The total annual obligation is €256 thousand. As the Company is awaiting the completion of a new office building, the contract for the lease of the facilities has been extended at the current rental price. The Company can end the contract at its own option with a month's notice. On 22 April 2016 the Company closed a new lease agreement with Stichting Incubator Utrecht for a new office building. The agreement term will be five years, starting in the fourth quarter of 2016. The agreed rental price is €402 thousand per year.

### 14. Subsequent events

Apart from the subsequent events that were noted elsewhere in the interim financial statements, no other subsequent events took place that require disclosure.





## **Merus Announces Second Quarter 2016 Financial Results and Reviews Recent Clinical Progress and Corporate Developments**

**Utrecht, The Netherlands, August 8, 2016** — Merus N.V., a clinical-stage immuno-oncology company developing innovative bispecific antibody therapeutics, today announced financial results for the second quarter ended June 30, 2016 and provided a review of recent accomplishments and clinical development plans.

“We ended the second quarter with €71.1 million of cash and cash equivalents, which provides us with the funding to achieve several development milestones,” said Ton Logtenberg, PhD, Chief Executive Officer of Merus. “We look forward to reporting on the progress of our lead HER2 x HER3 bispecific candidate, MCLA-128, our CLEC12A x CD3 bispecific candidate, MCLA-117, as well as our earlier stage pipeline.”

### **Recent Clinical Developments**

- Announced that the first patient has been dosed in a Phase 1/2 clinical trial evaluating Merus’ second Biclomics® therapeutic candidate, MCLA-117, in patients with acute myeloid leukemia (AML).
- Presented interim Phase 1/2 clinical data in a poster presentation at the American Association for Cancer Research (AACR) 2016 Annual Meeting demonstrating a favorable safety profile and early signs of anti-tumor activity of MCLA-128 in patients with advanced solid tumors.

### **Upcoming Milestones**

- By the end of 2016, Merus expects to report interim results from Part 2 of a Phase 1/2 clinical trial of MCLA-128 in breast cancer.
- Also by the end of 2016, Merus expects to file an Investigational New Drug application with the U.S. Food and Drug Administration for a Phase 1/2 trial of MCLA-128.
- During the second half of 2017, Merus expects to report topline data from its Phase 1/2 monotherapy trial of MCLA-128 in patients with solid tumors in multiple indications.
- By the end of 2017, Merus expects to report interim results from Part 1 of its Phase 1/2 clinical trial evaluating MCLA-117 in patients with AML.

## Corporate Highlights

- Closed a successful initial public offering in May which raised net proceeds to Merus, after deducting underwriting discounts and commissions and offering expenses, of \$53.3 million.
- Issued three patents related to the generation of bispecific antibodies and high-throughput functional screening methods of large collections of bispecific antibodies.
- Formed a strategic collaboration with Institut Gustave Roussy, a leading Comprehensive Cancer Centre in Europe, to jointly develop bispecific antibodies for therapeutic immuno-oncology applications.
- Announced the closing of a commercial multi-product license for Probiogen's Glymaxx © ADCC Enhancement technology.
- Appointed Mr. Gregory Perry to the Supervisory Board as well as Chair of the Audit Committee.
- Incorporated Merus US, Inc and opened a new office in Cambridge, Massachusetts, USA.

## Second Quarter 2016 Financial Results

*(Euros in millions)*

Total revenue for the three months ended June 30, 2016 was €1.1 million compared to €1.2 million for the same period in 2015. Revenue is comprised primarily of research funding and income from grants on research projects.

Research and development expenses for the three months ended June 30, 2016 were €3.9 million compared to €3.8 million for the same period in 2015. Research and development costs are comprised primarily of R&D headcount and other costs related to the development of Merus' two lead bispecific antibody candidates, MCLA-128 and MCLA-117, as well as manufacturing costs related to MCLA-158.

For the three months ended June 30, 2016, Merus reported a net loss of €(4.9) million, or €(0.40) per basic and diluted share, compared to a net loss of €(5.6) million, or €(1.25) per basic and diluted share, for the same period in 2015.

Merus ended the quarter with cash and cash equivalents of €71.1 million.

## About MCLA-128

MCLA-128 is an ADCC-enhanced Biclomics® that binds to HER2- and HER3- expressing solid tumor cells. MCLA-128 is designed to overcome the inherent and acquired resistance of tumor cells to HER2-targeted therapies using two mechanisms: 1) blocking growth and survival pathways to stop tumor expansion while preventing tumor cells escaping through activation of the HER3/herregulin pathway and 2) recruitment and enhancement of immune effector cells to directly kill the tumor.



### **About MCLA-117**

MCLA-117 is a Biclomics® that is designed to bind to CD3 expressed by T-cells and CLEC12A expressed by acute myeloid leukemia (AML) tumor cells and stem cells. In preclinical studies, MCLA-117 has been shown to recruit and activate the immune system's own T-cells to kill AML tumor cells and stem cells.

### **About MCLA-158**

MCLA-158 is an ADCC-enhanced Biclomics® being developed for the treatment of colorectal cancer and other solid tumors. MCLA-158 is designed to bind to Lgr5 and EGFR expressing cancer stem cells, block growth and survival pathways and enhance the recruitment of immune effector cells to directly kill cancer stem cells that persist in solid tumors causing relapse and metastasis.

### **About Merus N.V.**

Merus is a clinical-stage immuno-oncology company developing innovative full length human bispecific antibody therapeutics, referred to as Biclomics®. Biclomics® are based on the full-length IgG format, are manufactured using industry standard processes and have been observed in preclinical studies to have several of the same features of conventional monoclonal antibodies, such as long half-life and low immunogenicity. Merus' lead bispecific antibody candidate, MCLA-128, is being evaluated in a Phase 1/2 clinical trial in Europe as a potential treatment for HER2-expressing solid tumors. Merus' second bispecific antibody candidate, MCLA-117, is being developed as a potential treatment for 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, and Biclomics® designed to bind to various combinations of immunomodulatory molecules, including PD-1 and PD-L1.

### **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 sufficiency of our cash and cash equivalents for advancing our therapeutic candidates, the timing of results from our clinical trials and of regulatory filings, each statement under "Upcoming Milestones," and the treatment potential for bispecific antibody 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: we have incurred significant losses, are not currently profitable and may never become profitable; 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 bispecific antibody candidates; potential delays in regulatory approval, which would



impact the ability to commercialize our product candidates and affect our ability to generate revenue; the unproven approach to therapeutic intervention of our Biclomics® technology; potential difficulties in validating and developing companion diagnostics, which could harm our development strategy; our limited operating history; economic, political, regulatory and other risks involved with international operations; exchange rate fluctuations or abandonment of the euro currency; 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 adverse public reaction to the use of cancer immunotherapies; potential delays in enrollment of patients, which could affect the receipt of necessary regulatory approvals; our potential exposure to costly and damaging liability claims; post-marketing restrictions or withdrawal from the market; failure to obtain marketing approval internationally; compliance with environmental, health, and safety laws and regulations; anti-kickback, fraud, abuse, and other healthcare laws and regulations exposing us to potential criminal sanctions; recently enacted or future legislation; failure to compete successfully against other drug companies; potential competition from other drug companies if we fail to obtain orphan drug designation or maintain orphan drug exclusivity for our products; the possibility that governmental authorities and health insurers may not establish adequate reimbursement levels and pricing policies to support our products; the potential failure of our product candidates to be accepted on the market by the medical community; our lack of experience selling, marketing and distributing products and our lack of internal capability to do so; potential competition from biosimilars; our reliance on third parties to conduct our clinical trials and the potential for those third parties to not perform satisfactorily; 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 being found invalid or unenforceable; potential lawsuits for infringement of third-party intellectual property; adequate protection of our trademarks; our potential failure to obtain extensions of the terms of patents covering our products; potential difficulties protecting our intellectual property rights in certain jurisdictions; changes in United States patent law; protection of the confidentiality of our trade secrets; claims asserting that we or our employees misappropriated a third-party's intellectual property or otherwise claiming ownership of what we regard as our intellectual property; compliance with patent regulations; potential system failures; our ability to attract and retain key personnel; managing our growth could result in difficulties; the price of our common stock may fluctuate substantially; certain of our shareholders and members of our management board own a majority of our outstanding shares and exercise significant control over us; a significant portion of our total outstanding shares are eligible to be sold into the market; provisions of our Articles of Association or Dutch corporate law might deter favorable acquisition bids for us or prevent a beneficial change of control; we may lose our foreign private issuer status and incur significant expenses as a result; and unfavorable or lacking analyst research or reports might cause the price of our common shares to decline.

These and other important factors discussed under the caption "Risk Factors" in our final prospectus filed with the Securities and Exchange Commission, or SEC, on May 20, 2016 relating to our Registration Statement on Form F-1, 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. 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.

**Merus N.V.**  
**Unaudited Condensed Consolidated Statement of Financial Position**  
*(after appropriation of result for the period)*

June 30, 2016                      December 31, 2015  
(euros in thousands)

	June 30, 2016	December 31, 2015
<b>Non-current assets</b>		
Property, plant and equipment	428	325
Intangible assets	404	435
Restricted cash	195	218
<b>Total non-current assets</b>	<b>1,027</b>	<b>978</b>
<b>Current assets</b>		
Trade and other receivables	1,440	1,665
Cash and cash equivalents	71,149	32,851
<b>Total current assets</b>	<b>72,589</b>	<b>34,516</b>
<b>Total assets</b>	<b>73,616</b>	<b>35,494</b>
<b>Shareholders' equity</b>		
Issued and paid-in capital	1,448	775
Share premium account	139,981	90,909
Accumulated loss	(73,067)	(63,382)
<b>Total equity</b>	<b>68,362</b>	<b>28,302</b>
<b>Non-current liabilities</b>		
Borrowings	417	486
Deferred revenue	279	390
<b>Current liabilities</b>		
Borrowings	167	167
Trade payables	1,711	2,419
Taxes and social security liabilities	65	142
Deferred revenue	223	223
Other liabilities and accruals	2,392	3,365
<b>Total current liabilities</b>	<b>4,558</b>	<b>6,316</b>
<b>Total liabilities</b>	<b>5,254</b>	<b>7,192</b>
<b>Total equity and liabilities</b>	<b>73,616</b>	<b>35,494</b>

**Merus N.V.**  
**Unaudited Condensed Consolidated Statement of Profit or Loss and Comprehensive Loss**

	Three month period ended June 30,	
	2016	2015
	(euros in thousands, except per share data)	
Revenue	1,098	1,157
Research and development costs	(3,945)	(3,786)
Management and administration costs	(373)	(149)
Other expenses	(1,664)	(2,775)
Total operating expenses	(5,982)	(6,710)
Operating result	(4,884)	(5,553)
Finance income	23	1
Finance costs	(13)	(11)
Total finance income / (expenses)	10	(10)
Result before tax	(4,874)	(5,563)
Income tax expense	—	—
Result after taxation	(4,874)	(5,563)
Other comprehensive income		
Exchange differences on the translation of foreign operations	—	—
Total other comprehensive loss for the period	(4,874)	(5,563)
Total comprehensive loss for the period	(4,874)	(5,563)
Basic (and diluted) loss per share	(0.40)	(1.25)



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