UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to

Commission File Number: 001-37773

MERUS N.V.

(Exact name of registrant as specified in its charter)

The Netherlands	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Uppsalalaan 17 3584 CT Utrecht The Netherlands	
(Address of principal executive offices)	**Not Applicable (Zip code)**

+31 85 016 2500
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common shares, nominal value €0.09 per share	**MRUS**	**The Nasdaq Stock Market LLC (Nasdaq Global Market)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 1, 2024, the registrant had 58,687,551 common shares, nominal value €0.09 per share, outstanding.

PART I — FINANCIAL INFORMATION

PART II — OTHER INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q, including without limitation statements regarding our plans to develop and commercialize our product candidates, the timing of our ongoing or planned clinical trials, the timing of and our ability to obtain and maintain regulatory approvals, the potential impact any global instability due to the ongoing conflicts in Europe and the Middle East on our business and operations, the clinical utility and commercial potential of our product candidates, our commercialization, marketing and manufacturing capabilities and strategy, our expectations surrounding our collaborations and related timelines, our expectations about the willingness of healthcare professionals to use our product candidates, the sufficiency of our cash, cash equivalents and investments, and the plans and objectives of management for future operations and capital expenditures are forward-looking statements.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions and are based largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are subject to a number of known and unknown risks, uncertainties, assumptions and other important factors, including those described under the sections in this Quarterly Report on Form 10-Q entitled "Summary Risk Factors," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those described in Part II, Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q. You should carefully consider these risks and uncertainties when investing in our common shares. The principal risks and uncertainties affecting our business include the following:

- We have incurred significant net losses since our inception and we expect to continue to incur significant expenses and operating losses for the foreseeable future.
- We have a limited operating history, have not completed any registrational clinical trials, and have no products approved for commercial sale, which may make it difficult for you to evaluate our current business and predict our future success and viability.
- We will require substantial additional capital to finance our operations. If we are unable to raise such capital when needed, or on acceptable terms, we may be forced to delay, reduce or eliminate one or more of our research and drug development programs or future commercialization efforts.
- The outcome of pre-clinical testing and early clinical trials may not be predictive of the success of later clinical trials, and the results of our clinical trials may not satisfy the requirements of the FDA, EMA or other comparable foreign regulatory authorities.
- The clinical trial and regulatory approval processes are lengthy, time consuming, require compliance with extensive regulations and consistent with appropriate quality, and are inherently unpredictable, and we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

- Our antibody candidates may have serious adverse, undesirable or unacceptable side effects alone or in combinations being tested in clinical development, which may delay or prevent marketing approval. If such side effects are identified during the development of our antibody candidates or following approval, if any, we may need to abandon our development of such antibody candidates, the commercial profile of any approved label may be limited, or we may be subject to other significant negative consequences following marketing approval, if any.
- We have never commercialized an antibody candidate before and may lack the necessary expertise, personnel and resources to successfully commercialize our products on our own or together with suitable future collaborators or partners.
- We rely, and expect to continue to rely, on third parties, including independent clinical investigators and contract research organizations or CROs, to conduct our pre-clinical studies, clinical trials, chemistry, manufacturing and controls and potential development of a companion diagnostic. If these third parties do not successfully carry out their contractual duties, meet expected deadlines, perform with the requisite level of compliance and quality, or perform at reasonable cost, we may not be able to obtain regulatory approval for or commercialize our antibody candidates or we may be subject to other significant negative consequences prior to, upon application for or following marketing approval, if any, and our business could be substantially harmed.
- Due to our limited resources and access to capital, we must, and have in the past decided to, prioritize development of certain antibody candidates over other potential candidates. These decisions may prove to have been wrong and may adversely affect our revenues.
- The competition for qualified personnel is particularly intense in our industry. If we are unable to retain or hire key personnel, we may not be able to sustain or grow our business.
- We operate in highly competitive and rapidly changing industries, and if our competitors develop and market technologies or products more rapidly than we do or that are more effective, safer or less expensive than the product candidates we develop, our commercial opportunities will be negatively impacted.
- Our success depends on our ability to protect our intellectual property and our proprietary technologies. If we are unable to adequately protect our intellectual property and our proprietary technologies or obtain and maintain issued patents which are sufficient to protect our product candidates and proprietary technologies, or if others do not respect our intellectual property rights and exclusivity, others could compete against us more directly, which would negatively impact our business.
- Our existing collaboration agreements are important to our business and potential future collaborations and licenses may also be important to us, and if we are unable to maintain any of these collaborations or execute new collaborations or licenses, or if these arrangements are not successful, our business could be adversely affected.
- The trading prices for our and other biopharmaceutical companies' stock have been highly volatile as a result of disruptions and extreme volatility in the global economy, including rising inflation and interest rates, declines in economic growth, global instability, including the ongoing conflicts in Europe and the Middle East, which have and may continue to adversely impact our business, including our pre-clinical studies and clinical trials, financial condition, our ability to raise capital and results of operations.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MERUS N.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(Amounts in thousands, except share and per share data)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 178,168	$ 204,246
Marketable securities	159,328	150,130
Accounts receivable	58,726	2,429
Prepaid expenses and other current assets	14,038	12,009
Total current assets	410,260	368,814
Marketable securities	61,167	57,312
Property and equipment, net	11,336	12,135
Operating lease right-of-use assets	10,767	11,362
Intangible assets, net	1,716	1,800
Deferred tax assets	277	1,199
Other assets	2,560	2,872
Total assets	$ 498,083	$ 455,494
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,488	$ 4,602
Accrued expenses and other liabilities	33,361	38,482
Income taxes payable	1,822	1,646
Current portion of lease obligation	1,674	1,674
Current portion of deferred revenue	34,142	22,685
Total current liabilities	78,487	69,089
Lease obligation	9,853	10,488
Deferred revenue, net of current portion	60,295	19,574
Total liabilities	148,635	99,151
Commitments and contingencies - Note 6		
Shareholders' equity:		
Common shares, €0.09 par value; 67,500,000 shares authorized at March 31, 2024 and December 31, 2023; 58,687,551 and 57,825,879 shares issued and outstanding as at March 31, 2024 and December 31, 2023, respectively	5,968	5,883
Additional paid-in capital	1,160,918	1,126,054
Accumulated other comprehensive income	(29,921)	(22,533)
Accumulated deficit	(787,517)	(753,061)
Total shareholders' equity	349,448	356,343
Total liabilities and shareholders' equity	$ 498,083	$ 455,494

See accompanying notes to the Unaudited Condensed Consolidated Financial Statements.

MERUS N.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)
(Amounts in thousands, except share and per share data)

	Three Months Ended March 31,	
	2024	2023
Collaboration revenue	$ 7,889	$ 13,499
Total revenue	7,889	13,499
Operating expenses:		
Research and development	38,584	34,865
General and administrative	16,114	15,386
Total operating expenses	54,698	50,251
Operating loss	(46,809)	(36,752)
Other income, net:		
Interest income, net	4,917	1,995
Foreign exchange gains (loss)	8,534	(5,441)
Total other income (loss), net	13,451	(3,446)
Net loss before income taxes	(33,358)	(40,198)
Income tax expense	1,098	(457)
Net loss	$ (34,456)	$ (39,741)
Other comprehensive loss:		
Currency translation adjustment	(7,388)	4,242
Comprehensive loss	$ (41,844)	$ (35,499)
Net loss per share attributable to common stockholders:		
Basic and diluted	$ (0.59)	$ (0.86)
Weighted-average common shares outstanding:		
Basic and diluted	58,085,416	46,323,772

See accompanying notes to the Unaudited Condensed Consolidated Financial Statements.

MERUS N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Amounts in thousands)

	Three Months Ended March 31,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (34,456)	$ (39,741)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization of property and equipment	561	534
Amortization of intangible assets	46	54
Foreign exchange losses (gains)	(8,616)	5,842
Share-based compensation expense	4,793	5,750
Amortization (accretion) of discount on investments	(1,149)	(1,003)
Deferred tax expense (benefit)	923	(328)
Changes in operating assets and liabilities:		
Accounts receivable	(56,594)	(631)
Operating lease right-of-use assets and lease obligations	(23)	(18)
Prepaid expenses and other current assets	(2,009)	879
Accounts payable	3,039	(3,447)
Accrued expenses and other liabilities	(4,226)	3,758
Deferred revenue	53,323	(8,392)
Net cash used in operating activities	**(44,388)**	**(36,743)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(58,825)	(65,228)
Proceeds from maturities of marketable securities	46,809	60,441
Purchases of property and equipment	(63)	(3,620)
Net cash provided by (used in) investing activities	**(12,079)**	**(8,407)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from share issuance - Gilead Collaboration	22,613	—
Proceeds from share options exercised	7,543	217
Net cash provided by financing activities	**30,156**	**217**
Foreign exchange impact on cash, cash equivalents and restricted cash	222	(171)
Net increase (decrease) in cash, cash equivalents and restricted cash	(26,089)	(45,104)
Cash, cash equivalents, and restricted cash, beginning of period	205,014	148,439
Cash, cash equivalents, and restricted cash, end of period	**$ 178,925**	**$ 103,335**
SUPPLEMENTAL DISCLOSURES:		
Lease liabilities arising from obtaining right-of-use assets	$ —	$ —
Income taxes paid	$ —	$ —
Non-cash purchases of property, equipment and intangibles	$ 1	$ 32
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	$ 178,168	$ 102,635
Restricted cash included in non-current other assets	757	700
	$ 178,925	$ 103,335

See accompanying notes to the Unaudited Condensed Consolidated Financial Statements.

MERUS N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)
(Amounts in thousands, except share data)

	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance at January 1, 2023	46,310,589	$ 4,751	$ 870,874	$ (598,122)	$ (30,448)	$ 247,055
Exercise of share options and vesting of restricted share units	30,592	3	214	—	—	217
Share-based compensation	—	—	5,750	—	—	5,750
Currency translation adjustment	—	—	—	—	4,242	4,242
Net loss	—	—	—	(39,741)	—	(39,741)
Balance at March 31, 2023	46,341,181	$ 4,754	$ 876,838	$ (637,863)	$ (26,206)	$ 217,523
Balance at January 1, 2024	57,825,879	$ 5,883	$ 1,126,054	$ (753,061)	$ (22,533)	$ 356,343
Issuance of common share - Gilead	452,527	45	22,568	—	—	22,613
Exercise of share options and vesting of restricted share units	409,145	40	7,503	—	—	7,543
Share-based compensation	—	—	4,793	—	—	4,793
Currency translation adjustment	—	—	—	—	(7,388)	(7,388)
Net loss	—	—	—	(34,456)	—	(34,456)
Balance at March 31, 2024	58,687,551	$ 5,968	$ 1,160,918	$ (787,517)	$ (29,921)	$ 349,448

See accompanying notes to the Unaudited Condensed Consolidated Financial Statements.

MERUS N.V.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Overview

Merus N.V. is a clinical-stage oncology company developing innovative antibody therapeutics, headquartered in Utrecht, the Netherlands. Merus US, Inc. is a wholly-owned subsidiary of Merus N.V. located at 139 Main Street, Cambridge, Massachusetts, United States (collectively, the "Company").

Since inception, the Company has generated an accumulated deficit of $787.5 million as of March 31, 2024. The Company expects to continue to incur significant expenses and operating losses for the foreseeable future as its antibody candidates advance through discovery, pre-clinical development and clinical trials and as it seeks regulatory approval and pursues commercialization of any approved antibody candidate.

As a result, the Company may 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 offerings, debt financings, or other sources, which may include collaborations, business development and licensing opportunities 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 its financial condition and ability to pursue its business strategy. The Company will need to generate significant revenues to achieve profitability and may never do so.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these unaudited condensed consolidated financial statements are described in the Company's audited financial statements as of and for the year ended December 31, 2023, and the notes thereto, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 28, 2024 (the "Annual Report on Form 10-K"). There have been no material changes in the Company's significant accounting policies during the three months ended March 31, 2024.

Basis of Presentation

The Company prepared its unaudited consolidated condensed financial statements in compliance with generally accepted accounting principles in the U.S. ("U.S. GAAP"). Any reference in these notes to applicable guidance is meant to refer to authoritative U.S. GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB").

The unaudited condensed consolidated financial statements include the accounts of Merus N.V. and its wholly owned, controlled subsidiary, Merus US, Inc. All intercompany transactions and balances of subsidiaries have been eliminated in consolidation. In the opinion of management, these financial statements reflect all adjustments, all of which are of a normal and recurring nature, necessary for a fair presentation of the results for the reported interim periods. The Company considers events or transactions that occur after the balance sheet date but before the unaudited condensed consolidated financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. The three months ended March 31, 2024 and 2023 are referred to as the first quarter of 2024 and 2023, respectively. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year or any other interim period.

The unaudited condensed consolidated financial statements presented herein do not contain the required disclosures under U.S. GAAP for annual financial statements. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and related notes as of and for the year ended December 31, 2023, included in the Annual Report on Form 10-K.

Going Concern

At each reporting period, the Company evaluates whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The Company is required to make certain additional disclosures if it concludes substantial doubt exists and it is not alleviated by the Company's plans or when its plans alleviate substantial doubt about the Company's ability to continue as a going concern.

The Company's evaluation entails analyzing prospective operating budgets and forecasts for expectations of the Company's cash needs, and comparing those needs to the current cash, cash equivalent and marketable security balances. After considering the Company's current research and development plans and the timing expectations related to the progress of its clinical-stage programs and its plans to pursue commercialization of any antibody candidate, if approved, and after considering its existing cash, cash

equivalents and marketable securities as of March 31, 2024, the Company did not identify conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year from the date these financial statements were issued. Additional details of the Company's cash runway are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations".

New Accounting Pronouncements

The Company considers the applicability and impact of any recent Accounting Standards Update ("ASU") issued by the Financial Accounting Standards Board ("FASB"). Based on the assessment, the ASUs were determined to be either not applicable or are expected to have minimal impact on the Company's condensed consolidated financial statements.

3. Investments in Debt Securities

The following tables summarize the Company's investments in debt securities and their presentation in the condensed consolidated balance sheet:

	March 31, 2024	December 31, 2023
	(in thousands)	
Money market funds	$ 14,014	$ 24,273
Corporate paper and notes	154,127	146,415
U.S. government agency securities	34,146	39,456
U.S. treasuries	32,222	21,571
Total	$ 234,509	$ 231,715
Fair value of debt securities	$ 234,367	$ 231,945

	March 31, 2024	December 31, 2023
	(in thousands)	
Cash equivalents	$ 14,014	$ 24,273
Current marketable securities	159,328	150,130
Non-current marketable securities	61,167	57,312
Total	$ 234,509	$ 231,715

The Company does not intend to sell and it is unlikely that the Company will be required to sell the above investments before recovery of their amortized cost bases, which may be at maturity. The Company determined that there was no material change in the credit risk of any of its investments.

The fair value of money market funds is determined based on publicly available market price for these funds (Level 1). The fair value of other debt securities is determined based on the publicly available inputs which includes a market price for the same or similar instruments adjusted for estimates in interest yield (Level 2).

4. Supplemental Balance Sheet Information

Prepaid expenses and other current assets consisted of the following:

	March 31, 2024	December 31, 2023
	(in thousands)	
Prepaid research and development expenses	$ 7,632	$ 6,872
Prepaid general and administrative expenses	3,136	2,058
Interest receivable	1,693	1,552
Other	1,577	1,527
Total	$ 14,038	$ 12,009

Accrued expenses and other liabilities consisted of the following:

	March 31, 2024	December 31, 2023
	(in thousands)	
Accrued research and development expenses	$ 23,928	$ 27,970
Accrued personnel costs	3,577	8,348
Accrued general and administrative expenses	5,022	2,129
Other	834	35
Total	$ 33,361	$ 38,482

5. Income Taxes

The Company files income tax returns in the U.S. federal and Massachusetts jurisdictions as well as in the Netherlands. The components of the income tax expense (benefit) from continuing operations are as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
U.S. federal	$ 124	$ (93)
U.S. state	51	(36)
Total current income tax expense (benefit)	$ 175	$ (129)
U.S. federal	$ 653	$ (232)
U.S. state	270	(96)
Total deferred income tax expense (benefit)	$ 923	$ (328)
Total income tax expense (benefit)	$ 1,098	$ (457)

After consideration of all positive and negative evidence, we believe that it is more-likely-than-not that the Netherlands deferred tax assets that are not supported by reversing temporary differences, will not be realized. As a result, we established a full valuation allowance against deferred tax assets of the Netherlands.

Under Dutch tax law, net operating loss carryforwards may be used to offset future taxable income in full up to €1.0 million and 50% of taxable income that exceeds €1.0 million. Effective as of January 1, 2022, these losses can be carried forward indefinitely.

6. Commitments and Contingencies

Litigation

From time to time, the Company may be involved in various claims and legal proceedings relating to or arising out of the Company’s operations. The Company is not currently a party to any material legal proceedings.

On August 19, 2022, Kymab Limited ("Kymab"), a subsidiary of Sanofi, filed a notice of opposition against the Company's EP3456190 patent (the "'190 patent"), entitled "Antibody Producing Transgenic Murine Animal," in the European Opposition Division of the European Patent Office (the "EPO"). The notice asserted, as applicable, the '190 patent is contrary to the provision of Article 123(2) EPC, Article 75(1) EPC and Article 100(c) EPC, and alleges the '190 patent lacks novelty and/or is obvious contrary to the provisions of Articles 54 and/or 56 EPC, and Article 100(a) EPC, and that the specification of the '190 patent does not provide sufficient disclosure of the subject matter of the inventions contravening Article 83 EPC and Article 100(b). On January 17, 2023, the Company timely filed a response before the European Opposition Division of the EPO contesting each of these assertions, with further oral proceedings scheduled to follow on January 18, 2024. On June 2, 2023, the European Opposition Division issued a non-binding preliminary decision. On January 18, 2024, the European Opposition Division held oral proceedings addressing each allegation of invalidity raised by Kymab and maintained the '190 patent as granted, and issued a written decision documenting these conclusions on February 16, 2024. In April 2024, Kymab filed a notice of appeal before the Technical Board of Appeals with further proceedings to follow. The Company does not expect significant impact on its assets or liabilities as a result of the opposition proceeding.

7. Leases

The Company has noncancelable operating leases for offices and lab spaces expiring at various dates through 2032.

On December 7, 2022, the Company signed a second lease amendment terminating the lease for the former corporate headquarters as of January 1, 2023. The Company continued to make payments through mid-February 2023. The Company accounted for the second amendment as a lease modification and reduced the lease liability and right-of-use asset by approximately $0.1 million to equal to the remaining lease payments. As of March 31, 2023, the lease liability and right-of-use asset for the former corporate headquarters was $0. In July 2019, the Company entered into a lease agreement with Kadans Science Partner XIII B.V. for the Accelerator headquarters, which commenced in April 2022. On April 5, 2023, in accordance with the terms of the lease agreement, the annual rent for the Accelerator lease increased due to increases in the consumer price index (CPI). The portion of the rent payments related to the CPI index are included within variable lease costs. There have been no changes in the Company's lease arrangements for the three months ended March 31, 2024.

The components of lease expense for the three months ended March 31, 2024 and 2023 are as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Lease cost		
Operating lease cost	$ 516	$ 712
Variable lease cost	55	28
Total lease cost included in operating expenses	$ 571	$ 740
Other information		
Cash paid for amounts included in the measurement of lease liabilities included in operating cash flows	$ 543	$ 742

8. Collaborations

Gilead

On March 5, 2024, the Company entered into a collaboration, option and license agreement (the "Gilead Collaboration Agreement") and Share Subscription Agreement (the "Subscription Agreement") with Gilead Sciences, Inc. ("Gilead"). Gilead agreed to pay the Company a $56.0 million, non-refundable upfront payment, and purchased 452,527 common shares at a stated price per share of $55.2454 for an aggregate purchase price of $25.0 million. Merus is also eligible to receive license option exercise payments, potential development and commercialization milestones, tiered royalties on product sales should Gilead successfully commercialize a therapy from the collaboration, and an initiation fee should Gilead exercise its right to include a third Program in the collaboration. Under the terms of the Gilead Collaboration Agreement, the Company and Gilead agreed to collaborate on the use of Merus' proprietary Triclonics® platform to develop certain trispecific T-cell engaging multi-specific antibody products for the treatment of certain indications. The collaboration shall include at least two, but may include up to three, separate preclinical research programs (each, a "Program") for the design and validation of candidates directed to the applicable Program targets selected by Gilead. On a Program-by-Program basis, the Company has granted Gilead an exclusive option to obtain an exclusive license for such Program. If Gilead exercises the license option with respect to a Program, Gilead will be responsible for clinical development and commercialization of the products arising from such Program. Upon exercise of its option to include the third Program in the collaboration, Gilead will pay the Company a non-refundable upfront initiation fee of $28.0 million. If Gilead exercises its option to obtain exclusive licenses for all three Programs and has filed an Investigational New Drug Application ("IND") for Program #1 and Program #2, Merus shall have the option to share in the worldwide net profit or loss, including development costs and expenses for the third Program only.

The initial term of the arrangement is the shorter of the completion of all activities under the applicable research plan or forty-eight months following the initiation of research plan activities. If, as of the fourth anniversary of the initiation of activities under the applicable Program, Merus has not completed the activities under the then current mutually agreed research plans in accordance with the timelines set forth therein (other than due to the act or omission of Gilead), the applicable term shall automatically be extended by an additional twelve months (for a maximum term of sixty months). The arrangement may be terminated in its entirety or in relation to one or more Programs for any reason at any time upon ninety (90) days prior written notice to Merus.

At inception of the arrangement, the Company identified two performance obligations for each of the initial two Programs. The first is the License and Research single performance obligation comprised of a combined delivery of a nonexclusive license and related activities, including research activities associated with the Program and the activities of the joint steering committee. The second is the twelve-month extension (material right) for the Program. Merus accounted for the Program-by-Program options to obtain exclusive licenses as a marketing offer because the exclusive license provides Gilead with additional clinical development and

commercialization rights, and the license option exercise fee of $10.0 million on a Program-by-Program basis was estimated to be offered at the standalone selling price. The option to include a third Program was accounted for as a marketing offer because the non-refundable upfront initiation fee of $28.0 million was estimated to be offered at the standalone selling price.

The transaction price at inception was comprised of fixed consideration of $58.4 million that was derived from the $56.0 million non-refundable upfront payment and $25.0 million common shares purchase proceeds, net of the fair value of the common shares delivered to Gilead of $22.6 million. All other consideration under the arrangement was determined to be variable consideration and fully constrained at inception.

The fixed consideration was allocated equally between the Program #1 and Program #2 License and Research performance obligations. The equal allocation of the fixed consideration was based on the estimated standalone selling price of each performance obligation as each was materially the same.

The Company initially deferred $58.4 million allocated to the performance obligations to be recognized as revenue over time using an output method to measure progress towards completing the research activities dictated by each Program's respective research plan. Development milestones, commercialization milestones and royalties are variable consideration, fully constrained, to be included in the transaction price for each performance obligation and recognized in future periods in accordance with the Company's revenue recognition policy. The revenue recognized relating to each combined performance obligation is presented in the notes according to the source of consideration received (upfront and milestone), reflective of their differing timing of receipt.

As of March 31, 2024, research activities had not begun, and no milestones have been achieved. The Company received the $56.0 million upfront payment from Gilead in April 2024.

Lilly

On January 18, 2021, Eli Lilly and Company ("Lilly") agreed to pay the Company a $40.0 million, non-refundable upfront payment, and purchased 706,834 common shares at a stated price per share of $28.295, for an aggregate purchase price of $20.0 million. The Company and Lilly agreed to collaborate with respect to the discovery and research of bispecific antibodies utilizing the Company's proprietary Biclonics® bispecific technology platform. The collaboration encompasses up to three (3) independent programs directed to the generation of T-cell re-directing bispecific antibodies that bind CD3 and a tumor associated antigen target selected by Lilly to be the subject of each program.

The objective of each program is to develop a lead compound that Lilly would be able to continue to develop through clinical trials. Lilly agreed to fund the research activities the Company conducts for each program under an agreed research plan and budget. Lilly receives an exclusive, worldwide, royalty-bearing, sublicensable license, under certain patent rights and know-how to exploit certain compounds and products directed to designated targets in combination with targeting CD3, or directed to such designated target(s) alone as a monospecific antibody or monospecific antibody drug conjugate, subject to rights granted by Merus to third parties under one or more existing third party agreements. Merus retains all rights not granted to Lilly. Lilly has certain rights to replace selected targets, including the right to substitute a target selection after initial selection for a period of time. The Company may be entitled to further milestones and royalties in the future dependent on development and commercialization of any resulting product.

The initial term of the arrangement includes a three-year research term for the Company to perform research and development activities, subject to two extension terms of six months at Lilly's discretion. While the arrangement may be terminated in its entirety or on a program-by-program basis at will by Lilly, there are no direct costs or penalties to Lilly to terminate the arrangement prior to the end of the initial term.

At inception of the arrangement, the Company identified a single performance obligation comprised of a combined delivery of a license and related activities, including research activities associated with a product candidate against the first target and the activities of the joint steering committee. The Company also identified two other combined performance obligations relating to options exercisable by Lilly to select a second and third target to advance a second and third product candidate against the selected targets through discovery and research.

The transaction price at inception was comprised of fixed consideration of $43.5 million that was derived from the $40.0 million upfront payment and $20.0 million share purchase proceeds, net of the fair value of the shares delivered to Lilly of $16.5 million, and variable consideration associated with the funding of research services for the product candidate against the first target at inception. All other consideration under the arrangement was determined to be variable consideration and fully constrained at inception.

The fixed consideration was allocated equally amongst the three performance obligations and the variable consideration associated with each target was allocated to the performance obligation of each respective target. The equal allocation of the fixed consideration was based on the estimated standalone selling price of each performance obligation as each was materially the same.

On February 12, 2021, the Company and Lilly completed the initial exchange of fixed consideration and transfer of common shares. The Company initially deferred $43.5 million allocated to the performance obligations to be recognized as revenue over time using a cost-to-cost measure of progress toward the development of a lead compound for each respective target, anticipated to be recognized as revenue within the initial research term, along with research funding. Development milestones, commercialization milestones and royalties are variable consideration, fully constrained, to be included in the transaction price for each performance obligation and recognized in future periods in accordance with the Company's revenue recognition policy. The revenue recognized relating to each combined performance obligation is presented in the notes according to the source of consideration received (upfront, reimbursement revenue, milestone), reflective of their differing timing of receipt.

During the year ended December 31, 2022, Lilly substituted one of the target programs. The program timeline is expected to extend beyond the original research term. Under the current research plan, for the program to be completed in collaboration with Merus, Lilly would be required to extend the research term to 2025, subject to its discretion. Lilly exercised the first six month extension in October 2023 for which there was no associated fee. The program timeline is expected to extend beyond this first extension, and such an extension into 2025 would result in a fee of $0.5 million. The $0.5 million extension is included in the Lilly cost-to-cost model as of March 31, 2024 and December 31, 2023.

As of March 31, 2024, research activities were on-going, and no milestones have been achieved.

Incyte

On January 23, 2017, the Company completed the sale of shares and exchange of a license with Incyte Corporation ("Incyte"). The Company initially deferred $152.6 million of the transaction price allocated to the license and related performance obligation as deferred revenue, to be recognized as revenue over time as the primary benefit of the license to Incyte is access to the Company's intellectual property covering its Biclonics® technology platform for the generation of potential product candidates. Development milestones, commercialization milestones and royalties are variable consideration, fully constrained, to be recognized in future periods in accordance with the Company's revenue recognition policy. Cost reimbursements for research services are recognized as they are performed over time as these are considered a separate performance obligation.

In January 2022, the Company announced that Incyte elected to opt-out of its ex-U.S. development of MCLA-145, from the parties joint collaboration agreement executed in 2017. At inception of the collaboration, for the designated product candidate (MCLA-145), the Company retained the exclusive right to develop and commercialize products and product candidates in the United States, while Incyte obtained the exclusive right to develop and commercialize products and product candidates arising from such program outside the United States. For MCLA-145, the parties conducted and shared equally the costs of mutually agreed global development activities. Incyte's opt-out of ex-U.S. rights to MCLA-145 provides the Company the exclusive right to develop and commercialize potential MCLA-145 products globally. Under the collaboration, Incyte continued to support the program for a limited time while ex-U.S. activities transitioned to the Company. Incyte will retain a right to a residual royalty of up to 4% on sales of future commercialization of MCLA-145, if approved.

During the three months ended March 31, 2024, the Company recognized a $1.0 million milestone from Incyte related to candidate nomination.

Ono

In April 2014, the Company granted Ono Pharmaceutical Co., Ltd. ("Ono") an exclusive, worldwide, royalty-bearing license, with the right to sublicense, research, test, make, use and market a limited number of bispecific antibody candidates based on the Company's Biclonics® technology platform against two undisclosed targets directed to a particular undisclosed target combination.

On March 14, 2018, the Company granted Ono an exclusive, worldwide, royalty-bearing license, with the right to sublicense, research, test, make, use and market a limited number of bispecific antibody candidates based on the Company's Biclonics® technology platform against two undisclosed targets directed to a particular undisclosed target combination. Ono agreed to pay the Company an upfront, non-refundable payment of €0.7 million. In addition, the Company was entitled to €0.3 million intended to compensate the Company for research services already completed upon entering into the agreement, and €0.2 million to be paid to the Company over time for full-time equivalent funding. The Company is entitled to research and development milestones in addition to potential royalties on future sales of any bispecific antibody candidate that may be approved. The Company identified performance obligations for: (1) provision of a license for the target combination, and (2) research and development services. The Company concluded that Ono would be able to develop and benefit from the license, independent of the research and development services. Certain of the research and development services are capable of being performed by third parties with an appropriate sub-license, and are recognized over time as these services are delivered. Milestone payments are fully constrained as variable consideration to be recognized in future periods in accordance with the Company's revenue recognition policy.

Amounts related to the provision of the licenses were amortized over the intended period of use. There were no development or commercialization milestones achieved during the three months ended March 31, 2024.

Contract Assets and Liabilities

The following tables provide amounts by year indicated and by line item included in the Company's accompanying condensed consolidated financial statements attributable to transactions arising from its collaboration arrangements. The dollar amounts in the tables below are in thousands.

	Incyte	Lilly	Gilead	Other	Total
CONTRACT ASSETS					
Accounts receivable					
Balance at January 1, 2024	$ —	$ —	$ —	$ —	$ —
Billings	2,609	817	55,999	7	59,432
Cash receipts	(1,608)	(817)	—	(7)	(2,432)
Adjustments	—	—	—	—	—
Foreign exchange	—	—	—	—	—
Balance at March 31, 2024	$ 1,001	$ —	$ 55,999	$ —	$ 57,000
Unbilled receivables					
Balance at January 1, 2024	$ 1,397	$ 839	$ —	$ 193	$ 2,429
Accrued receivables	2,425	298	56,045	—	58,768
Billings	(2,609)	(817)	(56,045)	—	(59,471)
Adjustments	—	—	—	—	—
Foreign exchange	—	—	—	—	—
Balance at March 31, 2024	$ 1,213	$ 320	$ —	$ 193	$ 1,726
CONTRACT LIABILITIES					
Deferred revenue					
Balance at January 1, 2024	$ 36,325	$ 5,934	$ —	$ —	$ 42,259
Additions to contract consideration	—	—	58,387	—	58,387
Revenue recognized in the period	(4,302)	(810)	—	—	(5,112)
Foreign exchange	(766)	(126)	(205)	—	(1,097)
Balance at March 31, 2024	31,257	4,998	58,182	—	94,437
Less: current portion	(17,228)	(4,793)	(12,121)	—	(34,142)
Non-current balance at March 31, 2024	$ 14,029	$ 205	$ 46,061	$ —	$ 60,295

The balance of unbilled receivables predominantly represents reimbursement revenue under the Company’s collaboration arrangements earned in the period to be billed and collected in the next period, generally quarterly.

Contract Revenues and Expenses

	Three Months Ended March 31, 2024				
	(in thousands) Third Party				
	Incyte	Lilly	Gilead	Other	Total
Collaboration Revenue					
Upfront payments	$ 4,302	$ 810	$ —	$ —	$ 5,112
Reimbursement revenue	1,458	314	—	—	1,772
Milestones	1,000	—	—	—	1,000
Other	—	—	—	5	5
Total collaboration revenue	$ 6,760	$ 1,124	$ —	$ 5	$ 7,889
Operating expenses:					
Research and development expense	$ —	$ —	$ —	$ —	$ —
General and administrative expense	—	—	—	—	—
Total operating expenses from collaborations	$ —	$ —	$ —	$ —	$ —
Revenue recognized that was included in deferred revenue at the beginning of the period	$ 4,302	$ 810	$ —	$ —	$ 5,112

	Three Months Ended March 31, 2023				
	(in thousands) Third Party				
	Incyte	Lilly	Gilead	Other	Total
Collaboration Revenue					
Upfront payments	$ 4,216	$ 4,176	$ —	$ —	$ 8,392
Reimbursement revenue	1,366	1,191	—	—	2,557
Milestones	2,501	—	—	—	2,501
Other	—	—	—	49	49
Total collaboration revenue	$ 8,083	$ 5,367	$ —	$ 49	$ 13,499
Operating expenses:					
Research and development expense	$ 24	$ —	$ —	$ —	$ 24
General and administrative expense	—	—	—	—	—
Total operating expenses from collaborations	$ 24	$ —	$ —	$ —	$ 24
Revenue recognized that was included in deferred revenue at the beginning of the period	$ 4,216	$ 4,176	$ —	$ —	$ 8,392

9. Common Share

Share Issuances

In May 2021, the Company entered into an Open Market Sale Agreement (the "Sales Agreement") with Jefferies LLC ("Jefferies") to sell from time to time up to $125.0 million of the Company's common shares through an "at-the-market" offering program under which Jefferies acts as the sales agent. Subject to the terms and conditions of the Sales Agreement, Jefferies could sell the common shares by any method deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act").

Jefferies was entitled to compensation at a commission rate of up to 3.0% of the gross proceeds of shares sold under the Sales Agreement. In connection with the sale of the common shares on the Company's behalf, Jefferies was deemed to be an "underwriter" within the meaning of the Securities Act and the compensation of Jefferies was deemed to be underwriting commissions or discounts. The Company agreed to provide indemnification and contribution to Jefferies with respect to certain liabilities, including liabilities under the Securities Act or the Securities Exchange Act of 1934, as amended, or the Exchange Act.

As of December 31, 2022, the Company, pursuant to the Sales Agreement, had issued and sold an aggregate of 2,720,846 shares of its common shares resulting in gross proceeds of $59.5 million, before deducting sales agent fees of $1.7 million.

During the three months ended June 30, 2023, the Company sold 3,272,280 shares of its common shares under the Sales Agreement for gross proceeds of approximately $65.5 million and net proceeds of approximately $63.8 million, after deducting sales agent fees. Having sold approximately $124.9 million of the $125.0 million available under the Sales Agreement, on May 22, 2023, the Company

delivered written notice to Jefferies, effective as of such date, to terminate the Sales Agreement. The Company was not subject to any termination penalties related to the termination of the Sales Agreement.

On August 9, 2023, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Jefferies LLC, BofA Securities, Inc., Guggenheim Securities, LLC and William Blair & Company, L.L.C., as representatives of the several underwriters named therein (collectively, the "Underwriters"), in connection with the issuance and sale by the Company in a public offering of 6,818,182 common shares of the Company, nominal value €0.09 per share, at a public offering price of $22.00 per share, less underwriting discounts and commissions, pursuant to an effective shelf registration statement on Form S-3 and accompanying prospectus (Registration No. 333-255903), which became effective upon filing on May 7, 2021, and a prospectus supplement thereunder. Under the terms of the Underwriting Agreement, the Company also granted the Underwriters an option exercisable for 30 days to purchase up to an additional 1,022,727 common shares at the public offering price, less underwriting discounts and commissions. On August 10, 2023, the Underwriters exercised this option in full. The offering closed on August 14, 2023, and the Company received net proceeds of $162.2 million, after deducting underwriting discounts and fees.

In February 2024, the Company entered into an Open Market Sale Agreement (the "2024 Sales Agreement") with Jefferies LLC to sell from time to time up to $300.0 million of the Company's common shares through an "at-the-market" offering program under which Jefferies acts as the sales agent. Subject to the terms and conditions of the 2024 Sales Agreement, Jefferies could sell the common shares by any method deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act").

Jefferies was entitled to compensation at a commission rate of up to 3.0% of the gross proceeds of any shares sold under the 2024 Sales Agreement. In connection with any sale of the common shares on the Company's behalf, Jefferies would be deemed to be an "underwriter" within the meaning of the Securities Act and the compensation of Jefferies would be deemed to be underwriting commissions or discounts. The Company agreed to provide indemnification and contribution to Jefferies with respect to certain liabilities, including liabilities under the Securities Act or the Securities Exchange Act of 1934, as amended, or the Exchange Act. There have been no sales under the Sales Agreement through March 31, 2024.

In connection with entering into the Gilead Collaboration Agreement in March 2024, pursuant to the Subscription Agreement, Gilead purchased 452,527 common shares of the Company at a price per share of $55.25 for aggregate gross proceeds to the Company of approximately $25.0 million. Gilead agreed not to transfer, sell, or otherwise dispose of the shares for a period of time following the purchase of the shares, subject to certain customary exceptions.

10. Employee Benefits

Share-Based Compensation

Share-based compensation expense is classified in the condensed consolidated statements of operations and comprehensive loss as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Research and development	$ 1,895	$ 2,858
General and administrative	2,898	2,892
Total	$ 4,793	$ 5,750

The weighted-average grant date fair value of options, estimated as of the grant date using the Black Scholes option pricing model was $26.90 per option for the 49,475 options granted during the three months ended March 31, 2024. The following assumptions were used to estimate the fair value of the options granted during the three months ended March 31, 2024.

Volatility	67.5%
Risk-free interest rate	4.0%
Expected holding period (in years)	6.1
Dividend yield	-

Contingent Share Option Awards

On February 1, 2024, the Board of Directors approved the grant of share options to purchase 2,446,045 shares of our common shares, at an exercise price of $36.09 per share, to employees as the annual grant for 2024. These share option grants were approved subject to Company's general meeting resolving upon, and the Board of Directors having implemented through an amendment to the Company's articles of association, an increase in the authorized share capital sufficient to satisfy the award set forth in the resolution (such shareholder resolution to be proposed to the Company's annual general meeting to be held in 2024) (the "Shareholder Approval Condition"), provided that such options will be forfeited if the Shareholder Approval Condition is not satisfied ultimately by January 1, 2025. On May 7, 2024, the shareholders approved the amendment to the Company's articles of association, including the requisite increase in the authorized share capital satisfying the Shareholder Approval Condition, therefore the grant-date fair value of the contingent shares will be based on the Black-Scholes valuation model based on the fair market value of the share on the shareholder approval date. No share-based compensation expense was recorded in the first quarter of 2024 relating to this contingent share option grant.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our management's discussion and analysis of our financial condition and results of operations are based upon our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, which have been prepared by us in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, and with Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. This discussion and analysis is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and should be read in conjunction with these unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the discussion and analysis included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 28, 2024 (the "Annual Report on Form 10-K"). Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. As a result of many important factors, including those factors set forth in Part II, Item 1A. Risk Factors of this Quarterly Report on Form 10-Q, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

General

We are a clinical-stage oncology company developing innovative antibody therapeutics. Our pipeline of full-length human multispecific antibody candidates is generated from our proprietary technology platforms, which are able to generate a diverse array of antibody binding domains, or Fabs, against virtually any target. Our antibody binding domain generally consists of a target-specific heavy chain paired with a common light chain. Multiple binding domains can be combined to produce novel multispecific antibodies that bind to a wide range of targets and display novel and innovative biology. These platforms, referred to as Biclonics® and Triclonics®, allow us to generate large numbers of diverse panels of bispecific and trispecific antibodies, respectively, which can then be functionally screened in large-scale cell-based assays to identify those unique molecules that possess novel biology, which we believe are best suited for a given therapeutic application. Further, by binding to multiple targets, Biclonics® and Triclonics® may be designed to provide a variety of mechanisms of action, including simultaneously blocking receptors that drive tumor cell growth and survival and mobilizing the patient's immune response by engaging T cells, and/or activating various killer cells to eradicate tumors.

Our technology platforms employ an assortment of patented technologies and techniques to generate human antibodies. We utilize our patented MeMo® mouse to produce a host of antibodies with diverse heavy chains and a common light chain that are capable of binding to virtually any antigen target. We use our patented heavy chain and CH3 domain dimerization technology to generate substantially pure bispecific and trispecific antibodies. We employ our patented Spleen to Screen® technology to efficiently screen panels of diverse heavy chains, designed to allow us to rapidly identify Biclonics® and Triclonics® therapeutic candidates with differentiated modes of action for pre-clinical and clinical testing. We use our patented Triclonics® format to generate multispecific antibodies capable of binding to three different epitopes or antigens.

Using our Biclonics® platform we have produced, and are currently developing, the following candidates: MCLA-128 (zenocutuzumab) for the potential treatment of solid tumors that harbor Neuregulin 1 (NRG1) gene fusions as a monotherapy; MCLA-158 (petosemtamab) for the potential treatment of solid tumors; MCLA-129, for the potential treatment of lung and other solid tumors, which is subject to a collaboration and license agreement, which permits Betta Pharmaceuticals Co. Ltd. (Betta) to exclusively develop MCLA-129 in China, while Merus retains full ex-China rights and MCLA-145 for the potential treatment of solid tumors. Furthermore, we have a pipeline of proprietary antibody candidates in pre-clinical development and intend to further leverage our Biclonics® and Triclonics® technology platforms to identify multispecific antibody candidates and advance them into clinical development.

Funding Our Operations

We are a clinical-stage company and have not generated any revenue from product sales. We expect to incur significant expenses and operating losses for the foreseeable future as we advance our antibody candidates from discovery through pre-clinical development and into clinical trials and seek regulatory approval and pursue commercialization of any approved antibody candidate. In addition, if we obtain regulatory approval for any of our antibody candidates, if appropriate, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution, and compliance.

We anticipate that we will require additional financing to support our continuing operations. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through a combination of public or private equity or debt financings or other sources, which may include collaborations, business development and licensing opportunities with third parties. Adequate additional financing may not be available to us on acceptable terms, or at all. For example, the trading prices for our and other biopharmaceutical companies' stock have been highly volatile as a result of disruptions and extreme volatility in the global economy, including rising inflation and interest rates, declines in economic growth, global instability including the ongoing

geopolitical conflicts in Europe and the Middle East. As a result, we may face difficulties raising capital through sales of our common shares and any such sales may be on unfavorable terms. See "The price of our common shares may be volatile and may fluctuate due to factors beyond our control." in Part II, Item 1A of this Quarterly Report on Form 10-Q. Our inability to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. We will need to generate significant revenue to achieve profitability, and we may never do so.

Based on our current operating plan, we expect that our existing cash, cash equivalents and marketable securities of $398.7 million as of March 31, 2024 will fund our operations into 2027. We have based this estimate on assumptions that may prove to be wrong, particularly as the process of testing product candidates in clinical trials is costly and the timing of progress in these trials is uncertain. As a result, we could use our capital resources sooner than we expect.

Clinical Programs

Petosemtamab (MCLA-158: EGFR x LGR5 Biclonics®): Solid Tumors
1L head & neck squamous cell carcinoma (HNSCC) in combination with pembrolizumab ongoing, presentation at 2024 ASCO; previously treated (2L+) HNSCC phase 3 registration trial on track to initiate mid-2024 and dose comparison of petosemtamab monotherapy 1100 vs 1500 mg in 2L+ HNSCC ongoing; planned initiation of 2L colorectal cancer (CRC) cohort in 2024.

Petosemtamab is in clinical development in the expansion part of a Phase 1/2 open-label, multicenter trial evaluating petosemtamab monotherapy in patients with advanced solid tumors, including previously treated advanced (recurrent or metastatic) HNSCC.

We are continuing to evaluate a cohort of patients receiving petosemtamab in combination with pembrolizumab with untreated HNSCC expressing PD-L1 (CPS > 1) to evaluate safety and clinical activity in this population. We believe initial safety data from this single arm cohort may support the initiation of a first-line phase 3 trial with this combination. We plan to report initial interim clinical data from this cohort in the second quarter of 2024. Among the initial patients dosed in the front-line combination, the safety profile has been observed to be generally well tolerated. We plan to report initial interim efficacy and safety data from this cohort at the 2024 American Society of Clinical Oncology (ASCO 2024) Annual Meeting. An abstract entitled: Petosemtamab (MCLA-158) with pembrolizumab as first-line (1L) treatment of recurrent/metastatic (r/m) head and neck squamous cell carcinoma (HNSCC): Phase 2 study was accepted for rapid oral session presentation at ASCO 2024.

We are currently evaluating approximately 40 patients in previously treated (2L/3L) HNSCC with petosemtamab monotherapy at the 1100 or 1500 mg dose levels to confirm a suitable dose for future potential randomized trials. We plan to share clinical data from this cohort in the second half of 2024. Based on these data and additional information and analyses, we anticipate potentially initiating a randomized phase 3 trial of petosemtamab monotherapy, or investigators' choice of single agent chemotherapy or cetuximab in 2L+ HNSCC. We anticipate such a trial could potentially start in mid-2024. We believe a randomized registration trial in HNSCC with an overall response rate endpoint could potentially support accelerated approval and the overall survival results from the same study could potentially verify its clinical benefit to support regulatory approval.

At the American Association of Cancer Research (AACR) Annual Meeting 2023, we provided interim data on 49 2L+ HNSCC patients that were treated with petosemtamab at the recommended phase 2 dose of 1500 mg intravenous every two weeks. 43 patients were evaluable for efficacy. As of a February 1, 2023 data cutoff date, the ORR was 37.2% by Response Evaluation Criteria in Solid Tumors (RECIST) 1.1 per investigator assessment. Petosemtamab continued to demonstrate a manageable safety profile. We plan to provide updated efficacy, durability and safety data of this cohort in the second half of 2024.

Fast Track Designation

The U.S. Food and Drug Administration ("FDA") has granted Fast Track Designation for the investigation of petosemtamab for the treatment of patients with recurrent or metastatic HNSCC whose disease has progressed following treatment with platinum-based chemotherapy and an anti-programmed cell death protein 1 (anti-PD-1) antibody. Fast Track is a designation designed to facilitate the development and expedite the review of drugs to treat serious conditions and fill unmet medical needs.

In 2024, we plan on evaluating petosemtamab with standard chemotherapy in 2L colorectal cancer patients.

Zenocutuzumab, or "Zeno" (MCLA-128: HER3 x HER2 Biclonics®): NRG1 gene fusion (NRG1+) cancers and other solid tumors *Zeno BLA for treatment of NRG1+ non-small cell lung cancer (NSCLC) and NRG1+ pancreatic cancer (PDAC) accepted for priority review by the FDA.*

We continue to enroll patients in the Phase 1/2 eNRGy trial to assess the safety and anti-tumor activity of Zeno monotherapy in NRG1+ cancers.

On May 6, 2024, we announced that FDA has accepted for priority review a Biologics License Application ("BLA") for Zeno in patients with NRG1+ NSCLC and NRG1+ PDAC.

In June and July 2023, respectively, we announced that Zeno has been granted two breakthrough therapy designations (BTD) by the FDA for (i) the treatment of patients with advanced unresectable or metastatic NRG1+ pancreatic cancer following progression with prior systemic therapy or who have no satisfactory alternative treatment options; and (ii) the treatment of patients with advanced unresectable or metastatic NRG1+ NSCLC, following progression with prior systemic therapy.

In August 2020, Zeno was granted orphan drug designation by the FDA for the treatment of pancreatic cancer and in January 2021, we announced that Zeno received Fast Track Designation for the treatment of patients with metastatic solid tumors harboring NRG1 gene fusions that have progressed on standard-of-care therapy.

In 2023, we announced that the FDA granted Breakthrough Therapy Designation (BTD) to Zeno for the treatment of patients with advanced unresectable or metastatic NRG1+ pancreatic cancer following progression with prior systemic therapy or who have no satisfactory alternative treatment options. Additionally, we announced that the FDA granted BTD to Zeno for the treatment of patients with advanced unresectable or metastatic NRG1+ NSCLC, following progression with prior systemic therapy

We believe that obtaining a commercialization partnership agreement will be an essential step in bringing Zeno to patients with NRG1+ cancer, if approved.

We are also conducting ongoing translational work on potential biomarkers outside of NRG1+ cancer which may support development opportunities for Zeno in additional areas of unmet need. We presented a pre-clinical poster: Zenocutuzumab, a HER2xHER3 bispecific antibody, is effective in cancer models with high NRG1 expression at the AACR Annual Meeting 2024.

MCLA-129 (EGFR x c-MET Biclonics®): Solid Tumors
Investigation of MCLA-129 continues in the MET ex14 NSCLC expansion cohort in the phase 1/2 trial; MCLA-129 in combination with chemotherapy in 2L+ EGFR mutant (EGFRm) NSCLC planned to start in 2024.

MCLA-129 is in clinical development in a global, phase 1, open-label, clinical trial evaluating MCLA-129 in patients with c-MET exon 14 skipping mutations (METex14), and we continue to monitor and evaluate patients on treatment.

An abstract entitled: Efficacy and safety of MCLA-129, an anti-EGFR/c-MET bispecific antibody, in non-small-cell lung cancer (NSCLC) with c-MET exon 14 skipping mutations (METex14) was accepted for poster presentation at 2024 ASCO.

We plan to start a cohort investigating MCLA-129 in combination with chemotherapy in 2L+ EGFRm NSCLC in 2024. We also remain interested in exploring partnering MCLA-129 to sufficiently resource the development of MCLA-129 and potential benefit it may have for patients.

MCLA-129 is subject to a collaboration and license agreement with Betta Pharmaceuticals Co. Ltd. (Betta), which permits Betta to develop MCLA-129 and potentially commercialize exclusively in China, while Merus retains global rights outside of China. An abstract sponsored by Betta entitled: Efficacy and safety of MCLA-129, an EGFR/c-MET bispecific antibody, in advanced non-small cell lung cancer (NSCLC) was accepted for poster presentation at 2024 ASCO.

MCLA-145 (CD137 x PD-L1 Biclonics®): Solid Tumors
Investigation continues of the phase 1 trial of MCLA-145 in combination with pembrolizumab.

MCLA-145 is in clinical development in a global, phase 1, open-label, clinical trial evaluating MCLA-145 in patients with solid tumors. The trial is in the dose expansion phase, and we continue to monitor and evaluate patients on treatment with the combination of MCLA-145 with pembrolizumab.

We plan to report initial interim efficacy and safety data from this cohort in monotherapy and in combination with pembrolizumab at the ASCO 2024 Annual Meeting. An abstract entitled: Phase I study of MCLA-145, a bispecific antibody targeting CD137 and PD-L1, in solid tumors, as monotherapy or in combination with pembrolizumab was accepted for rapid oral session presentation at ASCO 2024.

Collaborations

Refer to Item 1, “Business—Collaboration Agreements” and Note 12, “Collaborations,” of the notes to our consolidated financial statements included in our Annual Report on Form 10-K and Note 8, “Collaborations,” to our unaudited condensed consolidated interim financial statements included elsewhere in this Quarterly Report on Form 10-Q for a description of the key terms of our arrangements.

Discussion and Analysis of our Results of Operations

Comparison of the three months ended March 31, 2024 and 2023

Revenue

The following is a comparison of revenue:

	Three Months Ended March 31,		
	2024	2023	Change
	(in millions)		
Incyte	$ 6.8	$ 8.1	$ (1.3)
Lilly	1.1	5.4	(4.3)
Gilead	—	—	—
Other	—	—	—
Total revenue	$ 7.9	$ 13.5	$ (5.6)

Collaboration revenue for the three months ended March 31, 2024 decreased by $5.6 million as compared to the three months ended March 31, 2023, primarily as a result of decreases in Lilly revenue of $4.3 million and Incyte revenue of $1.3 million. The decrease in Lilly revenue is primarily the result of a decrease in upfront payment amortization of $3.4 million and a decrease in cost reimbursements of $0.9 million. The decrease in Incyte revenue is primarily the result of a decrease in in milestone revenue of $1.5 million, partially offset by an increase in upfront payment amortization of $0.1 million due to changes in foreign exchange rates and an increase in cost reimbursements of $0.1 million. The change in exchange rates did not significantly impact collaboration revenue.

As of March 31, 2024, we had total deferred revenue of $94.4 million, which primarily relates to the upfront payments received under our Gilead collaboration agreement, our Incyte collaboration agreement and our Lilly collaboration agreement. The remaining deferred revenue of $31.2 million from the Incyte collaboration agreement is expected to be recognized over the next two years. The remaining deferred revenue of $5.0 million from the Lilly collaboration agreement is expected to be recognized over time using a cost-to-cost measure of progress toward the development of a lead compound for each respective target. The remaining deferred revenue of $58.2 million from the Gilead collaboration agreement is expected to be recognized over time using an output method of progress toward the development of the program target.

Operating Expenses

The following is a comparison of operating expenses:

	Three Months Ended March 31,		
	2024	2023	Change
	(in millions)		
Research and development	$ 38.6	$ 34.9	$ 3.7
General and administrative	16.1	15.4	0.7
Total operating expenses	$ 54.7	$ 50.3	$ 4.4

Research and development expense for the three months ended March 31, 2024 increased by $3.7 million as compared to the three months ended March 31, 2023, primarily as a result of increases in external clinical services and drug manufacturing expenses, including costs to fulfill our obligations under our collaboration agreements, related to our programs of $3.2 million, consulting expenses of $1.5 million, facilities and depreciation expenses of $1.2 million, and pre-launch inventory of $0.2 million, partially offset by decreases in in personnel related expenses including share-based compensation of $2.2 million and consumables expenses of $0.2 million.

General and administrative expense for the three months ended March 31, 2024 increased by $0.7 million as compared to the three months ended March 31, 2023, primarily as a result of increases in personnel related expenses including share-based compensation of $0.7 million, legal expenses of $0.6 million, and intellectual property and license expenses of $0.3 million, partially offset by decreases in facilities and depreciation expense of $0.5 million and consulting expenses of $0.4 million.

Other Income (Loss), Net

The following is a comparison of other income, net:

	Three Months Ended March 31,		
	2024	2023	Change
	(in millions)		
Interest income, net	$ 4.9	$ 2.0	$ 2.9
Foreign exchange gains (loss)	8.6	(5.4)	14.0
Total other income (loss), net	$ 13.5	$ (3.4)	$ 16.9

Other income (loss), net consists of interest earned on our cash and cash equivalents held on account, accretion of investment earnings and net foreign exchange gains or losses on our foreign denominated cash, cash equivalents, marketable securities, and payables and receivables.

Income Tax Expense

The following is a comparison of income tax expense:

	Three Months Ended March 31,		
	2024	2023	Change
	(in millions)		
Current	$ 0.2	$ (0.2)	$ 0.4
Deferred	0.9	(0.3)	1.2
Total tax expense (benefit), net	$ 1.1	$ (0.5)	$ 1.6

We are subject to income taxes in the Netherlands and the U.S. Our current and deferred tax provision represents taxable income attributed to our U.S. operations as a consequence of allocating income to that jurisdiction. No current or deferred provision for income taxes has been made for income taxes in the Netherlands due to losses for tax purposes. Further, given a history of losses in the Netherlands, no deferred tax assets in excess of deferred tax liabilities are recognized as it is not more likely than not that they will be recovered.

The Tax Cuts and Jobs Act of 2017 ("TCJA"), which was signed into U.S. law in December 2017, eliminated the option to immediately deduct research and development expenditures in the year incurred under Section 174 effective January 1, 2022. The amended provision under Section 174 required companies to capitalize and amortize these expenditures over five years (for U.S.-based research). As of March 31, 2023, we had recorded a deferred tax assets of a $2.1 million. During 2023, we concluded R&D expenses incurred by the Merus US entity are not USA R&D costs but rather pass through R&D costs to Merus N.V and therefore not subject to Section 174 rules. The change in our Section 174 position represents a change in estimate. The change in our Section 174 position as of year-end 2023 from year-end 2022 is based upon this new information and does not reflect the misapplication of any information which was available at the previous financial statement reporting date. By December 31, 2023, we removed the research and development costs deferred tax asset. There was no research and development cost deferred tax assets recorded as of March 31, 2024.

Income tax expense for the three months ended March 31, 2024 increased by $1.6 million, as compared to the three months ended March 31, 2023 primarily due to an increase in book income before tax and a decrease in temporary differences due to the change in estimate related to the treatment of Section 174 expenses in 2023.

Net Loss

Net loss for the three months ended March 31, 2024 was $34.5 million, compared to net loss for the three months ended March 31, 2023 of $39.7 million. The change in net loss was primarily due to the change in collaboration revenue, changes in operating expenses and changes in other income, net, as discussed above.

Material Changes in Financial Condition

Sources of Cash

As of March 31, 2024, we had $398.7 million in cash, cash equivalents and marketable securities that are available to fund our current operations. Our cash and cash equivalents are maintained at financial institutions in amounts that exceed federally insured limits. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurances

that we will be able to access uninsured funds in a timely manner or at all. In addition to our existing cash, cash equivalents and marketable securities, we may receive research and development co-funding and are eligible to earn a significant amount of milestone payments under our collaboration agreements and research license agreements. Our ability to earn these payments and the timing of earning these payments is dependent upon the outcome of our research and development activities, and those of our collaborators and licensees, and is uncertain at this time.

In May 2021, we entered into an Open Market Sales Agreement, or the Sales Agreement, with Jefferies LLC, or Jefferies, to sell from time to time up to $125.0 million of our common shares through an "at-the-market" offering program under which Jefferies acts as the sales agent. As of December 31, 2022, pursuant to the Sales Agreement, we had issued and sold an aggregate of 2,720,846 shares of our common shares resulting in gross proceeds of $59.5 million, before deducting sales agent commissions of $1.7 million. During the three months ended June 30, 2023, we sold 3,272,280 shares of our common shares under the Sales Agreement for gross proceeds of approximately $65.5 million and net proceeds of approximately $63.8 million, after deducting sales agent fees. Having sold approximately $124.9 million of the $125.0 million available under the Sales Agreement, on May 22, 2023, we delivered written notice to Jefferies, effective as of such date, to terminate the Sales Agreement. We are not subject to any termination penalties related to the termination of the Sales Agreement.

On August 9, 2023, we entered into an underwriting agreement (the “Underwriting Agreement”) with Jefferies, BofA Securities, Inc., Guggenheim Securities, LLC and William Blair & Company, L.L.C., as representatives of the several underwriters named therein (collectively, the “Underwriters”), in connection with the issuance and sale by us in a public offering of 6,818,182 common shares of the Company, nominal value €0.09 per share, at a public offering price of $22.00 per share, less underwriting discounts and commissions, pursuant to an effective shelf registration statement on Form S-3 and accompanying prospectus (Registration No. 333-255903), which became effective upon filing on May 7, 2021, and a prospectus supplement thereunder. Under the terms of the Underwriting Agreement, we also granted the Underwriters an option exercisable for 30 days to purchase up to an additional 1,022,727 common shares at the public offering price, less underwriting discounts and commissions. On August 10, 2023, the Underwriters exercised this option in full. The offering closed on August 14, 2023, and we received net proceeds of $162.2 million, after deducting underwriting discounts and fees.

On March 5, 2024, we entered into a collaboration, option and license agreement (“Collaboration Agreement”) and Share Subscription Agreement (the “Subscription Agreement”) with Gilead Sciences, Inc. (“Gilead”). Under the terms of the Collaboration Agreement, we and Gilead agreed to collaborate on the use of Merus’ proprietary Triclonics® platform to develop certain trispecific T-cell engaging multi-specific antibody products for the treatment of certain indications. The collaboration shall include at least two, but may include up to three, separate preclinical research programs (each, a “Program”) for the design and validation of candidates directed to the applicable program targets selected by Gilead. On a Program-by-Program basis, we have granted Gilead an exclusive option to obtain an exclusive license for such Program. If Gilead exercises the license option with respect to a Program, Gilead will be responsible for the development and commercialization of the products arising from such Program. Gilead paid an upfront, non-refundable payment of $56.0 million for the rights granted under the Collaboration Agreement. If Gilead exercises its option to an additional Program, we will receive an initiation fee of $28.0 million. If Gilead exercises its license option for all Programs, we will receive up to a total of approximately $1.5 billion across all three programs. We are further eligible to receive, with respect to all products arising from a Program, if approved, and country-by-country basis, tiered royalties based on the level of worldwide aggregate annual net sales at percentages ranging from the mid-single digits to low double digits until the royalty term expires, subject to customary reductions. We also have an option to forego unachieved development milestones and royalties to enter into a 50/50 split of net profits and net losses arrangement for the third program upon a specified time period triggered by the first investigational new drug application filing for the third Program. In connection with entering into the Collaboration Agreement, pursuant to the Subscription Agreement, Gilead purchased 452,527 common shares of the Company (the “Shares”) at a price per share of $55.25 for aggregate gross proceeds to us of approximately $25.0 million. Gilead agreed not to transfer, sell, or otherwise dispose of the Shares for a period of time following the purchase of the Shares, subject to certain customary exceptions.

In March 2024, we entered into an Open Market Sale Agreement (the “Sales Agreement”) with Jefferies LLC ("Jeffries") to sell from time to time up to $300.0 million of our common shares through an “at-the-market” offering program under which Jefferies acts as the sales agent. Subject to the terms and conditions of the Sales Agreement, Jefferies could sell the common shares by any method deemed to be an “at-the-market” offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the “Securities Act”). There have been no sales under the Sales Agreement through March 31, 2024.

Funding Requirements

Our primary uses of capital are clinical trial costs, chemistry, manufacturing and control costs to manufacture and supply drug product for our clinical trials, third-party research and development services, laboratory and related supplies, financial services, legal and other regulatory expenses and general overhead costs.

Because our product candidates are in various stages of clinical and pre-clinical development and the outcome of these efforts is uncertain, we cannot estimate the actual amounts necessary to successfully complete the development and commercialization of our

product candidates or whether, or when, we may achieve profitability. In addition, the magnitude and duration of the global instability due to the ongoing conflicts in Europe and the Middle East and its impact on our liquidity and future funding requirements is uncertain as of the filing date of this Quarterly Report on Form 10-Q, as the situation continues to evolve. See "The price of our common shares may be volatile and may fluctuate due to factors beyond our control." in Part II, Item 1A of this Quarterly Report on Form 10-Q.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity or debt financings, collaboration arrangements, license agreements, other business development opportunities with third parties and government grants.

Except for any obligations of our collaborators or licensees to make license, milestone or royalty payments under our agreements with them, and government grants, we do not have any committed external sources of liquidity and currently have no credit facility. To the extent that we raise additional capital through the future sale of equity or debt, the ownership interest of our shareholders may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing common shareholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration arrangements, license agreements or other business development opportunities in the future, we may have to relinquish valuable rights to our technologies or intellectual property, future revenue streams or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise any additional funds that may be needed through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Outlook

Based on our current operating plan, research and development plans and our timing expectations related to the progress of our programs, and the additional capital raised through the sale of equity during the quarter ended March 31, 2024, we expect that our existing cash, cash equivalents and marketable securities as of March 31, 2024 will be sufficient to fund our planned operating expenses and capital expenditure requirements into 2027. We have based this estimate on assumptions that may prove to be wrong, particularly as the process of testing product candidates in clinical trials is costly and the timing of progress in these trials is uncertain. As a result, we could use our capital resources sooner than we expect.

Cash Flows

The following is a summary of cash flows:

	Three Months Ended March 31,		
	2024	2023	Change
	(in millions)		
Net cash used in operating activities	$ (44.4)	$ (36.7)	$ (7.7)
Net cash provided by (used in) investing activities	$ (12.1)	$ (8.4)	$ (3.7)
Net cash provided by financing activities	$ 30.2	$ 0.2	$ 30.0

Net cash used in operating activities during the three months ended March 31, 2024 increased by $7.7 million as compared to the three months ended March 31, 2023, primarily as a result of increases in cash outflows related to operating expenses of $10.1 million, partially offset by increases in cash inflows from Other Income of $2.3 million and cash inflows from collaboration arrangements (upfront payments, milestones, and research and development reimbursements) of $0.1 million.

Net cash used in investing activities during the three months ended March 31, 2024 increased by $3.7 million as compared to the three months ended March 31, 2023 primarily due decreases in proceeds from maturities of marketable securities of $13.6 million, partially offset by decreases in purchases of marketable securities $6.4 million and decreases in purchases of property and equipment of $3.5 million.

Net cash provided by financing activities during the three months ended March 31, 2024 increased by $30.0 million as compared to the three months ended March 31, 2023 primarily due to proceeds received from the Gilead collaboration agreement of $22.6 million and increases in proceeds from share option exercises of $7.4 million.

Critical Accounting Policies and Use of Estimates

Our critical accounting policies are described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations —Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K and in Note 2 to our consolidated financial statements included in the Annual Report on Form 10-K. As disclosed in Note 2 to our consolidated financial

statements included in the Annual Report on Form 10-K, the preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates. During the period covered by this Quarterly Report on Form 10-Q, there were no material changes to our critical accounting policies from those discussed in our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in interest rates, foreign exchange rates and inflation. All of these market risks arise in the ordinary course of business, as we do not engage in speculative trading activities. The following analysis provides additional information regarding these risks.

Interest Rate Risk

Our investments in marketable securities, which consist of corporate paper and notes, U.S. government securities and treasury notes, are subject to interest rate risk. As of March 31, 2024, marketable securities were $220.5 million. As of March 31, 2023, marketable securities were $184.7 million. The primary objective of our investment activities is to preserve principal while also maintaining liquidity and maximizing investment returns without significantly increasing risk. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of our investment portfolio, a hypothetical 100 basis point increase or decrease in interest rates or in investment returns would not have a material effect on the fair market value of our portfolio or investment income. Our investment portfolio is primarily composed of short-term investments with maturities less than 24 months and our investments in debt securities are held to maturity. Accordingly, we do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates. We had no outstanding debt that is subject to interest rate risk as of March 31, 2024 or March 31, 2023.

Foreign Currency and Exchange Risk

Merus US, Inc.'s functional currency is the U.S. dollar. The functional currency of Merus N.V. is the euro. Our revenues and monetary assets and liabilities are mainly denominated in U.S. dollars. A significant portion of our operating costs are in the Netherlands, which are denominated in the euro. This foreign currency exposure gives rise to market risk associated with exchange rate movements of the U.S. dollar against the euro. Furthermore, we anticipate that a significant portion of our expenses will continue to be denominated in the euro. A hypothetical 15% weakening of the U.S. dollar compared to the euro would have increased our net loss for the quarter ended March 31, 2024, by approximately $5.6 million and increased our currency translation adjustment by approximately $55.5 million. A hypothetical 15% strengthening of the U.S. dollar compared to the euro would have an equal and opposite effect on our financial statements.

Impact of Inflation

While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we do not believe inflation has had a material effect on our historical results of operations and financial condition. However, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset higher costs through raising funds or other corrective measures, and our inability or failure to do so could adversely affect our business, financial condition, and results of operations.

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive and financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on such evaluation, our principal executive and financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

See Note 6, *Commitments and Contingencies*, in the accompanying notes to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

From time to time, we may be involved in various legal proceedings relating to claims arising out of our operations. We are not currently a party to any material legal proceedings.

Item 1A. Risk Factors

Careful consideration should be given to the following risk factors, in addition to the other information set forth in this Quarterly Report on Form 10-Q and in other documents that we file with the SEC, in evaluating our company and our business. Investing in our common shares involves a high degree of risk. If any of the following risks and uncertainties actually occurs, our business, prospects, financial condition and results of operations could be materially and adversely affected. The risks described below are not intended to be exhaustive and are not the only risks facing our company. New risk factors can emerge from time to time, and it is not possible to predict the impact that any factor or combination of factors may have on our business, prospects, financial condition and results of operations.

Risks Related to Our Business and Industry

We are a clinical-stage company and have incurred significant losses since our inception. We expect to incur losses for the foreseeable future and may never achieve or maintain profitability.

We are a clinical-stage oncology company with a limited operating history. We have incurred net losses of $34.5 million and $39.7 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, we had an accumulated deficit of $787.5 million. Our losses have resulted principally from expenses incurred in research and development of our antibody candidates and from management and administrative costs and other expenses that we have incurred while building our business infrastructure. We expect to continue to incur significant expenses and operating losses for the foreseeable future as we continue to advance our antibody candidates from discovery through pre-clinical development and into clinical trials and seek regulatory approval and pursue commercialization of any approved antibody candidates. We anticipate that we will continue to incur significant expenses as we:

- conduct our ongoing, single agent, Phase 1/2 eNRGy clinical trial of zenocutuzumab, our most advanced bispecific antibody candidate, investigating the treatment of solid tumors that are NRG1+ in monotherapy and, our monitoring and evaluation of the Phase 2 clinical trial investigating the treatment of CRPC (castration resistant prostate cancer) with zenocutuzumab in combination with an ADT, and monitoring and evaluation of the NRG1+ NSCLC cohort investigating treatment with zenocutuzumab in combination with afatinib;
- conduct our ongoing Phase 1/2 clinical trial of MCLA-158 or petosemtamab for the treatment of solid tumors;
- conduct our ongoing Phase 1/2 clinical trial for MCLA-129 for the treatment of solid tumors, which is subject to a collaboration with Betta, whereby Betta has exclusive rights to develop MCLA-129 in China, and Merus retains all rights ex-China;
- conduct our ongoing Phase 1 clinical trial for MCLA-145 for the treatment of advanced solid tumors;
- continue the research and development of our other pre-clinical antibody candidates;
- expand our clinical programs to explore new potential combination therapies or indications;
- expand and enhance our technology platforms, including our Biclonics® technology platform which generates our pipeline of bispecific product candidates, our Triclonics® technology platform, which generates pre-clinical trispecific candidates and generate and develop additional multispecific antibody candidates;
- seek regulatory approvals for any antibody candidates that successfully complete clinical trials;
- potentially establish a sales, marketing and distribution infrastructure and scale-up manufacturing capabilities to commercialize any products for which we may obtain regulatory approvals;
- maintain, expand and protect our intellectual property portfolio;
- secure, maintain and/or obtain freedom to operate for our technologies and products;

- add clinical, scientific, operational, financial, information technology and management information systems and personnel, including personnel to support our product development and potential future commercialization efforts and to support our operation as a public company; and
- experience any delays or encounter any issues with any of the above, including but not limited to failed studies, complex results, manufacturing, potential commercialization challenges, safety issues or other regulatory challenges.

We have financed our operations primarily through public offerings and private placements of our common shares and our collaboration and license agreement with Incyte, Eli Lilly and Gilead. We have devoted a significant portion of our financial resources and efforts to developing our full-length bispecific antibody therapeutics, which we refer to as Biclonics®, our technology platforms, identifying potential antibody candidates, conducting pre-clinical studies of a variety of candidates, and conducting our clinical trials of zenocutuzumab, petosemtamab, MCLA-129 and MCLA-145. We have not completed development of any Biclonics® or any other drugs or biologics.

To become and remain profitable, we must succeed in developing and eventually commercializing products that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing pre-clinical testing and clinical trials of our antibody candidates, discovering and developing additional antibody candidates, obtaining regulatory approval for any antibody candidates that successfully complete clinical trials, establishing manufacturing and marketing capabilities and ultimately selling any products for which we may obtain regulatory approval. We are only in the preliminary stages of many of these activities. We may never succeed in these activities and, even if we do, may never generate revenue that is significant enough to achieve profitability.

Because of the numerous risks and uncertainties associated with pharmaceutical product and biological development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. If we are required by the U.S. Food and Drug Administration (FDA), or the European Medicines Agency (EMA), or other regulatory authorities to perform studies in addition to those we currently anticipate, or if there are any delays in completing our clinical trials or the development of any of our antibody candidates, our expenses could increase and commercial revenue could be further delayed.

Even if we do generate product royalties or product sales, we may never achieve or sustain profitability on a quarterly or annual basis. Our failure to sustain profitability could depress the market price of our common shares and could impair our ability to raise capital, expand our business, diversify our product offerings or continue our operations.

We will need additional funding in order to complete development of our antibody candidates and commercialize our products, if approved. If we are unable to raise capital when needed, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts.

We expect to continue to incur significant expenses in connection with our ongoing activities, particularly as we conduct our ongoing clinical trials of zenocutuzumab, petosemtamab, MCLA-129, MCLA-145 and continue to research, develop and conduct pre-clinical studies of our other antibody candidates. In addition, if we obtain regulatory approval for any of our antibody candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Furthermore, we continue to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts. For example, the trading prices for our and other biopharmaceutical companies' stock have been highly volatile as a result of disruptions and extreme volatility in the global economy, including rising inflation and interest rates, declines in economic growth, the ongoing conflicts in Europe and the Middle East and the ongoing impacts of the COVID-19 pandemic. As a result, we may face difficulties raising capital through sales of our common shares and any such sales may be on unfavorable terms.

Based on our current operating plan, we expect that our existing cash, cash equivalents and marketable securities as of March 31, 2024 will be sufficient to fund our operations into 2027. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. We maintain the majority of our cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and our deposits at these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position. Our future capital requirements will depend on many factors, including:

- the cost, progress and results of our ongoing clinical trials of zenocutuzumab and petosemtamab, MCLA-129 and MCLA-145;

- the success of our collaborations with Incyte, with Lilly and with Gilead to develop antibody candidates;
- the cost of manufacturing clinical supplies of our bispecific antibody candidates;
- the scope, progress, results and costs of pre-clinical development, laboratory testing and clinical trials for our other antibody candidates;
- the costs, timing and outcome of regulatory review of any of our antibody candidates;
- the costs and timing of potential future commercialization activities, including manufacturing, marketing, sales and distribution, for any of our antibody candidates to the extent any receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims, including any potential future claims by third parties that we are alleged to be infringing upon their intellectual property rights;
- the costs and timing of securing, maintaining and/or obtaining freedom to operate for our technologies and products;
- the revenue, if any, received from commercial sales of our antibody candidates to the extent any receive marketing approval;
- the extent to which we can realize planned cost efficiencies;
- the effect of competing technological and market developments; and
- the extent to which we acquire or invest in businesses, products and technologies, including our existing collaborations and any other future licensing or collaboration arrangements for any of our antibody candidates.

We depend heavily on the success of our antibody candidates, and we cannot give any assurance that any of our antibody candidates will receive regulatory approval, which is necessary before they can be commercialized. If we, any of our collaborators, or any other strategic partners we may enter into collaboration agreements with for the development and commercialization of our antibody candidates, are unable to commercialize our antibody candidates, or experience significant delays in doing so, our business, financial condition and results of operations will be materially adversely affected.

We have invested a significant portion of our efforts and financial resources in the development of bispecific antibody candidates using our Biclonics® technology platform and in development of multi-specific antibody candidates using our Triclonics® technology platform. Our ability to generate royalty and product revenues, which we do not expect will occur for at least the next year, if ever, will depend heavily on the successful development and eventual commercialization of these antibody candidates, which may never occur. We currently generate no revenues from sales of any products, and we may never be able to develop or commercialize a marketable product. Each of our bispecific antibody candidates and pre-clinical antibody candidates will require additional clinical development, management of clinical, pre-clinical and manufacturing activities, regulatory approval in multiple jurisdictions, obtaining manufacturing supply, including commercial manufacturing supply, building of a commercial organization, substantial investment and significant marketing efforts before we generate any revenues from product sales. We are not permitted to market or promote any of our antibody candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive such regulatory approval for any of our antibody candidates. The success of our antibody candidates will depend on several factors, including the following:

- for antibody candidates which we may license to others, such as to our collaborators, the successful efforts of those parties in completing clinical trials of, receipt of regulatory approval for and commercialization of such antibody candidates;
- for the antibody candidates to which we retain rights, completion of pre-clinical studies and clinical trials of, receipt of marketing approvals for, establishment of commercial manufacturing supplies of and successful commercialization of such antibody candidates; and
- for all of our antibody candidates, if approved, acceptance of our antibody candidates by patients, the medical community and third-party payors, effectively competing with other therapies, a continued acceptable safety profile following approval and qualifying for, maintaining, enforcing and defending our intellectual property rights and claims.

If we or our collaborators, as applicable, do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our antibody candidates, which would materially adversely affect our business, financial condition and results of operations.

We have not previously submitted a Biologics License Application (BLA), to the FDA, a marketing authorization application (MAA) to the EMA, or similar regulatory approval filings to comparable foreign authorities, for any antibody candidate, and we cannot be certain that any of our antibody candidates will be successful in clinical trials or receive regulatory approval. Further, our antibody candidates may not receive regulatory approval even if they are successful in clinical trials. If we do not receive regulatory approvals for our antibody candidates, we may not be able to continue our operations. Even if we successfully obtain regulatory approvals to market one or more of our antibody candidates, our revenues will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval and have commercial rights. If the markets for patient subsets that we are targeting are not as significant as we estimate, we may not generate significant revenues from sales of such products, if approved.

We plan to seek regulatory approval to commercialize our antibody candidates both in the United States and the European Union (EU), and potentially in additional foreign countries. While the scope of regulatory approval is similar in other countries, to obtain separate regulatory approval in many other countries we must comply with the numerous and varying regulatory requirements of such countries regarding safety and efficacy and governing, among other things, clinical trials and commercial sales, pricing and distribution of our antibody candidates, and we cannot predict success in these jurisdictions.

The Biclonics® technology platform and Triclonics® technology platform are unproven, novel approaches to the production of biologics for therapeutic intervention.

We have not received regulatory approval for a therapeutic based on a full-length human bispecific or trispecific IgG approach. We cannot be certain that our approach will lead to the development of approvable or marketable products. In addition, our Biclonics® and Triclonics® may have different effectiveness rates in various indications and in different geographical areas. Finally, the FDA, the EMA or other regulatory agencies may lack experience in evaluating the safety and efficacy of products based on Biclonics® and Triclonics® therapeutics, which could result in a longer than expected regulatory review process, increase our expected development costs and delay or prevent commercialization of our antibody candidates.

Our Biclonics® and Triclonics® technology platforms rely on third parties for biological materials. Some biological materials have not always met our expectations or requirements, and any disruption in the supply of these biological materials could materially adversely affect our business. Although we have control processes, auditing and screening procedures, biological materials are susceptible to damage and contamination and may contain active pathogens. Improper filling or storage of these materials, by us or any third-party suppliers, may require us to destroy some of our biological raw materials or antibody candidates.

Failure to successfully validate, develop and obtain regulatory approval or certification for companion diagnostics could harm our development strategy.

We may seek to identify patient subsets within a disease category that may derive selective and meaningful benefit from the antibody candidates we are developing. Through collaborations or license agreements, companion diagnostics may help us to more accurately identify patients within a particular subset, both during our clinical trials and in connection with the commercialization of our antibody candidates, if approved. Companion diagnostics are subject to regulation by the FDA, and comparable foreign regulatory authorities as medical devices and typically require separate regulatory approval (or clearance, or certification) prior to commercialization. The development of companion diagnostics in collaboration with or via license agreements with third parties, may make us potentially dependent on the scientific insights and sustained cooperation and effort of any third-party collaborators in developing and obtaining approval (or clearance, or certification) for companion diagnostics. Difficulties in developing and obtaining approval or certification for any companion diagnostics may be encountered, including as it concerns issues relating to selectivity/specificity, analytical validation, reproducibility or clinical validation. Any delay or failure to develop or obtain regulatory approval (or clearance, or certification) of companion diagnostics could delay or prevent approval of our antibody candidates. In addition, production difficulties may be encountered that could constrain the supply of the companion diagnostics, and difficulties may arise in gaining acceptance of the use of the companion diagnostics in the clinical community. If such companion diagnostics fail to gain market acceptance, it could have an adverse effect on our ability to derive revenues from sales of our products. In addition, the diagnostic company with whom we contract may decide to discontinue selling or manufacturing the companion diagnostic that we anticipate using in connection with development and commercialization of our antibody candidates or our relationship with such diagnostic company may otherwise terminate. We may not be able to enter into arrangements with another diagnostic company to obtain supplies of an alternative companion diagnostic test for use in connection with the development and commercialization of our antibody candidates or do so on commercially reasonable terms, which could adversely affect and/or delay the development or commercialization of our antibody candidates.

Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

Since our inception in 2003, we have devoted a significant portion of our resources to developing zenocutuzumab, petosemtamab, MCLA-129, MCLA-145 and our other antibody candidates, building our intellectual property portfolio, developing our clinical manufacturing supply chain, generating and enhancing our Biclonics® and Triclonics® technology platforms, planning our business, raising capital and providing general and administrative support for these operations. While we have ongoing clinical trials for zenocutuzumab, petosemtamab, MCLA-129 and MCLA-145, we have not successfully completed any clinical trials for any antibody candidate. We have not yet demonstrated our ability to successfully complete any Phase 3 or registrational trials or address other registrational risks related to our clinical trials, to obtain regulatory approvals, to manufacture a commercial scale product or arrange for a third party to do so on our behalf or to conduct sales and marketing activities necessary for successful product commercialization. Additionally, we expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

Raising additional capital may cause dilution to our holders, restrict our operations or require us to relinquish rights to our technologies or antibody candidates.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through equity or debt financings and upfront and milestone payments, if any, received under our existing collaborations and any other future licenses or collaborations, together with our existing cash and cash equivalents. In order to accomplish our business objectives and further develop our product pipeline, we will, however, need to seek additional funds. If we raise additional capital through the sale of equity or convertible debt securities, our existing shareholders' ownership interests will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our existing shareholders' rights as holders of our common shares. In addition, the possibility of such issuance may cause the market price of our common shares to decline. Debt financing, if available, may result in increased fixed payment obligations and involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, declaring dividends, or acquiring, selling or licensing intellectual property rights, which could adversely impact our ability to conduct our business.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our intellectual property, technologies, future revenue streams or antibody candidates or grant licenses on terms that may not be favorable to us. We could also be required to seek funds through arrangements with collaborators or others at an earlier stage than otherwise would be desirable. Any of these occurrences may have a material adverse effect on our business, operating results and prospects.

Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our antibody candidates. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. For example, the trading prices for our and other biopharmaceutical companies' stock have been highly volatile as a result of disruptions and extreme volatility in the global economy, including rising inflation and interest rates, declines in economic growth, global instability, including the ongoing conflict in Europe and the Middle East. As a result, we may face difficulties raising capital through sales of our common shares and any such sales may be on unfavorable terms. If we are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of any of our antibody candidates, if approved, or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations.

Our business may become subject to economic, political, regulatory and other risks associated with international operations.

As a company based in the Netherlands, our business is subject to risks associated with conducting business internationally. Many of our suppliers and collaborative and clinical trial relationships are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, or political instability, in particular, in non-U.S. economies and markets;
- differing regulatory requirements for drug approvals in non-U.S. countries;
- differing jurisdictions could present different issues for securing, maintaining and/or obtaining freedom to operate in such jurisdictions;
- potentially reduced protection for intellectual property rights;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in non-U.S. regulations and customs, tariffs and trade barriers;
- changes in non-U.S. currency exchange rates of the euro and currency controls;
- changes in a specific country's or region's political or economic environment;
- trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or non-U.S. governments;
- differing reimbursement regimes and price controls in certain non-U.S. markets;
- negative consequences from changes in tax laws;

- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- compliance with international privacy regulations, including the European Union General Data Protection Regulation (GDPR) and United Kingdom General Data Protection Regulation (UK GDPR);
- negative consequences from the United Kingdom's withdrawal from the EU, and its potential impact on supply-chain and our personnel;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war, riots and terrorism, as well as the ongoing conflict in Europe and Middle East, or natural disasters including earthquakes, typhoons, floods, fires, epidemics or public health emergencies and U.S. or non-U.S. governmental actions or restrictions related thereto.

Exchange rate fluctuations or abandonment of the euro currency may materially affect our results of operations and financial condition.

Due to the international scope of our operations, fluctuations in exchange rates, particularly between the euro and the U.S. dollar, may adversely affect us. Although we are based in the Netherlands, we source research and development, manufacturing, consulting and other services from several countries. Further, potential future revenue may be derived from abroad, particularly from the United States. Additionally, our funding has mainly come from investors and collaborators mainly in the United States. As a result, our business and share price may be affected by fluctuations in foreign exchange rates between the euro and these other currencies, which may also have a significant impact on our reported results of operations and cash flows from period to period. Currently, we do not have any exchange rate hedging arrangements in place.

In addition, the possible abandonment of the euro by one or more members of the EU could materially affect our business in the future. Despite measures taken by the EU to provide funding to certain EU member states in financial difficulties and by a number of European countries to stabilize their economies and reduce their debt burdens, it is possible that the euro could be abandoned in the future as a currency by countries that have adopted its use. This could lead to the re-introduction of individual currencies in one or more EU member states, or in more extreme circumstances, the dissolution of the EU. The effects on our business of a potential dissolution of the EU, the exit of one or more EU member states from the EU or the abandonment of the euro as a currency, are impossible to predict with certainty, and any such events could have a material adverse effect on our business, financial condition and results of operations.

Risks from improper conduct by our employees, agents, contractors, or collaborators could adversely affect our reputation, business, prospects, operating results, and financial condition.

We cannot ensure that our compliance controls, policies, and procedures will in every instance protect us from acts committed by our employees, agents, contractors, or collaborators that would violate the laws or regulations of the jurisdictions in which we operate, including, without limitation, health care, employment, foreign corrupt practices, trade restrictions and sanctions, environmental, import and export requirements, competition, patient privacy and other privacy laws and regulations. Such improper actions could subject us to civil or criminal investigations, and monetary and injunctive penalties, and could adversely impact our ability to conduct business, operating results, and reputation.

We are subject to a number of anti-corruption laws, including the Foreign Corrupt Practices Act (FCPA) in the United States, the Bribery Act in the United Kingdom and the anti-corruption provisions of the Dutch Criminal Code in the Netherlands. Our failure to comply with anti-corruption laws applicable to us could result in penalties, which could harm our reputation and harm our business, financial condition, results of operations, cash flows or prospects. The FCPA generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of improperly or corruptly obtaining or keeping business, obtaining preferential treatment and/or other undue benefits or advantages. The FCPA also requires public companies to maintain accurate books and records and devise a system of sufficient internal accounting controls. We regularly review and update our policies and procedures and internal controls designed to provide reasonable assurance that we, our employees, distributors and other intermediaries comply with the anti-corruption laws to which we are subject. However, there are inherent limitations to the effectiveness of any policies, procedures and internal controls, including the possibility of human error and the circumvention or

overriding of the policies, procedures and internal controls. There can be no assurance that such policies or procedures or internal controls will work effectively at all times or protect us against liability under these or other laws for actions taken by our employees, distributors and other intermediaries with respect to our business.

The Securities and Exchange Commission (SEC) and Department of Justice continue to view FCPA enforcement activities as a high priority. There is no certainty that all of our employees, agents, contractors, or collaborators, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could materially damage our reputation, our brand, our international operations, our ability to attract and retain employees, and our business, prospects, operating results, and financial condition.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions and financial markets, which could materially affect our financial condition and results of operations.

Since the end of the Brexit transition period on January 1, 2021, Great Britain (England, Scotland and Wales) has not been directly subject to EU laws, however under the terms of the Ireland/Northern Ireland Protocol, EU laws generally apply to Northern Ireland. However, on February 27, 2023, the UK Government and the European Commission reached political consensus on the "Windsor Framework," which will revise the Northern Ireland protocol. Under the proposed changes, Northern Ireland would be reintegrated under the regulatory authority of the UK regulator with respect to medicinal products. The implementation of the Windsor Framework will occur in various stages, with new arrangements relating to the supply of medicines into Northern Ireland due to take effect in 2025. There could be additional uncertainty and risk around what these changes will mean for any of our business operations in the UK.

The EU laws that have been transposed into United Kingdom (UK) law through secondary legislation remain applicable in Great Britain. In addition, new legislation such as the EU Clinical Trials Regulation (CTR) is not applicable in Great Britain. The UK government has passed the Medicines and Medical Devices Act 2021, which introduces delegated powers in favor of the Secretary of State or an 'appropriate authority' to amend or supplement existing regulations in the area of medicinal products and medical devices. This allows new rules to be introduced in the future by way of secondary legislation, which aims to allow flexibility in addressing regulatory gaps and future changes in the fields of human medicines, clinical trials and medical devices.

The EU-UK Trade and Cooperation Agreement (TCA), came into effect on January 1, 2021. The TCA includes provisions affecting pharmaceutical businesses (including on customs and tariffs). In addition, there are some specific provisions concerning pharmaceuticals. These include the mutual recognition of Good Manufacturing Practice (GMP) inspections of manufacturing facilities for medicinal products and GMP documents issued. The TCA does not, however, contain wholesale mutual recognition of UK and EU pharmaceutical regulations and product standards, and it can be expected that there may be divergent local requirements in the UK from the EU in the future, which may impact clinical and development activities that occur in the UK in the future. Similarly, clinical trial submissions and data for activity in the UK will not be able to be bundled with those of EU member states within the EMA Clinical Trial Information System (CTIS), adding further complexity, cost and potential risk to future clinical and development activity in the UK.

Significant political and economic uncertainty remains about how much the relationship between the UK and EU will differ as a result of the UK's withdrawal.

The COVID-19 pandemic has and may continue to adversely impact our business, including our pre-clinical studies and clinical trials, financial condition and results of operations.

The COVID-19 pandemic presented a substantial public health and economic challenge around the world. The COVID-19 pandemic and related precautions continue to have certain direct or indirect impacts on our clinical trials, including enrollment, new, planned clinical trial site openings, patient visits, and on-site monitoring of our clinical trials. As a result of the COVID-19 pandemic, we may experience certain disruptions that could impact our business, pre-clinical studies and clinical trials. We continue to monitor and assess potential impact of the COVID-19 pandemic.

As a result of COVID-19, we may face difficulties with and delays in performance of certain chemistry, manufacturing and controls and testing associated with our clinical candidates, including as it relates to sourcing materials required for such manufacture, or difficulties or delays associated with testing of our pre-clinical antibody candidates. While we currently do not anticipate any interruptions in our clinical trial supply of drug candidates, it is possible that the COVID-19 pandemic and response efforts may have

an impact in the future on our third-party suppliers and contract manufacturing partners' ability to manufacture our clinical trial supply or source materials necessary for their manufacture.

We continue to monitor the impact with respect to our clinical trials, including directly or indirectly on enrollment, new, planned clinical trial site openings, patient visits, and on-site monitoring of our clinical trials and source verification of clinical data required for presentation of clinical data for clinical candidates, as well as the impact on drug supply and vendors. Over the quarter ended March 31, 2024 and to date, we have observed a low impact on drug supply, vendors, clinical trial enrollment, patient site visits and a low impact on patient monitoring visits as a consequence of the COVID-19 pandemic. Such impacts have included certain patients needing to quarantine and unable to attend hospital visits until the required period of isolation ended, and study coordinator availability being limited due to shortages of personnel and illness as a result of COVID-19. Adjustments have also been made to allow remote visits for some patient follow-up, and certain investigational sites have made permanent policy changes post-COVID-19 to only permit remote monitoring by the sponsor or CRO.

The extent to which the pandemic further impacts our business, including our preclinical studies and clinical trials, results of operations and financial condition will depend on future developments which cannot be predicted with confidence. Such factors include but are not limited to the spread and potential resurgence of the disease, and global responses to such a resurgence.

Risks Related to the Development and Clinical Testing of Our Antibody Candidates

All of our antibody candidates are in pre-clinical or clinical development. Clinical drug development is a lengthy and expensive process with uncertain timelines and uncertain outcomes. If clinical trials of our antibody candidates, particularly zenocutuzumab, petosemtamab, MCLA-129 or MCLA-145, are prolonged or delayed, we or any collaborators may be unable to obtain required regulatory approvals, and therefore be unable to commercialize our antibody candidates on a timely basis or at all.

To obtain the requisite regulatory approvals to market and sell any of our antibody candidates, we or any collaborator for such candidates must demonstrate through extensive pre-clinical studies and clinical trials that such candidates are safe, pure and potent in humans. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of pre-clinical studies and early-stage clinical trials of our antibody candidates may not be predictive of the results of later-stage clinical trials. Antibody candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. Our future clinical trial results may not be successful.

To date, we have not completed any registrational clinical trials required for the approval of any of our antibody candidates. Although we are conducting ongoing clinical trials for zenocutuzumab, petosemtamab, MCLA-129, and MCLA-145 and pre-clinical studies for other antibody candidates, we may experience delays in our ongoing clinical trials and we do not know whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all. Clinical trials can be delayed, suspended, or terminated for a variety of reasons, including the following:

- delays in or failure to reach agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- delays in or failure to recruit suitable patients to participate in a trial;
- delays in or failure to establish the appropriate dose and schedule for antibody candidates in clinical trials;
- the difficulty in identifying the sub-populations that we are trying to treat in a particular trial, which may delay enrollment and reduce the power of a clinical trial to detect statistically significant results;
- lower than anticipated retention rates of patients in clinical trials;
- failure to have patients complete a trial or return for post-treatment follow-up;
- clinical sites deviating from trial protocol or dropping out of a trial;
- investigator-sponsored studies of our product candidates, including expanded or early access protocols, may identify safety or efficacy concerns associated with our antibody candidates, or otherwise negatively affect patient enrollment in our ongoing and planned clinical trials;

- delays in, inability or failure to add new clinical trial sites;
- safety or tolerability concerns could cause us or our collaborators or regulatory authorities, as applicable, to pause, suspend or terminate a trial if we or our collaborators or regulatory authorities, find that the participants are being exposed to unacceptable health risks or during evaluation of safety signals;
- failure to observe a meaningful clinical benefit;
- delays in or failure to obtain regulatory approval or authorizations to commence a trial;
- delays in or failure to obtain institutional review board (IRB) or ethics committee approval at each site;
- our third-party research contractors failing to comply with regulatory requirements or applicable law, or to meet their contractual obligations to us in a timely manner, or at all;
- changes in regulatory requirements, policies and guidelines;
- manufacturing sufficient quantities of our antibody candidate for use in clinical trials;
- the quality or stability of an antibody candidate falling below acceptable standards;
- changes in the treatment landscape for our target indications that may make our antibody candidates no longer relevant;
- third party actions claiming infringement by our antibody candidates in clinical trials outside of the United States and obtaining injunctions interfering with our progress; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires, epidemics or public health emergencies and U.S. or non-U.S. governmental actions or restrictions related thereto.

We could encounter delays if a clinical trial is paused, suspended or terminated by us, by the IRBs or ethics committees of the institutions in which such trials are being conducted, by the Data Review Committee or Data Safety Monitoring Board for such trial or by the FDA, the competent authorities of the European Economic Area (EEA) countries (the 27 EU member states plus Iceland, Liechtenstein and Norway) and the UK, or other regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA, EEA competent authorities or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. If we experience delays in the completion of, or termination of, any clinical trial of our antibody candidates, the commercial prospects of our antibody candidates will be harmed, and our ability to generate product revenues from any of these antibody candidates, if approved, will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our antibody candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Significant clinical trial delays could also allow our competitors to bring products to market before we do or shorten any periods during which we have the exclusive right to commercialize our antibody candidates and impair our ability to commercialize our antibody candidates, if approved, and may harm our business and results of operations.

Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our antibody candidates.

Clinical trials must be conducted in accordance with the FDA, EEA countries, and other applicable regulatory authorities' legal requirements, other regulations or guidelines, and are subject to oversight by these governmental agencies and ethics committees or IRBs at the medical institutions where the clinical trials are conducted. In addition, clinical trials must be conducted with supplies of our antibody candidates produced under current good manufacturing practice (cGMP), or similar foreign requirements and other regulations. Furthermore, we rely on CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials and while we have agreements governing their committed activities, we have limited influence over their actual performance. We depend on our collaborators and on medical institutions and CROs to conduct our clinical trials in compliance with good clinical practice (GCP) requirements. To the extent our collaborators or the CROs fail to enroll participants for our clinical trials, fail to conduct the study to GCP standards or are delayed for a significant time in the execution of trials, including achieving full enrollment, we may be

affected by increased costs, program delays or both, which may harm our business. In addition, clinical trials that are conducted in countries outside the EEA and the United States may subject us to further delays and expenses as a result of increased shipment costs, additional regulatory requirements and the engagement of non-EEA and non-U.S. CROs, as well as expose us to risks associated with clinical investigators who are unknown to the FDA or the EEA competent authorities, and may use different standards of diagnosis, screening and medical care.

In addition, the FDA's and other regulatory authorities' policies with respect to clinical trials may change and additional government regulations may be enacted. For instance, the regulatory landscape related to clinical trials in the EU recently evolved. The EU Clinical Trials Regulation (CTR) which was adopted in April 2014 and repeals the EU Clinical Trials Directive, became applicable on January 31, 2022. While the EU Clinical Trials Directive required a separate clinical trial application (CTA) to be submitted in each member state in which the clinical trial takes place, to both the competent national health authority and an independent ethics committee, the CTR introduces a centralized process and only requires the submission of a single application for multi-center trials. The CTR allows sponsors to make a single submission to both the competent authority and an ethics committee in each member state, leading to a single decision per member state. The assessment procedure of the CTA has been harmonized as well, including a joint assessment by all member states concerned, and a separate assessment by each member state with respect to specific requirements related to its own territory, including ethics rules. Each member state's decision is communicated to the sponsor via the centralized EU portal. Once the CTA is approved, clinical study development may proceed. The CTR foresees a three-year transition period. The extent to which ongoing and new clinical trials will be governed by the CTR varies. Clinical trials for which an application was submitted (i) prior to January 31, 2022 under the EU Clinical Trials Directive, or (ii) between January 31, 2022 and January 31, 2023 and for which the sponsor has opted for the application of the EU Clinical Trials Directive remain governed by said Directive until January 31, 2025. After this date, all clinical trials (including those which are ongoing) will become subject to the provisions of the CTR. Compliance with the CTR requirements by us, our collaborators and third-party service providers, such as CROs, may impact our developments plans.

It is currently unclear to what extent the UK will seek to align its regulations with the EU. The UK regulatory framework in relation to clinical trials is derived from existing EU legislation (as implemented into UK law, through secondary legislation).

On January 17, 2022, the UK Medicines and Healthcare products Regulatory Agency (MHRA) launched an eight-week consultation on reframing the UK legislation for clinical trials and which aimed to streamline clinical trials approvals, enable innovation, enhance clinical trials transparency, enable greater risk proportionality, and promote patient and public involvement in clinical trials. The UK Government published its response to the consultation on March 21, 2023 confirming that it would bring forward changes to the legislation. These resulting legislative amendments will determine how closely the UK regulations are aligned with the CTR. A decision by the UK Government not to closely align its regulations with the new approach adopted in the EU may have an effect on the cost of conducting clinical trials in the UK as opposed to other countries. Under the terms of the Protocol on Ireland/Northern Ireland, provisions of the CTR which relate to the manufacture and import of investigational medicinal products and auxiliary medicinal products apply in Northern Ireland. Once the changes brought by the Windsor Framework implemented, this may have further impact on the application of the CTR in Northern Ireland.

If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies governing clinical trials, our development plans may be impacted.

Interim, preliminary, and "top-line" data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publish interim, preliminary or "top-line" data from our clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary and top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data previously published. In addition, we may decide to report interim or preliminary analyses of only certain endpoints (e.g., primary subject to investigator review) rather than all endpoints (e.g., including secondary subject to central review). As a result, interim, preliminary and top-line data should be viewed with caution until the final data are available.

Furthermore, the information we choose to publicly disclose regarding a particular study or clinical trial is based on more extensive information, and others may not agree with what we determine is the material or otherwise appropriate information to disclose. Any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities, or otherwise regarding a particular antibody candidate or our business. Others, including regulatory agencies, may not

accept or agree with our assumptions, estimates, calculations, conclusions, or analyses or may interpret or weigh the importance of data differently, which could impact the value of particular programs, the approvability or commercialization of the particular antibody candidates, and our business in general. As a result, interim, preliminary or top-line data and analyses should be viewed with caution. Adverse differences between preliminary, top-line or interim data and final data or changes in what is material information regarding the results from a particular study or clinical trial could significantly harm our clinical development and business prospects and cause volatility in the price of our common shares. If the interim, top-line, or preliminary data that we report differ from actual or final results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, our product candidates may be harmed, which could harm our business, operating results, prospects or financial condition.

Our antibody candidates may have serious adverse, undesirable or unacceptable side effects which may delay or prevent marketing approval. If such side effects are identified during the development of our antibody candidates or following approval, if any, we may need to abandon our development of such antibody candidates, the commercial profile of any approved label may be limited, or we may be subject to other significant negative consequences following marketing approval, if any.

Undesirable side effects that may be caused by our antibody candidates, whether alone or in combination with other drugs, could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, the EMA or other comparable foreign authorities.

In February 2015, we commenced a Phase 1/2 clinical trial in Europe of our most advanced antibody candidate, zenocutuzumab, for the treatment of various solid tumors, which was amended to treat patients having solid tumors harboring a NRG1 gene fusion. Additionally, in January 2018 we commenced a Phase 2 clinical trial in Europe and the United States exploring zenocutuzumab, in combination with other agents, in patients with metastatic breast cancer. Patients treated with zenocutuzumab have experienced adverse reactions that may be related to the treatment with a safety update provided for zenocutuzumab in October 2023, at the European Society for Medical Oncology (ESMO) Congress 2023, with a safety cut-off date of July 31, 2023. In May 2018 we commenced a Phase 1/2 clinical trial of our bispecific antibody petosemtamab in patients with solid tumors. Patients treated with petosemtamab have experienced adverse reactions that may be treatment related, with a safety update provided for petosemtamab in April 2023 at AACR, with a safety data cutoff date of February 1, 2023, and on January 15, 2021, at ASCO GI, with a safety data cutoff date of September 7, 2020, where safety events were reported for patients treated with petosemtamab as a single agent across 11 dose levels (5 to 1500mg), and at the AACR-NCI-EORTC Virtual International Conference on Molecular Targets and Cancer Therapeutics, on October 7-10, 2021, with a data cutoff date of August 9, 2021. In May 2021, we commenced a Phase 1/2 clinical trial in the United States of our bispecific antibody MCLA-129 in patients with advanced NSCLC and other solid tumors. Patients treated with MCLA-129 have experienced adverse events, with a safety update provided for MCLA-129 in December 2023 at the ESMO Asia Congress 2023 held in Singapore, December 1-3. In May 2019, we commenced a Phase 1 clinical trial in the United States of our bispecific antibody MCLA-145 in patients with solid tumors. Patients treated with MCLA-145 have experienced adverse events that may be related to the treatment, with a safety update provided for MCLA-145 on December 8-11, 2021 at the 2021 European Society for Medical Oncology-Immuno-Oncology (ESMO-IO) Congress, with a data cutoff date of July 14, 2021.

We also engage in combination studies of our antibody candidates in combination with other approved therapies, the combination of which may also cause or be correlated with undesirable side effects not observed in our monotherapy trials that may cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, the EMA or other comparable foreign authorities. For example, in 2023, we commenced a Phase 1/2 investigation of zenocutuzumab in combination with afatinib in patients having NRG1+ NSCLC and investigation of zenocutuzumab in combination with an androgen deprivation therapy (ADT) in patients with castration resistant prostate cancer, irrespective of NRG1+ status. We continue to monitoring and evaluate patients enrolled and have observed certain adverse events from patients receiving the combination of zenocutuzumab in combination with an androgen deprivation therapy including diarrhea, decreased appetite, fatigue, stomatitis. Side effects associated with abiraterone include mineralocorticoid excess, adrenocortical insufficiency, and hepatotoxicity, and for enzalutamide include seizure, posterior reversible encephalopathy syndrome (PRES), hypersensitivity, ischemic heart disease, falls and fractures, embryo-fetal toxicity. Side effects associated with afatinib include diarrhea, bullous and exfoliative skin disorders, interstitial lung disease, hepatic toxicity, gastrointestinal perforation, keratitis, embryo-fetal toxicity. In 2023, we commenced a Phase 1/2 investigation of petosemtamab in combination with pembrolizumab as a potential front-line therapy for advanced HNSCC expressing PD-L1 (combined positive score (CPS) $\geq$ 1). We have observed certain adverse events from patients receiving the combination of petosemtamab and pembrolizumab, including infusion related reactions, and asthenia. Common side effects with pembrolizumab when used alone include feeling tired, pain, including pain in muscles, rash, diarrhea, fever, cough, decreased appetite, itching, shortness of breath, constipation, bones or joints and stomach-area (abdominal) pain, nausea, and low levels of thyroid hormone. In 2022, we commenced a Phase 1/2 investigation of the combination of MCLA-129 with osimertinib, a

third generation EGFR TKI, in patients with treatment-naïve EGFR mutant (m) NSCLC and in patients with EGFRm NSCLC that has progressed on osimertinib. We continue to monitor and evaluate patients enrolled and have observed certain adverse events from patients receiving the combination of MCLA-129 in combination with osimertinib, including infusion-related reactions, skin toxicity, gastrointestinal events, asthenia, decreased appetite, venous thromboembolism (VTE, composite term) and treatment-related interstitial lung disease, with additional details on safety reported at the ESMO Asia Congress 2023 held in Singapore, December 1-3. In addition, osimertinib has warnings and precautions regarding interstitial lung disease, QT prolongation, cardiomyopathy, keratitis and Stevens-Johnson Syndrome, and toxic epidermal necrolysis; cutaneous vasculitis, aplastic anemia, embryo-fetal toxicity. In 2022, we commenced a Phase 1 investigation of MCLA-145 in combination with pembrolizumab in solid tumors. We continue to monitor and evaluate patients enrolled and have observed certain adverse events including fatigue, cough, pyrexia, constipation, decreased appetite, dyspnoea, nausea, dizziness and elevation of liver enzymes.

In each of our clinical trials and investigations of our antibody candidates in combination with approved therapies there may still be important facts about the safety, efficacy, and risk versus benefit that are not known to us at this time which may negatively impact our ability to develop and commercialize our antibody candidates as single agents or in combination with other agents. In this regard, we have in the past and may in the future observe serious side effects ranging from grade 1 to grade 5 across our clinical trials, including patient death, and we have in the past, and may in the future, institute additional precautionary safety measures such as dosing caps and delays, enhanced monitoring for side effects, and modified patient inclusion and exclusion criteria.

Additional and/or unexpected safety events or our failure to generate additional efficacy data in our clinical trials that support registration could significantly impact the value of antibody candidates to our business. Many companies in the pharmaceutical and biotechnology industries, including us, have suffered significant setbacks in late-stage clinical trials or combination trials after achieving encouraging or positive results in early-stage development. We cannot be certain that we will not face similar setbacks in our ongoing or planned clinical trials. If we or our collaborators fail to produce positive results in our ongoing or planned clinical trials of our other product candidates, the development timeline and regulatory approval and commercialization prospects for our product candidates, and, correspondingly, our business, financial condition, results of operations and growth prospects, would be materially adversely affected.

If results of our trials reveal a high and unacceptable severity and prevalence of adverse events or side effects, including those that may be new or unexpected, our trials or enrollment could be paused, suspended or terminated and the FDA, EEA competent authorities, or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our antibody candidates for any or all targeted indications. The drug-related side effects could affect patient recruitment, investigator engagement and commitment and perception of the clinical candidate or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly. Additionally, if any of our antibody candidates receives marketing approval and we or others later identify undesirable or unacceptable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such products and require us to take our approved product off the market;
- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
- regulatory authorities may require a medication guide outlining the risks of such side effects for distribution to patients, or that we implement a risk evaluation and mitigation strategy plan to ensure that the benefits of the product outweigh its risks;
- we may be required to change the dose or the way the product is administered, conduct additional clinical trials or change the labeling of the product;
- we may be subject to limitations on how we may promote the product;
- sales of the product may decrease significantly;
- we may be subject to litigation or product liability claims; and
- our reputation may suffer.

Any of these events could prevent us, our collaborators or our potential future partners from achieving or maintaining market acceptance of the affected antibody candidate, if approved, or could substantially increase commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenue from the sale of our antibody candidates, if approved.

We depend on enrollment of patients in our clinical trials for our antibody candidates. If we are unable to enroll patients in our clinical trials, our research and development efforts and business, financial condition and results of operations could be materially adversely affected.

Successful and timely completion of clinical trials will require that we enroll a sufficient number of patient candidates. For our Phase 1/2 clinical trial of zenocutuzumab in solid tumors, we are enrolling up to 250 patients with tumors harboring NRG1 gene fusions (NRG1+). Solid tumors with NRG1 gene fusions occur infrequently, which could result in slow enrollment of clinical trial participants. For our Phase 2 clinical trial of zenocutuzumab in patients with CRPC in combinations with an ADT, and patients with NRG1+ NSCLC in combination with afatinib, we have paused enrollment of both cohorts, but may enroll up to 90 patients. In the Phase 2 clinical trial of MCLA-129, we plan to enroll up to 380 adult patients with solid tumors. In the Phase 1/2 clinical trial of petosemtamab, we plan to enroll up to 360 adult patients with solid tumors. We further anticipate potentially initiating a randomized phase 3 trial of petosemtamab monotherapy, or investigators' choice of single agent chemotherapy or cetuximab in 2L/3L HNSCC. We anticipate such a trial could potentially start in mid-2024. We are further developing petosemtamab in combination with pembrolizumab, a PD-1 blocking antibody, investigating this combination in patients with untreated HNSCC expressing PD-L1 (CPS > 1) to evaluate safety and clinical activity in this population, and we believe initial safety data from this single arm cohort may support the initiation of a first-line registration trial with this combination. We further plan to initiate a cohort investigating petosemtamab in 2L CRC patients in 2024. In the Phase 1 clinical trial of MCLA-145, we plan to enroll up to 118 adult patients with solid tumors. These trials and other trials we conduct may be subject to delays as a result of patient enrollment taking longer than anticipated or patient withdrawal.

Our clinical trials will also compete with other clinical trials for antibody candidates that are in the same therapeutic areas as our antibody candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites.

Patient enrollment depends on many factors, including the size and nature of the patient population, eligibility criteria for the trial, the proximity of patients to clinical sites, the design of the clinical protocol, the availability of competing clinical trials, the availability of new drugs approved for the indication the clinical trial is investigating, and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies. These factors may make it difficult for us to enroll enough patients to complete our clinical trials in a timely and cost-effective manner. Delays in the completion of any clinical trial of our antibody candidates will increase our costs, slow down our antibody candidate development and approval process, delay or potentially jeopardize our ability to commence product sales and generate revenue and harm our reputation and ability to obtain financing. In addition, some of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our antibody candidates.

We may become exposed to costly and damaging liability claims, either when testing our antibody candidates in the clinic or at the commercial stage; and our product liability insurance may not cover all damages from such claims.

We are exposed to potential product liability and professional indemnity risks that are inherent in the research, development, manufacturing, marketing and use of pharmaceutical products. Currently, we have no products that have been approved for commercial sale; however, the current and future use of antibody candidates by us and our collaborators in clinical trials, and the sale of any approved products in the future, may expose us to liability claims. These claims might be made by patients that use the product, healthcare providers, pharmaceutical companies, our collaborators or others selling such products. Any claims against us, regardless of their merit, could be difficult and costly to defend and could materially adversely affect the market for our antibody candidates or any prospects for commercialization of our antibody candidates, if approved.

Although the clinical trial process is designed to identify and assess potential side effects, it is always possible that a drug, even after regulatory approval, may exhibit unforeseen side effects. If any of our antibody candidates were to cause adverse side effects during

clinical trials or after approval of the antibody candidate, we may be exposed to substantial liabilities. Physicians and patients may not comply with any warnings that identify known potential adverse effects and patients who should not use our antibody candidates.

Although we maintain adequate product liability insurance for our antibody candidates, it is possible that our liabilities could exceed our insurance coverage. We intend to expand our insurance coverage to include the sale of commercial products if we obtain marketing approval for any of our antibody candidates. However, we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

Should any of the events described above occur, this could have a material adverse effect on our business, financial condition and results of operations.

The regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for our antibody candidates, our business will be substantially harmed.

The time required to obtain approval by the FDA and comparable foreign authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of an antibody candidate's clinical development and may vary among jurisdictions. We have not obtained regulatory approval for any antibody candidate and it is possible that none of our existing antibody candidates or any antibody candidates we may seek to develop in the future will ever obtain regulatory approval.

Our antibody candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that an antibody candidate is safe, pure, potent and/or effective for its proposed indication;
- we may be unable to demonstrate that an antibody candidate's clinical and other benefits outweigh its safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from pre-clinical studies or clinical trials;
- the data collected from clinical trials of our antibody candidates, our data monitoring, oversight of our CROs may not be sufficient in amount or quality to support the submission of a BLA or other submission or to obtain regulatory approval in the United States, the EU or elsewhere;
- the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies;
- the FDA or comparable foreign regulatory authorities and notified bodies may fail to approve (or to clear or to certify) the companion diagnostics we contemplate developing with collaborators; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.
- for instance, the EU pharmaceutical legislation is currently undergoing a complete review process, in the context of the Pharmaceutical Strategy for Europe initiative, launched by the European Commission in November 2020. The European Commission's proposal for a revision of several legislative instruments related to medicinal products (including potentially reducing the duration of regulatory exclusivity and revising the eligibility for expedited pathways) was published on April 26, 2023. The proposed revisions remain to be agreed and adopted by the European Parliament and European Council. The proposals may be substantially revised before adoption, which is not anticipated before the end of 2026. The revisions may, however, have a significant impact on the biopharmaceutical industry and our business in the long term.

This lengthy approval process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval to market any of our antibody candidates, which would significantly harm our business, results of operations and prospects. The FDA and other regulatory authorities have substantial discretion in the approval process, and determining when or whether regulatory approval will be obtained for any of our antibody candidates. Even if we believe the data collected from clinical trials of our antibody candidates are promising, such data may not be sufficient in quantity or quality to support approval by the FDA or any other regulatory authority.

In addition, even if we were to obtain approval, regulatory authorities may approve any of our antibody candidates for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve an antibody candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that antibody candidate. Any of the foregoing scenarios could materially harm the commercial prospects for our antibody candidates and have a material adverse effect on our business, financial condition and results of operations.

Fast Track designation by the FDA for zenocutuzumab and petosemtamab or potential future Fast Track designation of our other antibody candidates may not actually lead to a faster development or regulatory review or approval process.

We have been granted a Fast Track designation for zenocutuzumab for the treatment of patients with metastatic solid tumors harboring NRG1 gene fusions that have progressed on standard-of-care therapy and for petosemtamab for the treatment of patients with recurrent or metastatic HNSCC whose disease has progressed following treatment with platinum-based chemotherapy and an anti-programmed cell death protein 1 (anti-PD-1) antibody, and we may seek additional Fast Track designations for zenocutuzumab, petosemtamab or for our other antibody candidates. The Fast Track program is intended to expedite or facilitate the process for reviewing therapeutic candidates that meet certain criteria. Specifically, investigational biologics are eligible for Fast Track designation if they are intended, alone or in combination with one or more drugs or biologics, to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast Track designation applies to the combination of the product candidate and the specific indication for which it is being studied. The sponsor of a Fast Track candidate has opportunities for more frequent interactions with the applicable FDA review team during product development and, once a BLA is submitted, the application may be eligible for priority review. With a Fast Track designation for an antibody candidate, the FDA may consider for review sections of the BLA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the BLA, the FDA agrees to accept sections of the BLA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the BLA.

Obtaining a Fast Track designation does not change the standards for product approval but may expedite the development or approval process. Even though the FDA has granted such designation for zenocutuzumab for the treatment of patients with metastatic solid tumors harboring NRG1 gene fusions that have progressed on standard-of-care therapy and for petosemtamab for the treatment of patients with recurrent or metastatic HNSCC whose disease has progressed following treatment with platinum-based chemotherapy and an anti-programmed cell death protein 1 (anti-PD-1) antibody, these designations may not actually result in faster clinical development or regulatory review or approval. Furthermore, such a designation does not increase the likelihood that zenocutuzumab or any other antibody candidate that may be granted Fast Track designation will receive marketing approval in the United States.

Breakthrough Therapy designations by the FDA for zenocutuzumab and any potential future product candidate may not lead to a faster development or regulatory review or approval process, and it does not increase the likelihood that the product candidate will receive FDA approval.

We have been granted a Breakthrough Therapy designations for zenocutuzumab for the treatment of patients with advanced unresectable or metastatic NRG1 fusion (NRG1+) pancreatic cancer following progression with prior systemic therapy or who have no satisfactory alternative treatment options and for zenocutuzumab for the treatment of patients with advanced unresectable or metastatic NRG1+ non-small cell lung cancer (NSCLC), following progression with prior systemic therapy, and we may seek additional Breakthrough Therapy designations for zenocutuzumab or for our other antibody candidates, or the comparable designations in foreign jurisdictions, where we believe the clinical data support such designations.

A "Breakthrough Therapy" is defined as a drug or biologic that is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the product candidate may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For product candidates that have been designated as Breakthrough Therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most

efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Drugs and biologics designated as Breakthrough Therapies also receive the same benefits associated with Fast Track designation, including eligibility for rolling review of a submitted BLA, if the relevant criteria are met. Designation as a Breakthrough Therapy is within the discretion of the FDA.

Accordingly, even if we believe that one of our product candidates meets the criteria for designation as a Breakthrough Therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a Breakthrough Therapy designation for a product candidate may not result in a faster development process, review or approval compared to product candidates considered for approval under conventional FDA procedures and it would not assure ultimate approval by the FDA.

In addition, even if one or more of our product candidates qualify as Breakthrough Therapies and have received such designation, the FDA may later decide that the product candidate no longer meets the conditions for qualification and rescind the designation.

We may attempt to secure approval from the FDA through the use of the accelerated approval pathway. If we are unable to obtain such approval, we may be required to conduct additional pre-clinical studies or clinical trials beyond those that we contemplate, which could increase the expense of obtaining, and delay the receipt of, necessary regulatory approvals. Even if we receive accelerated approval from the FDA, if our confirmatory trials do not verify clinical benefit, or if we do not comply with rigorous post-marketing requirements, the FDA may seek to withdraw any accelerated approval we have obtained.

We plan to seek for zenocutuzumab and may in the future, for other clinical candidates, seek accelerated approval our product candidates. Under the accelerated approval program, the FDA may grant accelerated approval to a product candidate designed to treat a serious or life-threatening condition that provides meaningful therapeutic benefit over available therapies upon a determination that the product candidate has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. The FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality. For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit.

The accelerated approval pathway may be used in cases in which the advantage of a product candidate over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. If granted, accelerated approval is usually contingent on the sponsor's agreement to conduct, in a diligent manner, additional confirmatory studies to verify and describe the drug's clinical benefit. If such post-approval studies fail to confirm the drug's clinical benefit or are not completed in a timely manner, the FDA may withdraw its approval of the drug on an expedited basis. In addition, in December 2022, President Biden signed an omnibus appropriations bill to fund the U.S. government through fiscal year 2023. Included in the omnibus bill is the Food and Drug Omnibus Reform Act of 2022, which among other things, provided FDA new statutory authority to mitigate potential risks to patients from continued marketing of ineffective drugs previously granted accelerated approval. Under these provisions, among other things, the FDA may require a sponsor of a product seeking accelerated approval to have a confirmatory trial underway prior to such approval being granted.

Prior to seeking accelerated approval for any of our product candidates, we intend to seek feedback from the FDA and will otherwise evaluate our ability to seek and receive accelerated approval. There can be no assurance that after our evaluation of the feedback and other factors we will decide to pursue or submit a BLA for accelerated approval or any other form of expedited development, review or approval. Furthermore, if we decide to submit an application for accelerated approval for our product candidates, there can be no assurance that such application will be accepted or that any expedited development, review or approval will be granted on a timely basis, or at all. The FDA or other comparable foreign regulatory authorities could also require us to conduct further studies prior to considering our application or granting approval of any type. A failure to obtain accelerated approval or any other form of expedited development, review or approval for our product candidate would result in a longer time period to commercialization of such product candidate, if any, could increase the cost of development of such product candidate and could harm our competitive position in the marketplace.

Even if our antibody candidates obtain regulatory approval, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense. Additionally, our antibody candidates, if approved, could be subject to labeling and other restrictions and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

Any regulatory approvals that we may receive for our antibody candidates will require the submission of reports to regulatory authorities and surveillance to monitor the safety and efficacy of the product candidate, may contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, and may include burdensome post-approval study or risk management requirements. For example, the FDA may require a Risk Evaluation and Mitigation Strategy in order to approve our antibody candidates, which could entail requirements for a medication guide, physician training and communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Similar risk management measures may be required by foreign regulatory authorities. In addition, if the FDA or foreign regulatory authorities approve our antibody candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for our product candidates will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as on-going compliance with cGMPs or similar foreign requirements, and GCPs for any clinical trials that we conduct following approval. In addition, manufacturers of drug products and their facilities are subject to continual review and periodic, unannounced inspections by the FDA and other regulatory authorities for compliance with cGMP or similar foreign regulations and standards.

If we or a regulatory authority discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facilities where the product is manufactured, a regulatory authority may impose restrictions on that product, the manufacturing facility or us, including requiring recall or withdrawal of the product from the market or suspension of manufacturing. In addition, failure to comply with FDA and other comparable foreign regulatory requirements may subject our company to administrative or judicially imposed sanctions, including:

- delays in or the rejection of product approvals;
- restrictions on our ability to conduct clinical trials, including full or partial clinical holds on ongoing or planned trials;
- restrictions on the products, manufacturers or manufacturing process;
- warning or untitled letters;
- civil and criminal penalties;
- injunctions;
- suspension or withdrawal of regulatory approvals;
- product seizures, detentions or import bans;
- voluntary or mandatory product recalls and publicity requirements;
- total or partial suspension of production; and
- imposition of restrictions on operations, including costly new manufacturing requirements.

The occurrence of any event or penalty described above may inhibit our ability to commercialize our product candidates and generate revenue and could require us to expend significant time and resources in response and could generate negative publicity.

The FDA's and other regulatory authorities' policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, and we may not achieve or sustain profitability.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad.

We may not be successful in our efforts to use and expand our Biclonics® technology platform to build a pipeline of antibody candidates or to use our Triclonics® technology platform to build a pipeline of trispecific antibody candidates.

A key element of our strategy is to use and expand our Biclonics® technology platform to build a pipeline of antibody candidates and progress these antibody candidates through clinical development for the treatment of a variety of different types of diseases. Although

our research and development efforts to date have resulted in a pipeline of antibody candidates directed at various cancers, we may not be able to develop antibody candidates that are safe and effective.

Another important element of our strategy is to develop, use and exploit our Triclonics® technology platform to build a pipeline of trispecific antibody candidates and collaborate with third parties in potentially researching and developing these trispecific antibody candidates through pre-clinical and clinical development for the treatment of a variety of different types of diseases. Although our research and development efforts to date have resulted in proof of concept pre-clinical candidates, and we have a collaboration with Gilead to generate up to three Triclonics® programs, we may not be successful in the generation of pre-clinical trispecific antibody candidates or demonstrate in the clinic that they are safe and effective. Even if we are successful in continuing to build our bispecific and trispecific pipelines, the potential antibody candidates that we identify may not be suitable for clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. If we do not continue to successfully develop and begin to commercialize our bispecific and trispecific antibody candidates or if we do not successfully develop, collaborate, and license such antibody candidates, we will face difficulty in obtaining product revenues in future periods, which could result in significant harm to our financial position and adversely affect our share price.

Even if we obtain marketing approval of any of our antibody candidates in a major pharmaceutical market such as the United States or the EU, we may never obtain approval or commercialize our products in other major markets, which would limit our ability to realize their full market potential.

In order to market any products in a country or territory, we must establish and comply with numerous and varying regulatory requirements of such countries or territories regarding safety and efficacy. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking regulatory approvals in all major markets could result in significant delays, difficulties and costs for us and may require additional pre-clinical studies or clinical trials which would be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. Satisfying these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. In addition, our failure to obtain regulatory approval in any country may delay or have negative effects on the process for regulatory approval in other countries. We currently do not have any antibody candidates approved for sale in any jurisdiction, whether in the Netherlands, the United States or any other international markets, and we do not have experience in obtaining regulatory approval in international markets. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, our target market will be reduced and our ability to realize the full market potential of our products, if any, will be harmed.

Due to our limited resources and access to capital, we must, and have in the past decided to, prioritize development of certain antibody candidates over other potential candidates. These decisions may prove to have been wrong and may adversely affect our revenues.

Because we have limited resources and access to capital to fund our operations, we must decide which antibody candidates to pursue and the amount of resources to allocate to each. Our decisions concerning the allocation of research, collaboration, management and financial resources toward particular compounds, antibody candidates or therapeutic areas may not lead to the development of viable commercial products and may divert resources away from better opportunities. Similarly, our decisions to delay, terminate or collaborate with third parties in respect of certain antibody development programs may also prove not to be optimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the market potential of our antibody candidates or misread trends in the biopharmaceutical industry, in particular for our lead antibody candidates, our business, financial condition and results of operations could be materially adversely affected.

Because we are subject to environmental, health and safety laws and regulations, we may become exposed to liability and substantial expenses in connection with environmental compliance or remediation activities which may adversely affect our business and financial condition.

Our operations, including our research, development, testing and manufacturing activities, are subject to numerous environmental, health and safety laws and regulations. These laws and regulations govern, among other things, the importation, storage, controlled use, handling, release and disposal of, and the maintenance of a registry for, hazardous materials and biological materials, such as chemical solvents, human cells, animal byproducts, genetically modified organisms, carcinogenic compounds, mutagenic compounds and compounds that have a toxic effect on reproduction, laboratory procedures and exposure to blood-borne pathogens. If we fail to

comply with such laws and regulations, or fail to obtain or maintain relevant permits, we could be subject to fines or other sanctions or work stoppages, which could have a material adverse effect on our business, financial condition and results of operations.

As with other companies engaged in activities similar to ours, we face a risk of environmental liability inherent in our current and historical activities, including liability relating to releases of or exposure to hazardous or biological materials. Environmental, health and safety laws and regulations are becoming more stringent. We may be required to incur substantial expenses in connection with future environmental compliance or remediation activities, in which case, our production and development efforts may be interrupted or delayed and our financial condition and results of operations may be materially adversely affected.

Our employees, independent contractors, principal investigators, CROs, consultants, vendors and collaborators may engage in misconduct or other improper activities, including noncompliance with applicable law, regulatory standards and requirements, which could have a material adverse effect on our business.

We are exposed to the risk that our employees, independent contractors, principal investigators, CROs, consultants, vendors and collaborators may engage in fraudulent conduct or other illegal activities. Misconduct by these parties could include fraudulent, intentional, reckless and/or negligent conduct or unauthorized activities that violate: (i) the regulations of the FDA and other regulatory authorities, including those laws that require the reporting of true, complete and accurate information to such authorities; (ii) manufacturing standards; (iii) federal and state data privacy, security, fraud and abuse and other healthcare laws and regulations in the United States and abroad; (iv) laws that require the reporting of true, complete and accurate financial information and data; or (v) their representations or commitments to us regarding their capabilities and performance under existing or future agreements. Specifically, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Activities subject to these laws could also involve the improper use or misrepresentation of information obtained in the course of clinical trials or creating fraudulent data in our pre-clinical studies or clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. Additionally, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgements, possible exclusion from participation in Medicare, Medicaid and other U.S. federal healthcare programs, individual imprisonment, other sanctions, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. Additionally, we are subject to the risk that misrepresentations regarding independent contractors, principal investigators, CROs, consultants, vendors and collaborators' capabilities and performance under existing or future agreements may lead us to rely upon them for important strategic or operational matters, which could have a significant adverse impact on our business and results of operations.

Our research and development activities could be affected or delayed as a result of possible restrictions on animal testing.

Certain laws and regulations require us to test our antibody candidates on animals before initiating clinical trials involving humans. Animal testing activities have been the subject of controversy and adverse publicity. Animal rights groups and other organizations and individuals have attempted to stop animal testing activities by pressing for legislation and regulation in these areas and by disrupting these activities through protests and other means. To the extent the activities of these groups are successful, our research and development activities may be interrupted, delayed or become more expensive.

Risks Related to Regulatory Approval of Our Antibody Candidates

Enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our antibody candidates and may affect the prices we may set. The successful commercialization of our antibody candidates will depend in part on the extent to which governmental authorities and health insurers establish adequate coverage and reimbursement levels and pricing policies.

In the United States, the EU, and other foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes and proposed changes to the healthcare system that could affect our future results of operations. In particular, there have been and continue to be a number of initiatives at the United States federal and state levels that seek to reduce

healthcare costs and improve the quality of healthcare. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively the ACA) was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers. Among the provisions of the ACA, those of greatest importance to the pharmaceutical and biotechnology industries include the following:

- an annual, non-deductible fee on any entity that manufactures or imports certain branded prescription drugs and biologic agents, which is apportioned among these entities according to their market share in certain government healthcare programs;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13.0% of the average manufacturer price for branded and generic drugs, respectively;
- a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected;
- extension of a manufacturer's Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and
- establishment of a Center for Medicare and Medicaid Innovation at the Centers for Medicare & Medicaid Services (CMS) to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending.

Since its enactment, there have been judicial, executive and Congressional challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. These changes include the American Rescue Plan Act of 2021, which eliminated the statutory Medicaid drug rebate cap beginning January 1, 2024. The rebate was previously capped at 100% of a drug's average manufacturer price. Moreover, payment methodologies, including payment for companion diagnostics, may be subject to changes in healthcare legislation and regulatory initiatives. In addition, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. Most recently, in August 2022, the Inflation Reduction Act of 2022, or IRA, was signed into law. Among other things, the IRA requires manufacturers of certain drugs to engage in price negotiations with Medicare (beginning in 2026), with prices that can be negotiated subject to a cap; imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation (first due in 2023); and replaces the Part D coverage gap discount program with a new discounting program (beginning 2025). The IRA permits the Secretary of the Department of Health and Human Services (HHS) to implement many of these provisions through guidance, as opposed to regulation, for the initial years. HHS has and will continue to issue and update guidance as these programs are implemented. On August 29, 2023, HHS announced the list of the first ten drugs that will be subject to price negotiations, although the Medicare drug price negotiation program is currently subject to legal challenges. In addition, in response to the Biden administration's October 2022 executive order, on February 14, 2023, HHS released a report outlining three new models for testing by the Center for Medicare and Medicaid Innovation which will be evaluated on their ability to lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the models will be utilized in any health reform measures in the future.

We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U.S. federal government will pay for healthcare products and services, which could result in reduced demand for our antibody candidates or additional pricing pressures.

Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, results of operations, financial condition and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for any future products or put pressure on our product pricing, which could negatively affect our business, results of operations, financial condition and prospects.

In the EU, similar political, economic and regulatory developments may affect our ability to profitably commercialize any future products. In addition to continuing pressure on prices and cost containment measures, legislative developments at the EU or member state level may result in significant additional requirements or obstacles that may increase our operating costs. The delivery of healthcare in the EU, including the establishment and operation of health services and the pricing and reimbursement of medicines, is almost exclusively a matter for national, rather than EU, law and policy. National governments and health service providers have different priorities and approaches to the delivery of health care and the pricing and reimbursement of products in that context. In general, however, the healthcare budgetary constraints in most EU member states have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. Coupled with ever-increasing EU and national regulatory burdens on those wishing to develop and market products, this could prevent or delay marketing approval of our antibody candidates, restrict or regulate post-approval activities and affect our ability to commercialize any products for which we obtain marketing approval. In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies.

In the EU, similar developments may affect our ability to profitably commercialize our product candidates, if approved. On December 13, 2021, Regulation No 2021/2282 on Health Technology Assessment (HTA) amending Directive 2011/24/EU, was adopted. While the Regulation entered into force in January 2022, it will only begin to apply from January 2025 onwards, with preparatory and implementation-related steps to take place in the interim. Once applicable, it will have a phased implementation depending on the concerned products. The Regulation intends to boost cooperation among EU member states in assessing health technologies, including new medicinal products, and provide the basis for cooperation at the EU level for joint clinical assessments in these areas. It will permit EU member states to use common HTA tools, methodologies, and procedures across the EU, working together in four main areas, including joint clinical assessment of the innovative health technologies with the highest potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU member states will continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technology, and making decisions on pricing and reimbursement.

Finally, policies of the individual government agencies, including the FDA or similar regulatory authorities, may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we or our collaborators are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we or our collaborators are not able to maintain regulatory compliance, our antibody candidates may lose any regulatory approval that may have been obtained and we may not achieve or sustain profitability, which would adversely affect our business.

If we are required by the FDA or similar authorities to obtain approval (or clearance, or certification) of a companion diagnostic test in connection with approval of any of our antibody candidates, and we do not obtain or face delays in obtaining approval (or clearance, or certification) of a diagnostic device, we will not be able to commercialize such product candidate and our ability to generate revenue will be materially impaired.

If safe and effective use of any of our antibody candidates depends on a diagnostic that is not otherwise commercially available, then the FDA may require approval or clearance of that diagnostic, known as a companion diagnostic, at the same time that the FDA approves our antibody candidates, if at all or as a post-marketing commitment. According to FDA guidance, if the FDA determines that a companion diagnostic device is essential to the safe and effective use of a novel therapeutic product or indication, the FDA generally will not approve the therapeutic product or new therapeutic product indication if the companion diagnostic is not also approved or cleared for that indication. If a satisfactory companion diagnostic is not commercially available, we may be required to develop or obtain one that would be subject to regulatory approval requirements. The process of obtaining or creating such diagnostics is time consuming and costly and associated with numerous risks and uncertainties.

Companion diagnostics are developed in conjunction with clinical programs for the associated product and are subject to regulation as medical devices by the FDA and comparable regulatory authorities, and, to date, the FDA has generally required premarket approval of companion diagnostics labeled for use with cancer therapies. The approval of a companion diagnostic as part of the therapeutic product's labeling limits the use of the therapeutic product to only those patients who express the specific genetic alteration that the companion diagnostic was developed to detect.

If the FDA or a comparable regulatory authority requires approval (or clearance, or certification) of a companion diagnostic for any of our antibody candidates, whether before or after such candidate obtains marketing approval, difficulties may be encountered in developing and obtaining approval for such antibody candidate. Any delay or failure by us or third-party collaborators to develop or obtain regulatory approval (or clearance, or certification) of a companion diagnostic could delay or prevent approval or continued marketing of such antibody candidate.

We may also experience delays in developing a sustainable, reproducible and scalable manufacturing process for the companion diagnostic or in transferring that process to commercial partners or negotiating insurance reimbursement plans, all of which may prevent us from completing our clinical trials or commercializing our product candidate, if approved, on a timely or profitable basis, if at all.

Approval, clearance or certification of companion diagnostics may be subject to further legislative or regulatory reforms notably in the EU. On May 25, 2017, the new In Vitro Medical Devices Regulation (2017/746) (IVDR) entered into force. The IVDR repeals and replaces the EU In Vitro Diagnostic Medical Devices Directive. Unlike directives, which must be implemented into the national laws of the EEA countries, regulations are directly applicable, i.e., without the need for adoption of EEA countries laws implementing them, in all EEA countries and are intended to eliminate current differences in the regulation of medical devices among EEA countries. The IVDR, among other things, is intended to establish a uniform, transparent, predictable and sustainable regulatory framework across the EEA for medical devices and ensure a high level of safety and health while supporting innovation. The IVDR became applicable on May 26, 2022. However, on October 14, 2021, the European Commission proposed a "progressive" roll-out of the IVDR to prevent disruption in the supply of in vitro diagnostic medical devices. The European Parliament and Council adopted the proposed Regulation on December 15, 2021. Therefore, the IVDR has applied since May 26, 2022 but there is a tiered system extending the grace period for many devices (depending on their risk classification) before they have to be fully compliant with the Regulation.

The regulation of companion diagnostics is subject to further requirements since the IVDR became applicable and introduced a new classification system for companion diagnostics which are now specifically defined as diagnostic tests that support the safe and effective use of a specific medicinal product, by identifying patients that are suitable or unsuitable for treatment. Companion diagnostics will have to undergo a conformity assessment by a notified body. Before it can issue an EU certificate, the notified body must seek a scientific opinion from the EMA on the suitability of the companion diagnostic to the medicinal product concerned if the medicinal product falls exclusively within the scope of the centralized procedure for the authorization of medicines, or the medicinal product is already authorized through the centralized procedure, or a marketing authorization application for the medicinal product has been submitted through the centralized procedure. For other substances, the notified body can seek the opinion from national competent authorities or the EMA. These modifications may make it more difficult and costly for us to obtain regulatory clearances, approvals or certifications for our companion diagnostics or to manufacture, market or distribute our products after clearance, approval or certification is obtained.

Disruptions at the FDA and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified products from being developed, approved or commercialized in a timely manner or at all, which could negatively impact our business.

The ability of the FDA and foreign regulatory authorities to review and or approve new products can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory, and policy changes, the FDA's or foreign regulatory authorities' ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's or foreign regulatory authorities' ability to perform routine functions. Average review times at the FDA and foreign regulatory authorities have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies, such as the EMA following its relocation to Amsterdam and resulting staff changes, may also slow the time necessary for new drugs and biologics to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities.

Separately, in response to the COVID-19 pandemic, the FDA postponed most inspections of domestic and foreign manufacturing facilities at various points. Even though the FDA has since resumed standard inspection operations, any resurgence of the virus or emergence of new variants may lead to inspectional or administrative delays. If a prolonged government shutdown occurs, or if global health concerns prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

We may be subject to healthcare laws, regulation and enforcement; our failure to comply with these laws could harm our results of operations and financial conditions.

Although we do not currently have any products on the market, if we obtain FDA approval for any of our antibody candidates and begin commercializing those products in the United States, our operations may be directly, or indirectly through our customers and third-party payors, subject to various U.S. federal and state healthcare laws and regulations, including, without limitation, the U.S. federal Anti-Kickback Statute. Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain marketing approval. These laws may impact, among other things, our proposed sales, marketing and education programs and constrain our financial arrangements and relationships with healthcare providers, physicians and other parties through which we market, sell and distribute our products for which we obtain marketing approval. In addition, we may be subject to additional healthcare, statutory and regulatory requirements and enforcement by foreign regulatory authorities in jurisdictions in which we conduct our business. The laws that may affect our ability to operate include:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or paying any remuneration (including any kickback, bribe, or certain rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, lease, order or recommendation of, any good, facility, item or service, for which payment may be made, in whole or in part, under U.S. federal and state healthcare programs such as Medicare and Medicaid; a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the U.S. federal false claims and civil monetary penalties laws, including the civil False Claims Act, which, among other things, impose criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, to the U.S. federal government, claims for payment or approval that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the U.S. federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;
- the U.S. federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement, in connection with the delivery of, or payment for, healthcare benefits, items or services;

similar to the U.S. federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- the FD&C Act which prohibits, among other things, the adulteration or misbranding of drugs, biologics and medical devices;
- the U.S. federal legislation commonly referred to as Physician Payments Sunshine Act, enacted as part of the ACA, and its implementing regulations, which requires certain manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children's Health Insurance Program to report annually to the CMS information related to certain payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain other health care professionals including physician assistants and nurse practitioners, and teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members;
- analogous state laws and regulations, including: state anti-kickback and false claims laws, which may apply to our business practices, including but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by any third-party payor, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; and state laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information, and that require the tracking and reporting of gifts and other remuneration and items of value provided to healthcare professionals and entities; and
- European and other foreign law equivalents of each of the laws, including reporting requirements detailing interactions with and payments to healthcare providers.

Ensuring that our internal operations and future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that may apply to us, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, exclusion from U.S. government funded healthcare programs, such as Medicare and Medicaid, disgorgement, individual imprisonment, contractual damages, reputational harm, diminished profits, reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement, and the curtailment or restructuring of our operations. If any of the physicians or other providers or entities with whom we expect to do business is found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs and imprisonment. If any of the above occur, it could adversely affect our ability to operate our business and our results of operations. Further, defending against any such actions can be costly, time-consuming and may require significant personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired.

We face potential liability related to the privacy of health or other personal information we obtain from clinical trials sponsored by us or our collaborators, from research institutions, and directly from individuals.

Most health care providers, including research institutions from which we or our collaborators obtain patient health information, are subject to privacy and security regulations promulgated under HIPAA, as amended by HITECH. HIPAA imposes privacy, security and data breach reporting obligations with respect to individually identifiable health information upon "covered entities" (health plans, health care clearinghouses and certain health care providers), and their respective "business associates" (individuals or entities that create, receive, maintain or transmit individually identifiable health information in connection with providing a service for or on behalf of a covered entity, as well as their covered subcontractors). Entities that are found to be in violation of HIPAA as the result of a breach of unsecured PHI, a complaint about privacy practices, or an audit by HHS, may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations. Any person may be prosecuted under HIPAA's criminal provisions either directly or under aiding-and-abetting or conspiracy principles. Consequently, depending on the facts and circumstances, we could face substantial criminal penalties if we knowingly receive individually identifiable health information from a HIPAA-covered health care provider or research institution that has not satisfied HIPAA's requirements for the disclosure of such information.

In addition, we may maintain sensitive personally identifiable information, including health information, that we receive throughout the clinical trial process, in the course of our research collaborations, and directly from individuals (or their healthcare providers) who enroll in our patient assistance programs. Even when HIPAA does not apply, according to the Federal Trade Commission (FTC), failing to take appropriate steps to keep consumers' personal information secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC has authority to initiate enforcement actions against entities that mislead customers about HIPAA compliance, make deceptive statements about privacy and data sharing in privacy policies, fail to limit third-party use of personal health information, fail to implement policies to protect personal health information or engage in other unfair practices that harm customers or that may violate Section 5(a) of the FTC Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. Individually identifiable health information is considered sensitive data that merits stronger safeguards. Additionally, federal and state consumer protection laws are increasingly being applied by FTC and states' attorneys general to regulate the collection, use, storage, and disclosure of personal or personally identifiable information, through websites or otherwise, and to regulate the presentation of website content. The FTC's guidance for appropriately securing consumers' personal information is similar to what is required by the HIPAA Security Rule. As such, we, our collaborators, research institutions, health care providers and other entities that provide personally identifiable information to us may be subject to state information security laws, and state laws requiring notification of affected individuals and state regulators in the event of a breach of personal information, which is a broader class of information than the health information protected by HIPAA.

The United States and global data protection landscape is rapidly evolving, and we may be affected by or subject to new or amended laws and regulations in the future. Certain states have also adopted privacy and security laws and regulations governing the privacy, processing and protection of personal information. For example, the CCPA went into effect on January 1, 2020. The CCPA, among other things, creates data privacy obligations for covered companies and provides individual privacy rights to California residents, including the right to delete and to opt out of certain disclosures of their information. The CCPA also creates a private right of action with statutory damages for certain data breaches, and has increased the risks associated with a data breach. Although the law includes limited exceptions, including for "protected health information" maintained by a covered entity or business associate, it may regulate or impact our processing of certain personal information depending on the context. Further, the California Privacy Rights Act (CPRA) generally went into effect on January 1, 2023. The CPRA significantly amends the CCPA and imposes additional data protection obligations on covered businesses, including additional consumer rights, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. It also creates a new California data protection agency authorized to issue substantive regulations and which could result in increased privacy and information security enforcement. Additional compliance investment and potential business process changes may also be required.

Similar laws have been proposed in other states and at the federal level, reflecting a trend toward more stringent privacy legislation in the United States. The enactment of such laws could have potentially conflicting requirements that would make compliance challenging. In the event that we are subject to or affected by domestic privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition, our ability to operate in certain jurisdictions and our reputation.

Our and our collaborators' clinical trial programs and research collaborations outside the U.S. may implicate international data protection laws, including, in the Europe Economic Area (EEA), the GDPR, UK GDPR and local laws further implementing or supplementing the GDPR. The GDPR imposes more stringent operational requirements for processors and controllers of personal data including requirements for such companies to be able to ensure and be able to demonstrate compliance with the GDPR. If our or our collaborators' privacy or data security measures fail to comply with the GDPR requirements, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data and/or fines of up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. In addition to statutory enforcement, a non-compliance can lead to compensation claims by affected individuals, negative publicity and a potential loss of business.

Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States, and the efficacy and longevity of current transfer mechanisms between the EEA and the United States remains uncertain. Such transfers need to be legitimized by a valid transfer mechanism under the GDPR. Case law from the Court of Justice of the European Union (CJEU) states that reliance on the standard contractual clauses - a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism - alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. On October 7, 2022, President Biden signed an Executive Order on 'Enhancing Safeguards for United States Intelligence Activities'

which introduced new redress mechanisms and binding safeguards to address the concerns raised by the CJEU in relation to data transfers from the EEA to the United States and which formed the basis of the new EU-US Data Privacy Framework (DPF), as released on December 13, 2022. The European Commission adopted its Adequacy Decision in relation to the DPF on July 10, 2023, rendering the DPF effective as a GDPR transfer mechanism to U.S. entities self-certified under the DPF. The DPF also introduced a new redress mechanism for EU citizens which addresses a key concern in the previous CJEU judgments and may mean transfers under standard contractual clauses are less likely to be challenged in future. We currently rely on the EU standard contractual clauses and the UK Addendum to the EU standard contractual clauses as relevant to transfer personal data outside the EEA and the UK, including to the United States, with respect to both intragroup and third party transfers. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. As a result, we may have to make certain operational changes and implement revised standard contractual clauses and other relevant documentation for existing data transfers arrangements within required time frames.

Further, following the withdrawal of the UK from the EU on January 31, 2020, and the expiration of the transition period, from January 1, 2021, we have had to comply with the GDPR and separately the UK GDPR, with each regime having the ability to fine up to the greater of €20 million/ £17 million or 4% of global turnover. On October 12, 2023, the UK Extension to the DPF came into effect (as approved by the UK Government), as a data transfer mechanism from the U.K. to U.S. entities self-certified under the DPF. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business.

Although we work to comply with applicable laws, regulations and standards, our contractual obligations and other legal obligations, these requirements are evolving and may be modified, interpreted and applied in an inconsistent manner among jurisdictions in which we operate. We are likely to be required to expend significant capital and other resources to ensure ongoing compliance with applicable privacy and data security laws both inside and outside the United States. Claims that we have violated individuals' privacy rights or breached our contractual obligations regardless of merit and even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

Claims that we or any collaborators fail to comply with applicable federal, state, or local, legal or regulatory requirements, could subject us to a range of regulatory actions that could affect our or any collaborators' ability to seek to commercialize our antibody candidates, if approved. Any threatened or actual government enforcement action could also generate adverse publicity and require that we devote substantial resources that could otherwise be used in other aspects of our business.

Risks Related to Commercialization of Our Antibody Candidates

We operate in highly competitive and rapidly changing industries, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

The biopharmaceutical and pharmaceutical industries are highly competitive and subject to significant and rapid technological change. Our success is highly dependent on our ability to discover, develop and obtain marketing approval for new and innovative products on a cost-effective basis and to market them successfully. In doing so, we face and will continue to face intense competition from a variety of businesses, including large, fully integrated pharmaceutical companies, specialty pharmaceutical companies and biopharmaceutical companies, academic institutions, government agencies and other private and public research institutions in Europe, the United States and other jurisdictions. These organizations may have significantly greater resources than we do and conduct similar research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and marketing of products that compete with our antibody candidates.

With the proliferation of new drugs and therapies into oncology, we expect to face increasingly intense competition as new technologies become available. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Any antibody candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future. The highly competitive nature of and rapid technological changes in the biotechnology and pharmaceutical industries could render our antibody candidates or our technology obsolete, less competitive or uneconomical. Our competitors may, among other things:

- have significantly greater financial, manufacturing, marketing, drug development, technical and human resources than we do;

- develop and commercialize products that are safer, more effective, less expensive, more convenient or easier to administer, or have fewer or less severe side effects;
- obtain quicker regulatory approval;
- establish superior proprietary positions covering our products and technologies;
- implement more effective approaches to sales and marketing; or
- form more advantageous strategic alliances.

Should any of these factors occur, our business, financial condition and results of operations could be materially adversely affected.

In addition, existing and future collaborators may decide to market and sell products that compete with the antibody candidates that we have agreed to license to them. While we have agreements governing their committed activities, we have limited influence over their actual performance, and any competition by our collaborators could also have a material adverse effect on our future business, financial condition and results of operations.

Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, retaining manufacturers to produce clinical trial materials, as well as in acquiring technologies complementary to, or necessary for, our programs.

If we fail to obtain orphan drug designation for our antibody candidates, or obtain or maintain orphan drug exclusivity for our products, or lose or fail to add to such designation for zenocutuzumab in the United States, our competitors may sell products to treat the same conditions and our revenue will be reduced.

Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is intended to treat a rare disease or condition, defined as a patient population of fewer than 200,000 in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the EU, a medicinal product may be designated as orphan if (1) it is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition; (2) either (a) such condition affects no more than five in 10,000 persons in the EU when the application is made, or (b) the product, without the benefits derived from orphan status, would not generate sufficient return in the EU to justify investment; and (3) there exists no satisfactory method of diagnosis, prevention or treatment of such condition authorized for marketing in the EU, or if such a method exists, the product will be of significant benefit to those affected by the condition. Upon grant of a marketing authorization (MA), orphan medicinal products are entitled to a ten-year period of market exclusivity for the approved therapeutic indication, which means that during this period, the regulatory authorities cannot accept another application for a MA or grant a MA or accept an application to extend an existing MA for the same indication, in respect of a similar medicinal product. The application for orphan designation must be submitted before the MA application (MAA). The applicant will receive a fee reduction for the MAA if the orphan designation has been granted, but not if the designation is still pending at the time the MA is submitted. Orphan designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

In the United States, orphan drug designation entitles a party to potential financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. In addition, if a product receives the first FDA approval for the disease or condition for which it has orphan designation, the product is entitled to orphan drug exclusivity, which means the FDA may not approve any other application to market the same drug for the same disease or condition for a period of seven years, except in limited circumstances, such as a showing of clinical superiority over the product with orphan exclusivity or where the manufacturer is unable to assure sufficient product quantity. In the EU, orphan designation entitles a party to potential financial incentives such as reduction of fees or fee waivers and ten years of market exclusivity following drug or biological product approval. This period may be reduced to six years if the orphan designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity or where the prevalence of the condition has increased above the threshold.

We have obtained orphan drug designation from the FDA for zenocutuzumab for the treatment of patients with pancreatic cancer and potentially may seek that or a similar designation from the EMA for zenocutuzumab or additional orphan drug designations for zenocutuzumab, and we may seek such designation from the FDA and foreign regulatory authorities for other clinical assets, where supported by data in the appropriate disease or condition that meet the criteria for orphan status. Even though we obtained orphan designation in the United States for zenocutuzumab for treatment of patients with pancreatic cancer and may obtain addition

designations for zenocutuzumab, or orphan designations for other antibody candidates in the United States and/or the EU, we may not be the first to obtain marketing approval for any particular orphan disease or condition due to the uncertainties associated with developing pharmaceutical products. In addition, exclusive marketing rights in the United States may be limited if we seek approval for a disease or condition broader than the orphan-designated disease or condition or may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Further, even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs with different active moieties can be approved for the same condition. Even after an orphan drug is approved, the FDA or foreign regulatory authorities can subsequently approve the same drug with the same active moiety for the same condition if the FDA or foreign regulatory authorities concludes that the later drug is safer, more effective, or makes a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process. In addition, while we intend to seek orphan drug designation, when appropriate, we may not receive such designation.

The successful commercialization of our antibody candidates will depend in part on the extent to which governmental authorities and health insurers establish adequate coverage, reimbursement levels and pricing policies. Failure to obtain or maintain adequate coverage and reimbursement for our antibody candidates, if approved, could limit our ability to market those products and decrease our ability to generate revenue.

The availability and adequacy of coverage and reimbursement by governmental healthcare programs such as Medicare and Medicaid, private health insurers and other third-party payors are essential for most patients to be able to afford products such as our antibody candidates, assuming approval. Our ability to achieve acceptable levels of coverage and reimbursement for products by governmental authorities, private health insurers and other organizations will have an effect on our ability to successfully commercialize and attract additional collaborators to invest in the development of our antibody candidates. Assuming we obtain coverage for a given product by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. We cannot be sure that coverage and reimbursement in the United States, the EU or elsewhere will be available for any product that we may develop, and any reimbursement that may become available may be decreased or eliminated in the future. Third-party payors increasingly are challenging prices charged for pharmaceutical products and services, and many third-party payors may refuse to provide coverage and reimbursement for particular drugs when an equivalent generic drug or a less expensive therapy is available. It is possible that a third-party payor may consider our antibody candidate and other therapies as substitutable and only offer to reimburse patients for the less expensive product. Even if we show improved efficacy or improved convenience of administration with our antibody candidate, pricing of existing drugs may limit the amount we will be able to charge for our antibody candidate. These payors may deny or revoke the reimbursement status of a given drug product or establish prices for new or existing marketed products at levels that are too low to enable us to realize an appropriate return on our investment in product development. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize our antibody candidates and may not be able to obtain a satisfactory financial return on products that we may develop.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, third-party payors, including private and governmental payors, such as the Medicare and Medicaid programs, play an important role in determining the extent to which new drugs and biologics will be covered. The Medicare and Medicaid programs increasingly are used as models for how private payors and other governmental payors develop their coverage and reimbursement policies for drugs and biologics. Some third-party payors may require pre-approval of coverage for new or innovative devices or drug therapies before they will reimburse health care providers who use such therapies. It is difficult to predict at this time what third-party payors will decide with respect to the coverage and reimbursement for our antibody candidates, if approved.

Obtaining and maintaining reimbursement status is time-consuming and costly. No uniform policy for coverage and reimbursement for drug products exists among third-party payors in the United States. Therefore, coverage and reimbursement for drug products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of any future products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Furthermore, rules and regulations regarding reimbursement change frequently, in some cases at short notice, and we believe that changes in these rules and regulations are likely.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost-containment initiatives in Europe, Canada, and other countries has and will continue to put pressure on the pricing and usage of our antibody candidates, if approved. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. Other countries allow companies to fix their own prices for medical products, but monitor and control company profits. Additional foreign price controls or other changes in

pricing regulation could restrict the amount that we are able to charge for our antibody candidates, if approved. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

Moreover, increasing efforts by governmental and third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for newly approved products and, as a result, they may not cover or provide adequate payment for our antibody candidates, if approved. We expect to experience pricing pressures in connection with the sale of any of our antibody candidates that are approved due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products.

In addition, even if a pharmaceutical product obtains a marketing authorization in the EU, there can be no assurance that reimbursement for such product will be secured on a timely basis or at all.

Our products may not gain market acceptance, in which case we may not be able to generate product revenues, which will materially adversely affect our business, financial condition and results of operations.

Even if the FDA or any other regulatory authority approves the marketing of any antibody candidates that we develop on our own or with a collaborator, physicians, healthcare providers, patients or the medical community may not accept or use them. If these products do not achieve an adequate level of acceptance, we may not generate significant product revenues or any profits from operations. The degree of market acceptance of any of our antibody candidates that are approved will depend on a variety of factors, including:

- the timing of market introduction;
- the number and clinical profile of competing products;
- our ability to provide acceptable evidence of safety and efficacy;
- the prevalence and severity of any side effects;
- relative convenience and ease of administration;
- cost-effectiveness;
- patient diagnostics and screening infrastructure in each market;
- marketing and distribution support;
- availability of adequate coverage, reimbursement and adequate payment from health maintenance organizations and other insurers, both public and private; and
- other potential advantages over alternative treatment methods.

Failure of our antibody candidates, if approved, to gain market acceptance will have a material adverse impact on our ability to generate revenues to provide a satisfactory, or any, return on our investments. Even if some products achieve market acceptance, the market may prove not to be large enough to allow us to generate significant revenues.

We currently have limited marketing, sales or distribution infrastructure. If we are unable to adequately develop sales, marketing and distribution capabilities on our own or through collaborations, we will not be successful in commercializing our antibody candidates.

While we have hired a Chief Commercial Officer and certain personnel to support market access and supply chain, we currently have only limited marketing, and distribution capabilities, and no sales force, because all of our antibody candidates are still in clinical or pre-clinical development. If any of our antibody candidates are approved, we intend either to establish a sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize our antibody candidates, or to outsource this function to a third party. Either of these options would be expensive and time consuming. These costs may be incurred in advance of any approval of our antibody candidates. In addition, we may not be able to hire a sales force that is sufficient in size or has adequate expertise in the medical markets that we intend to target. Any failure, delay or inadequacy in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of any approved products.

To the extent that we enter into collaboration agreements with respect to marketing, sales or distribution, our product revenue may be lower than if we directly marketed or sold any approved products. In addition, any revenue we receive will depend in whole or in part upon the efforts of these third-party collaborators, which may not be successful and are generally not within our control. If we are unable to enter into these arrangements on acceptable terms or at all, we may not be able to successfully commercialize any approved products. If we are not successful in commercializing any approved products, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

We have never commercialized an antibody candidate before and may lack the necessary expertise, personnel and resources to successfully commercialize our products on our own or together with suitable collaborators.

We have never commercialized an antibody candidate. While we have hired a Chief Commercial Officer and certain personnel to support market access and supply chain, we currently have only limited marketing or distribution capabilities, and no sales force. To achieve commercial success for our antibody candidates, if approved, which we may license to others, we will rely on the assistance and guidance of those collaborators. For antibody candidates for which we retain commercialization rights, we will have to develop our own sales, marketing and supply organization or outsource these activities to a third party. Outside consultants may be relied upon to provide advice on commercialization strategies, which may fail to deliver or provide effective guidance to maximize any commercial opportunity, if any, that may arise from our antibody candidates.

Factors that may affect our ability to commercialize our antibody candidates on our own include obtaining effective advice from consultants on commercialization strategy, recruiting and retaining adequate numbers of effective sales and marketing personnel, having adequate numbers of physicians decide to prescribe our antibody candidates and other unforeseen costs associated with creating an independent sales and marketing organization. Developing a sales and marketing organization will be expensive and time-consuming and could delay the launch of our antibody candidates, if approved. We may not be able to build an effective sales and marketing organization. If we are unable to build our own distribution and marketing capabilities or to find suitable partners for the commercialization of our antibody candidates, we may not generate revenues from them or be able to reach or sustain profitability.

Our antibody candidates for which we intend to seek approval as biologic products may face competition sooner than anticipated.

The ACA includes a subtitle called the Biologics Price Competition and Innovation Act of 2009 (BPCIA) which created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-licensed reference biological product. Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first approved by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first approved. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing the sponsor's own pre-clinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product.

We believe that any of our antibody candidates approved as a biological product under a BLA should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise. Moreover, the extent to which a biosimilar, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing.

Jurisdictions in addition to the United States have established abbreviated pathways for regulatory approval of biological products that are biosimilar to earlier approved reference products. For example, the EU has had an established regulatory pathway for biosimilars since 2006.

The increased likelihood of biosimilar competition has increased the risk of loss of innovators' market exclusivity. Due to this risk, and uncertainties regarding patent protection, if our antibody candidates are approved for marketing, it is not possible to predict the length of market exclusivity for any particular product with certainty based solely on the expiration of the relevant patent(s) or the current forms of regulatory exclusivity. It is also not possible to predict changes in United States regulatory law that might reduce biological product regulatory exclusivity. The loss of market exclusivity for a product would likely materially and negatively affect revenues and we may not generate adequate or sufficient revenues from them or be able to reach or sustain profitability.

Risks Related to Our Dependence on Third Parties

We rely, and expect to continue to rely, on third parties, including independent clinical investigators and CROs, to conduct our pre-clinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our antibody candidates and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon third parties, including independent clinical investigators and third-party CROs, to conduct our pre-clinical studies and clinical trials and to monitor and manage data for our ongoing pre-clinical and clinical programs. We rely on these parties for execution of our pre-clinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies and trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on these third parties does not relieve us of our regulatory responsibilities. We and our third-party contractors and CROs are required to comply with GCP requirements, which are regulations and guidelines enforced by the FDA, the competent authorities of the member states of the EEA, and comparable foreign regulatory authorities for all of our antibody candidates in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, the EMA or comparable foreign regulatory authorities, who may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with the antibody candidate produced under cGMP or similar foreign regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

Further, these investigators and CROs are not our employees and we will not be able to control, other than by contract, the amount of resources, including time, which they devote to our antibody candidates and clinical trials. If independent investigators or CROs fail to devote sufficient resources to the development of our antibody candidates, or if their performance is substandard, it may delay or compromise the prospects for approval and commercialization of any antibody candidates that we develop. Moreover, as a result of the COVID-19 pandemic, certain of our third-party CROs have been affected and in some instances have experienced cessation or mitigation of activity and may experience closures and labor shortages, negative impacts concerning site oversight, data and medical monitoring, each of which alone or together may negatively affect our pre-clinical and clinical development activities. In addition, the use of third-party service providers may require us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated.

Our CROs have the right to terminate their agreements with us in the event of an uncured material breach. In addition, some of our CROs have an ability to terminate their respective agreements with us if it can be reasonably demonstrated that the safety of the subjects participating in our clinical trials warrants such termination, if we make a general assignment for the benefit of our creditors or if we are liquidated.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our antibody candidates. As a result, our results of operations and the commercial prospects for our antibody candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Additionally, CROs may lack the capacity to absorb higher workloads or take on additional capacity to support our needs. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

The collaboration and license agreement, or the Collaboration Agreement, with Incyte Corporation (Incyte) is important to our business. If suitable monospecific or bispecific antibody candidates are not identified for further development and commercialization activities under the Collaboration Agreement, or if we or Incyte fail to adequately perform under the Collaboration Agreement, or if we or Incyte terminate the Collaboration Agreement, the development and commercialization of our antibody candidates would be delayed or terminated and our business would be adversely affected.

The Collaboration Agreement may be terminated:

- in its entirety or on a program-by-program basis by Incyte for convenience;
- in its entirety or on a program-by-program basis by either party due to a material breach of the Collaboration Agreement, or any one or more programs under the Collaboration Agreement, as applicable; and
- on a program-by-program basis (but not in its entirety), by either party if the other party challenges the terminating party's patents for such program, and such challenge is not withdrawn within 30 days.

If the Collaboration Agreement is terminated with respect to one or more programs, all rights in the terminated programs revert to us, subject to payment to Incyte of a reverse royalty of up to 4% on sales of future products, depending on the stage of development as of the date of termination, if we elect to pursue development and commercialization of monospecific or bispecific antibody candidates arising from the terminated programs.

Termination of the Collaboration Agreement could cause significant delays in our antibody candidate development and commercialization efforts, which could prevent us from commercializing our antibody candidates without first expanding our internal capabilities or entering into another agreement with a third party. Any suitable alternative collaboration or license agreement would take considerable time to negotiate and could also be on less favorable terms to us. In addition, under the Collaboration Agreement, Incyte agreed to conduct certain clinical development activities. If the Collaboration Agreement were to be terminated, and whether or not we identify another suitable collaborator, we may need to seek additional financing to support the research and development of any terminated antibody candidates so that we may continue development activities, or we may be forced to discontinue development of terminated antibody candidates, each of which could have a material adverse effect on our business.

Under the Collaboration Agreement, we are dependent upon Incyte to successfully develop and commercialize any antibody candidates that are identified for further development under the Collaboration Agreement. With the exception of those programs where we retain certain co-development rights, we have limited ability to influence or control Incyte's development and commercialization activities or the resources it allocates to development of product candidates identified under the Collaboration Agreement. Our interests and Incyte's interests may differ or conflict from time to time, or we may disagree with Incyte's level of effort or resource allocation. Incyte may internally prioritize programs under development within the collaboration differently than we would, or it may not allocate sufficient resources to effectively or optimally develop or commercialize antibody candidates arising from such programs. If these events were to occur, our ability to receive revenue from the commercialization of products arising from such programs would be reduced, and our business would be adversely affected.

The collaboration and license agreement, or the Lilly Collaboration Agreement, with Eli Lilly is important to our business. If suitable monospecific or bispecific antibody candidates are not identified for further development and commercialization activities under the Lilly Collaboration Agreement, or if we or Eli Lilly fail to adequately perform under the Lilly Collaboration Agreement, or if we or Eli Lilly terminate the Lilly Collaboration Agreement, the development and commercialization of our antibody candidates would be delayed or terminated and our business would be adversely affected.

The Lilly Collaboration Agreement may be terminated:

- in its entirety or on a program-by-program basis by Eli Lilly for convenience;
- on a product-by-product basis (but not in its entirety), by Merus if Lilly challenges the Merus patents for such product and
- in its entirety or on a program-by-program basis by either party due to a material breach of the Lilly Collaboration Agreement, or any one or more programs under the Lilly Collaboration Agreement, as applicable.

If the Lilly Collaboration Agreement is terminated with respect to one or more programs, depending on the stage of development, certain rights in the terminated programs revert to us.

Termination of the Lilly Collaboration Agreement could cause significant delays in our antibody candidate development and commercialization efforts, which could prevent us from commercializing our antibody candidates without first expanding our internal capabilities or entering into another agreement with a third party. Any suitable alternative collaboration or license agreement would take considerable time to negotiate and could also be on less favorable terms to us. In addition, under the Lilly Collaboration Agreement, Eli Lilly agreed to conduct certain pre-clinical and clinical development activities. If the Lilly Collaboration Agreement were to be terminated, and whether or not we identify another suitable collaborator, we may need to seek additional financing to support the research and development of any terminated antibody candidates so that we may continue development activities, or we

may be forced to discontinue development of terminated antibody candidates, each of which could have a material adverse effect on our business.

Under the Lilly Collaboration Agreement, we are dependent upon Eli Lilly to successfully develop and commercialize any antibody candidates that are identified for further development under the Lilly Collaboration Agreement. We have limited ability to influence or control Eli Lilly's development and commercialization activities or the resources it allocates to development of product candidates identified under the Lilly Collaboration Agreement. Our interests and Eli Lilly's interests may differ or conflict from time to time, or we may disagree with Eli Lilly's level of effort or resource allocation. Eli Lilly may internally prioritize programs under development within the collaboration differently than we would, or it may not allocate sufficient resources to effectively or optimally develop or commercialize antibody candidates arising from such programs. If these events were to occur, our ability to receive revenue from the commercialization of products arising from such programs would be reduced, and our business would be adversely affected.

The collaboration, option and license agreement, or the Gilead Collaboration Agreement, with Gilead is important to our business. If suitable trispecific antibody candidates are not identified for further development and commercialization activities under the Gilead Collaboration Agreement, or if we or Gilead fail to adequately perform under the Gilead Collaboration Agreement, or if we or Gilead terminate the Gilead Collaboration Agreement, the development and commercialization of our trispecific antibody candidates would be delayed or terminated and our business would be adversely affected.

The Gilead Collaboration Agreement may be terminated:

- in its entirety or on a program-by-program basis by Gilead for convenience or for futility;
- on a product-by-product basis (but not in its entirety), by Merus if Gilead challenges the Merus patents for such product; and
- in its entirety or on a program-by-program basis by either party due to a material breach of the Gilead Collaboration Agreement, or any one or more programs under the Gilead Collaboration Agreement, as applicable.

If the Gilead Collaboration Agreement is terminated with respect to one or more programs, depending on the stage of development, certain rights in the terminated programs revert to us. Termination of the Gilead Collaboration Agreement could cause significant delays in our antibody candidate development and commercialization efforts, which could prevent us from commercializing our Triclonics® antibody candidates without first expanding our internal capabilities or entering into another agreement with a third party. Any suitable alternative collaboration or license agreement would take considerable time to negotiate and could also be on less favorable terms to us. In addition, under the Gilead Collaboration Agreement, Gilead agreed to conduct certain pre-clinical and clinical development activities. If the Gilead Collaboration Agreement were to be terminated, and whether or not we identify another suitable collaborator, we may need to seek additional financing to support the research and development of any terminated antibody candidates so that we may continue development activities, or we may be forced to discontinue development of terminated antibody candidates, each of which could have a material adverse effect on our business. Under the Gilead Collaboration Agreement, we are dependent upon Gilead to successfully develop and commercialize any Triclonics® antibody candidates that are identified for further development under the Gilead Collaboration Agreement. We have limited ability to influence or control Gilead's development and commercialization activities or the resources it allocates to development of product candidates identified under the Gilead Collaboration Agreement. Our interests and Gilead's interests may differ or conflict from time to time, or we may disagree with Gilead's level of effort or resource allocation. Gilead may internally prioritize programs under development within the collaboration differently than we would, or it may not allocate sufficient resources to effectively or optimally develop or commercialize antibody candidates arising from such programs. If these events were to occur, our ability to receive revenue from the commercialization of products arising from such programs would be reduced, and our business would be adversely affected.

The collaboration and license agreement with Betta Pharma, and the research and license agreements with Ono are important to our business. If our Biclonics® antibodies licensed in these collaboration and license agreements fail to advance or experience unacceptable safety or efficacy results if clinically developed, this could adversely impact the reputation of our platform and our ability to engage in future collaborations.

If our collaboration and license agreement with Betta Pharma or our research and license agreements with Ono are terminated with respect to one or more programs, or the pre-clinical assets associated with the Ono license agreements fail to advance into the clinic, or experience negative results with respect to safety, efficacy, manufacturability, or other features of research and development, this could adversely affect the reputation of our Biclonics® technology platform and our ability to engage in future collaborations or licensing agreements. While we have certain contractual provisions in place in our collaboration and license agreement with Betta Pharma that permit us to supervise its development efforts for MCLA-129, for which it has development and product rights in China, we cannot guarantee that this clinical antibody candidate will be developed in China in accordance with our standards as applied to

our wholly owned programs or in a manner suitable for ex-China development or in a manner that does not detract from our development of MCLA-129 outside of China. Ono is currently clinically developing at least two antibody programs generated by us under a license agreement with Merus through use of our proprietary Biclonics® platform. To the extent these assets do not successfully advance through clinical development, this may impair our ability to leverage our platform in future license agreements to further expand the use of our platform and generate future revenue. Should the Betta Pharma collaboration or Ono license agreements fail or be terminated, any suitable alternative collaboration or license agreement would take considerable time to negotiate, if at all, and could also be on less favorable terms to us. If these agreements were to be terminated, and whether or not we identify a suitable alternative collaborator, we may need to seek additional financing to support the research and development of any terminated antibody candidates so that we may continue development activities, or we may be forced to discontinue development of terminated antibody candidates, each of which could, depending on the stage of development and investment, have a material adverse effect on our business.

If we fail to enter into new strategic relationships our business, financial condition, commercialization prospects and results of operations may be materially adversely affected.

Our product development programs and the potential commercialization of our antibody candidates will require substantial additional cash to fund expenses. Therefore, for some of our antibody candidates and with respect to our Triclonics® technology platform, we may decide to enter into new collaborations with pharmaceutical or biotechnology companies for the development and potential commercialization of those bispecific and trispecific antibody candidates. For instance, we have license and collaboration agreements with Ono, Incyte, Eli Lilly, Gilead and Betta Pharma, under which we have licensed certain development and commercialization rights of certain of our monospecific or bispecific antibody candidates.

We face significant competition in seeking appropriate collaborators. Collaborations are complex and time-consuming to negotiate and document. We may also be restricted under existing and future collaboration agreements from entering into agreements on certain terms with other potential collaborators. We may not be able to negotiate collaborations on acceptable terms, or at all. If that were to occur, we may have to curtail the development of a particular bispecific or trispecific antibody candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of our sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we will not be able to bring our antibody candidates to market, further research and develop new trispecific antibody candidates, enhance our Biclonics® and Triclonics® technology platforms and generate product revenue. If we do enter into a new collaboration agreement, we could be subject to the following risks, each of which may materially harm our business, commercialization prospects and financial condition:

- we may not be able to control the amount and timing of resources that the collaborator devotes to the product development program;
- the collaborator may experience financial difficulties;
- we may be required to relinquish important rights such as marketing, distribution and intellectual property rights;
- a collaborator may experience technical, clinical, intellectual property, manufacturing or other setbacks in the research or development of a product program arising from our collaboration adversely affecting the financial return of our collaboration or the reputation of our technology platform;
- a collaborator could move forward with a competing product developed either independently or in collaboration with third parties, including our competitors; or
- business combinations or significant changes in a collaborator's business strategy may adversely affect our willingness to complete our obligations under any arrangement.

We currently rely on third-party suppliers and other third parties for production of our antibody candidates and our dependence on these third parties may impair the advancement of our research and development programs and the development of our antibody candidates. Moreover, we intend to rely on third parties to produce commercial supplies of any approved antibody candidate and our commercialization of any of our antibody candidates could be stopped, delayed or made less profitable if those third parties fail to obtain approval of the FDA or comparable foreign regulatory authorities following inspection of their facilities and procedures to manufacture our antibody candidates and products, fail to provide us with sufficient quantities of antibody product or fail to do

so at acceptable timing, quality levels or prices or fail to otherwise complete their duties in compliance with their obligations to us or other parties.

We rely on and expect to continue to rely on third-party contract manufacturing organizations (CMOs) for the supply of cGMP-grade clinical trial materials and commercial quantities of our antibody candidates and products, if approved. Reliance on third-party providers may expose us to more risk than if we were to manufacture antibody candidates ourselves. The facilities used by our CMOs to manufacture our antibody candidates must be approved by the FDA foreign regulatory authorities pursuant to inspections that will be conducted after we submit our BLA to the FDA, or similar applications to foreign regulatory authorities. We have limited control over the manufacturing process of, and beyond contractual terms, we are completely dependent on our CMOs for compliance with cGMP or similar foreign requirements for the manufacture of our antibody candidates. If our CMOs cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or comparable foreign regulatory authorities, or are unable to do so in a timely manner, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities or may result in delay of our ability to obtain marketing authorization, if any, of our antibody candidates. In addition, we have limited control over the ability of our CMOs to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our antibody candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our antibody candidates, if approved. In addition, any failure to achieve and maintain compliance with these laws, regulations and standards could subject us to the risk that we may have to suspend the manufacturing of our antibody candidates or that obtained approvals could be revoked, which would adversely affect our business and reputation. Furthermore, third-party providers may breach existing agreements they have with us because of factors beyond our control. They may also terminate or refuse to renew their agreement because of their own financial difficulties or business priorities, at a time that is costly or otherwise inconvenient for us. If we were unable to find an adequate replacement or another acceptable solution in time, our clinical trials could be delayed or our commercial activities could be harmed. In addition, the fact that we are dependent on our collaborators, our CMOs and other third parties for the manufacture, filling, storage and distribution of our antibody candidates means that we are subject to the risk that the products may have manufacturing defects that we have limited ability to prevent or control. The sale of products containing such defects could adversely affect our business, financial condition and results of operations.

We rely on our CMOs to purchase from third-party suppliers the materials necessary to produce our antibody candidates for our clinical trials, and will rely on our existing and future collaborators to purchase from third-party suppliers the materials necessary to develop and produce our antibody candidates for future clinical trials and, upon approval, our products for commercialization. There are a limited number of suppliers for raw materials that we use to manufacture our antibody candidates and there may be a need to assess alternate suppliers to prevent a possible disruption of the manufacture of the materials necessary to produce our antibody candidates for our clinical trials, and if approved, ultimately for commercial sale. Apart from contractual measures, we do not have any control over the process or timing of the acquisition of these raw materials by our manufacturers or manufacturers paid by our collaborators. Moreover, we currently do not have any agreements for the commercial production of these raw materials. Although we generally do not begin a clinical trial unless we believe we have a sufficient supply of an antibody candidate to complete the clinical trial or have secured resupply capacity, any significant delay in the supply of an antibody candidate, or the raw material components thereof, for a planned or an ongoing clinical trial due to the need to replace a third-party manufacturer could considerably delay completion of our clinical trials, product testing and potential regulatory approval of our antibody candidates.

In addition, the manufacturing of our novel antibody candidates is expensive and time-consuming, and generally requires more complex processes than those associated with small-molecule drugs. If we are successful in obtaining regulatory approval for any of our antibody candidates, including zenocutuzumab, we might have limited quantities of such antibody candidates available to us in connection with a potential commercial launch, and these supplies may be further limited by our ongoing clinical development activities. If our manufacturers, collaborators or we are unable to purchase or produce sufficient quantities of raw materials or of our antibody candidates after regulatory approval has been obtained for our antibody candidates, the commercial launch of our antibody candidates could be delayed or there could be a shortage in supply, which in either case, would impair our ability to generate revenues from the sale of our antibody candidates.

We rely on our manufacturers and other subcontractors to comply with and respect the proprietary rights of others in conducting their contractual obligations for us. If our manufacturers or other subcontractors fail to acquire the proper licenses or otherwise infringe third party proprietary rights in the course of completing their contractual obligations to us, we may have to find alternative

manufacturers or defend against claims of infringement, either of which would significantly impact our ability to develop, obtain regulatory approval for or market our antibody candidates, if approved.

We and certain of our collaborators currently rely on CMOs located outside of the U.S. to manufacture our or their clinical materials, and we expect to rely on CMOs located outside of the U.S. in the future. Such non-U.S. CMOs may be subject to or affected by U.S. legislation, executive orders, regulations, or investigations, including but not limited to the proposed BIOSECURE Act, the Executive Order on Preventing Access to Americans' Bulk Sensitive Personal Data and United States Government-Related Data by Countries of Concern, sanctions, trade restrictions and other U.S. and other regulatory requirements, which could increase the cost or reduce the supply of material available to us, delay the procurement or supply of such material, delay or impact clinical trials, have an adverse effect on our ability to secure significant commitments from governments to purchase our potential therapies and adversely affect our financial condition and business prospects. A significant disruption in the operation of non-US manufacturers, increased demand for ex-China manufacturers by biopharma companies, a trade war or political unrest in China, or a change in the regulatory framework in the U.S. or China, could adversely affect our business, financial condition and results of operations, limit the ability for us to obtain manufacturing capacity or do so on reasonable terms and could otherwise adversely affect our business by increasing the complexity and amount of time it may take to secure manufacturers and such delays could negatively affect our ability to develop product candidates in a timely manner or within budget, which could materially adversely affect our business, financial condition and results of operations

Risks Related to Intellectual Property and Information Technology

We rely on patents and other intellectual property rights to protect our technology, including antibody candidates and our Biclonics® technology platform and Triclonics® technology platform, the enforcement, defense and maintenance of which may be challenging and costly. Failure to enforce or protect these rights adequately could harm our ability to compete and impair our business.

Our commercial success depends in part on obtaining and maintaining patents and other forms of intellectual property rights for our Biclonics® technology platform, Triclonics® technology platform, our common light chain transgenic technology, our dimerization technology, our heavy chain variable regions and binding domains that bind particular antigens, our monospecific antibodies, bispecific antibody, trispecific antibody and antibody pre-clinical and clinical candidates, products, their format and methods and host cells used to produce, screen, manufacture and purify those pre-clinical antibody and antibody clinical candidates, the methods for treating patients using those candidates, among other aspects of our technology or on licensing-in such rights. Failure to protect or to obtain, maintain or extend adequate patent and other intellectual property rights could materially adversely affect our ability to develop and market our platform technologies, and antibody candidates.

The patent prosecution process is expensive and time-consuming, and we and our current or future licensors, licensees or collaborators may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our licensors, licensees or collaborators will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Further, the issuance, scope, validity, enforceability and commercial value of our and our current or future licensors', licensees' or collaborators' patent rights are highly uncertain. Our and our licensors' pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. The patent examination process may require us or our licensors, licensees or collaborators to narrow the scope of the claims of our or our licensors', licensees' or collaborators' pending and future patent applications, which may limit the scope of patent protection that may be obtained. We cannot assure you that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue, or have issued and even if such patents cover our Biclonics® technology platform, Triclonics® technology platform, our common light chain transgenic technology, our dimerization technology our heavy chain variable regions and binding domains that bind particular antigens, our monospecific antibodies, bispecific antibody, trispecific antibody and antibody pre-clinical and clinical candidates, products, their format and methods and host cells used to produce, screen, manufacture and purify those pre-clinical antibody and antibody clinical candidates, the methods for treating patients using those candidates, and other technologies, third parties may initiate opposition, interference, re-examination, post-grant review, inter partes review, nullification or derivation action in court or before patent offices, or similar proceedings challenging the validity, enforceability or scope of such patents, which may result in the patent claims being narrowed or invalidated. Our and our licensors', licensees' or collaborators' patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications, and then only to the extent the issued claims cover the technology in the relevant jurisdiction.

Because patent applications are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our licensors were the first to file any patent application related to our technology, including our antibody candidates. Furthermore, if third parties have filed such patent applications on or before March 15, 2013, an interference proceeding can be initiated by such third parties to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. If third parties have filed such applications after March 15, 2013, a derivation proceeding can be initiated by such third parties to determine whether our invention was derived from theirs.

Issued patents covering one or more of our products or the Biclonics® technology or Triclonics® technology platforms could be found invalid or unenforceable if challenged in court.

To protect our competitive position, we may from time to time need to resort to litigation to enforce or defend any patents or other intellectual property rights owned by or licensed to us, or to determine or challenge the scope or validity of patents or other intellectual property rights of third parties. As enforcement of intellectual property rights is difficult, unpredictable and expensive, we may fail in enforcing our rights—in which case our competitors may be permitted to use our technology without being enjoined, required to pay us any license fees, or compensate us for lost profits or reasonable royalty. In addition, litigation involving our patents carries the risk that one or more of our patents will be held invalid (in whole or in part, on a claim-by-claim basis) or held unenforceable. Such an adverse court ruling could allow third parties to commercialize technology covered by our patents we seek to enforce, such as those covering our antibody candidates or methods, our Biclonics® technology and Triclonics® technology platforms, our common light chain transgenic technology, or our dimerization technology, among other technologies, and then compete directly with us, without payment to us.

If we were to initiate legal proceedings against a third party to enforce a patent covering our technology, one of our products or methods, the defendant could counterclaim that our patent is invalid and/or unenforceable. In patent litigation in the United States or in certain jurisdictions in Europe, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements for patentability, for example, lack of utility, novelty, obviousness, non-enablement or lack of written description or as constituting unpatentable subject matter. Grounds for an unenforceability assertion could be an allegation that someone substantively involved in prosecution of the patent withheld but-for material information from the U.S. Patent and Trademark Office (USPTO) or engaged in affirmatively egregious misconduct, during prosecution, with a specific intent to deceive the USPTO. The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we could lose at least part, and perhaps all, of the patent protection on one or more of our technologies, products, methods or certain aspects of our Biclonics® technology and Triclonics® technology platforms. Such a loss of patent protection could have a material adverse impact on our business. Patents and other intellectual property rights also will not protect our technology if competitors design around our protected technology without infringing our patents or other intellectual property rights.

Intellectual property rights of third parties could adversely affect our ability to commercialize our antibody candidates, such that we could be required to litigate or obtain licenses from third parties in order to develop or market our antibody candidates. Such litigation or licenses could be costly or not available on commercially reasonable terms or at all.

Our competitive position may suffer if patents issued to third parties or other third-party intellectual property rights cover our technology platforms, methods or candidates or elements thereof, our manufacture or uses relevant to our development, or other attributes of our antibody candidates or our Biclonics® technology platform or Triclonics® technology platform. In such cases, we may not be in a position to develop or commercialize products or antibody candidates unless we successfully pursue litigation, opposition, inter partes, or related post-grant proceedings to nullify or invalidate the third-party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. In addition, we are aware of issued patents and/or pending patent applications held by third parties that could be alleged as covering some of our antibody candidates, irrespective of the merits. We believe that if such patents or patent applications (if issued as currently pending) were asserted against us, we would have counterclaims and defenses against such claims, including non-infringement, the affirmative defense of safe harbor designed to protect activity undertaken to obtain federal regulatory approval of a drug, including under 35 U.S.C. § 271(e) and similar foreign exceptions to infringement, and defenses concerning patent invalidity and/or unenforceability. However, if such counterclaims and defenses were not successful and such patents were successfully asserted against us such that they are found to be valid and enforceable, and infringed, unless we obtain a license to such patents, which may not be available on commercially reasonable terms or at all, we could be prevented from continuing to develop or commercialize our technology. We could also be required to pay substantial damages.

It is also possible that in our evaluation of third party intellectual property, we failed to identify relevant patents or applications. For example, U.S. applications filed before November 29, 2000 and certain U.S. applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our products or platform technologies could have been filed by others without our knowledge. Furthermore, we operate in a highly competitive field, and given our limited resources, it is unreasonable to monitor all patent applications purporting to claim broad coverage in the areas in which we are active. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our platform technologies, our methods, antibody candidates or the use of our bispecific and trispecific antibody candidates.

Third party intellectual property right holders, including our competitors, may actively bring infringement claims against us. The granting of orphan drug status in respect of any of our antibody candidates does not guarantee our freedom to operate and is separate from our risk of possible infringement of third parties' intellectual property rights. We may not be able to successfully settle or otherwise resolve such potential infringement claims. If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in marketing any approved products.

If we fail in any such dispute, in addition to being forced to potentially pay damages, we or our licensees may be temporarily or permanently prohibited from commercializing any of our antibody candidates that are held to be infringing or be forced to redesign antibody candidates so that we no longer infringe the third-party intellectual property rights. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

In addition, if the breadth or strength of protection provided by our or our present or future licensors', collaborators' or partners' patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future antibody candidates. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Our ability to compete may be adversely affected if we are unsuccessful in defending against any claims by competitors or others that we are infringing upon their intellectual property rights.

The various markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other intellectual property rights. In addition, many companies in intellectual property-dependent industries, including those producing therapeutic candidates or products to treat and potentially cure cancer, have employed intellectual property litigation as a means to gain an advantage over their competitors. As a result, we may be required to defend against claims of intellectual property infringement that may be asserted by our competitors against us and, if the outcome of any such litigation is adverse to us, it may affect our ability to compete effectively.

Our involvement in litigation, and in any interferences, opposition, pre and post-grant administrative proceedings or other intellectual property proceedings inside and outside of the United States may divert management from focusing on business operations, could cause us to spend significant amounts of money and may have no guarantee of success. Any potential intellectual property litigation successfully adjudicated against us could also force us to do one or more of the following:

- stop selling, incorporating, manufacturing or using our products, if approved, in the United States and/or other jurisdictions that are covered by the subject intellectual property;
- obtain from a third party asserting its intellectual property rights, a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all, or may be non-exclusive thereby giving our competitors access to the same technologies licensed to us;
- redesign those technologies, products or processes that use any allegedly infringing or misappropriated technology, which may result in significant cost or delay to us, or which redesign could be technically infeasible; or
- pay damages, including the possibility of treble damages in a patent case if a court finds us to have willfully infringed certain intellectual property rights.

We are aware that significant number of patents and patent applications may exist relating to aspects of therapeutic antibody technologies filed by, and issued to, third parties.

We cannot assure you that we will ultimately prevail if any of this third-party intellectual property is asserted against us.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Where we are asserting our intellectual property against third parties, or defending against an allegation of infringement, even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, this could have a substantial adverse effect on the price of our common shares. Such litigation or proceedings and the legal costs associated with them, could substantially increase our operating losses and reduce our resources available for development activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

We may not be successful in obtaining or maintaining necessary rights to our antibody candidates through acquisitions and in-licenses.

We currently have rights and own our intellectual property, including issued patents and pending patent applications, relating to and covering our Biclonics® technology and Triclonics® technology platforms, our common light chain transgenic technology, our dimerization technology, our heavy chain variable regions and binding domains that bind particular antigens, our monospecific antibodies, bispecific antibody, trispecific antibody and pre-clinical antibody and antibody clinical candidates, products, their format and methods and host cells used to produce, screen, manufacture and purify those pre-clinical antibody and antibody clinical candidates, the methods for treating patients using those candidates, among other aspects of our technology. Because our programs may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire, in-license, maintain or use these proprietary rights. We may be unable to acquire or in-license any compositions, methods of use, processes, or other third-party intellectual property rights from third parties that we may identify as necessary for our antibody candidates. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, cash resources, and greater clinical development and commercialization capabilities.

In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment. If we are unable to successfully obtain a license to third-party intellectual property rights necessary for the development of an antibody candidate or program, we may have to abandon development of that antibody candidate or program and our business and financial condition could suffer.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

We currently have trademark and service mark rights relating to and covering our Biclonics® technology and Triclonics® technology platforms, zenocutuzumab and other aspects of our company, its services and activities used in commerce. Our registered or unregistered trademarks, trade names or service marks may be challenged including during prosecution or through opposition proceedings, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks, trade names, and service marks, which we need to build name recognition by potential collaborators, partners or customers in our markets of interest. Over the long term, if we are unable to establish name recognition based on our trademarks, trade names and service marks then we may not be able to compete effectively and our business may be adversely affected. If other entities use trademarks, trade names or service marks similar to ours in different jurisdictions, or have senior rights to ours, or prevail in any opposition proceedings, it could interfere with our use of our current trademarks, trade names or service marks throughout the world.

If we do not obtain protection under the Hatch-Waxman Amendments and similar non-U.S. legislation for extending the term of patents covering each of our antibody candidates, our business may be materially harmed.

Patents typically have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date, not including potential patent term extensions or adjustments that may be available in the U.S., and under comparable laws applicable outside the U.S., where certain conditions are met. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our antibody candidates are obtained, once the patent life has expired for a candidate, we may be open to competition from competitive medications, including biosimilar or generic medications. Given the amount of time required for the development, testing and regulatory review of new antibody candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours, causing our revenue from applicable products to be reduced, possibly materially, and potentially harming our ability to recover our investment in such product or obtain a reasonable return on that investment.

Depending upon the timing, duration and conditions of FDA marketing approval of our antibody candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments, and similar legislation in the EU. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced, possibly materially.

We enjoy only limited geographical protection with respect to certain patents and may face difficulties in certain jurisdictions, which may diminish the value of intellectual property rights in those jurisdictions.

We generally file our first patent application (i.e., priority filing) in the Netherlands. International applications under the Patent Cooperation Treaty (PCT) are usually filed within 12 months after the priority filing, where we pursue patent applications in the U.S., across the E.U., and other PCT participating jurisdictions, as based on the PCT filing, national and regional patent applications may be filed in additional jurisdictions where we believe our antibody candidates may be marketed or manufactured or our platform technologies may be utilized. We have so far not filed for patent protection in all national and regional jurisdictions where such protection may be available. In addition, we may decide to abandon national and regional patent applications before grant. Finally, the grant proceeding of each national/regional patent is an independent proceeding which may lead to situations in which applications might in some jurisdictions be refused by the relevant patent offices, while granted by others. It is also quite common that depending on the country, the scope of patent protection may vary for the same antibody candidate and/or technology.

Competitors may use our and our existing or future licensors', collaborators' or partners' technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we and our existing or future licensors, collaborators or partners have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our antibody candidates or our platform technologies, and our and our existing or future licensors', collaborators' or partners' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws in the United States and the EU, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. If we or our existing or future licensors, collaborators or partners encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition from others in those jurisdictions.

Some countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our existing or future licensors, collaborators or partners is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired and our business and results of operations may be adversely affected.

Intellectual property rights do not necessarily address all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to make compounds that are the same as or similar to our antibody candidates but that are not covered by the claims of the patents that we own or have exclusively licensed;
- the patents of third parties may have an adverse effect on our business;
- we or our licensors or any future strategic partners might not have been the first to conceive or reduce to practice the inventions covered by the issued patent or pending patent application that we own or have exclusively licensed;
- we or our licensors or any future strategic partners might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own or have exclusively licensed may not provide us with any competitive advantage, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- third parties performing manufacturing or testing for us using our antibody candidates or technologies could use the intellectual property of others without obtaining a proper license; and
- we may not develop additional technologies that are patentable.

Changes in patent laws or patent jurisprudence could diminish the value of patents in general, thereby impairing our ability to protect our antibody candidates and technology platforms.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve both technological complexity and legal complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time-consuming and inherently uncertain.

In September 2011, the America Invents Act (AIA) was enacted in the United States, resulting in significant changes to the U.S. patent system. An important change introduced by the AIA was a transition to a “first-to-file” system for deciding which party should be granted a patent when two or more patent applications are filed by different parties claiming the same invention, which went into effect on March 16, 2013. Therefore, a third party that now files a patent application in the USPTO before we do could be awarded a patent covering an invention of ours even if we created the invention before it was created by the third party. While we are cognizant of the time from invention to filing of a patent application, circumstances could prevent us from promptly filing patent applications for our inventions.

Among some of the other changes introduced by the AIA were changes that limit where a patentee may file a patent infringement suit and providing opportunities for third parties to challenge any issued patent in the USPTO. This applies to all of our U.S. patents, even those issued before March 16, 2013. Because of a lower burden of proof in USPTO proceedings compared to the burden of proof in U.S. federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. The AIA and

its continued implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications, and the patent applications of our existing and future collaborators or licensors and the enforcement or defense of our issued patents.

Depending on decisions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. Similarly, there is complexity and uncertainty related to European patent laws. For example, the European Patent Convention was amended in April 2010 to limit the time permitted for filing divisional applications. In addition, the EPO patent system is relatively stringent in the type of amendments that are allowed during prosecution. These limitations and requirements could adversely affect our ability to obtain new patents in the future that may be important for our business.

Confidentiality agreements with employees, contractors, agents, consultants, collaborators and others may not adequately prevent disclosure of trade secrets and protect other proprietary information.

We consider proprietary trade secrets and/or confidential know-how and unpatented know-how to be important to our business. We may rely on trade secrets and/or confidential know-how to protect our technology, especially where patent protection is believed to be of limited value. However, trade secrets and/or confidential know-how are difficult to maintain as confidential.

To protect this type of information against disclosure or appropriation by competitors, our policy is to require our employees, consultants, contractors, collaborators and advisors to enter into confidentiality agreements with us, our practice is to provide regular trainings on the importance of maintaining confidentiality, to promulgate a business code of conduct requiring confidentiality, and prohibit the use of non-sanctioned devices with company confidential information. However, current or former employees, consultants, contractors, collaborators and advisers may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements and other precautions taken may not provide an adequate remedy in the event of unauthorized disclosure of confidential information or we may be unaware of such disclosure to enforce our confidentiality agreements and other remedies. Enforcing a claim that a third party obtained illegally and is using trade secrets and/or confidential know-how is expensive, time consuming and unpredictable. The enforceability of confidentiality agreements and theft of trade secret claims may vary from jurisdiction to jurisdiction. Furthermore, if a competitor lawfully obtained or independently developed any of our trade secrets, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret.

Failure to obtain or maintain trade secrets and/or confidential know-how trade protection could adversely affect our competitive position. Moreover, our competitors may independently develop substantially equivalent proprietary information and may even apply for patent protection in respect of the same. If successful in obtaining such patent protection, our competitors could limit our use of our trade secrets and/or confidential know-how.

Under certain circumstances and to guarantee our freedom to operate, we may also decide to publish some know-how to prevent others from obtaining patent rights covering such know-how.

We may be subject to claims by third parties asserting that our employees or we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

Many of our employees, including our senior management, were previously employed at universities or at pharmaceutical or biotechnology companies, including our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we take measures including by policy, procedure and contract to try to ensure that our employees do not improperly use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed confidential information or intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we successfully prosecute or defend against such claims, litigation could result in substantial costs and distract management.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our existing or future licensors or collaborators fail to maintain the patents and patent applications covering our antibody candidates, our competitors might be able to enter the market, which would have an adverse effect on our business.

Use of social media could give rise to liability, breaches of data security, or reputational harm.

We and our employees use social media to communicate internally and externally, as do our contractors, consultants, CROs, and third parties, including clinical trial participants. While we have policies and procedures in place governing employee use of social media, there is risk that the use of social media by us or our employees or third parties to communicate about our antibody candidates, technologies or business may give rise to liability, lead to the loss of trade secrets or other intellectual property, or result in public exposure of personal information of our employees, clinical trial patients, customers, and others. Furthermore, negative posts or comments about us, our clinical trials, or our antibody candidates, our technologies, and company generally in social media could seriously damage our reputation, brand image, and goodwill. Any of these events could have a material adverse effect on our business, prospects, operating results, and financial condition and could adversely affect the price of our common shares.

Our information technology systems, or those used by our CROs or other contractors or consultants, may fail or suffer security breaches, which could adversely affect our business.

Despite the implementation of security measures, our information technology systems and data and those of our current or future CROs or other contractors and consultants are vulnerable to compromise or damage from computer hacking, computer viruses, and malware (e.g., ransomware malicious software), fraudulent activity, employee misconduct, human error, telecommunication and electrical failures, natural disasters, or other cybersecurity attacks or accidents. Future acquisitions could expose us to additional cybersecurity risks and vulnerabilities from any newly acquired information technology infrastructure. Cybersecurity attacks are constantly increasing in frequency and sophistication and are made by groups and individuals with a wide range of motives (including industrial espionage) and expertise, including by organized criminal groups, “hacktivists,” nation states, and others. As a result of a continued hybrid working environment, we may also face increased cybersecurity risks due to our reliance on internet technology and the number of our employees who are working remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. Further, as a company with an increasingly global presence, our systems are subject to frequent attacks, which are becoming more commonplace in the industry, including attempted hacking, phishing attempts, such as cyber-related threats involving spoofed or manipulated electronic communications, which increasingly represent considerable risk. Due to the nature of some of the attacks described herein, there is a risk that an attack may remain undetected for a period of time. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. While we continue to make investments to improve the protection of data and information technology, including in the hiring of IT personnel, periodic cyber security awareness trainings, and improvements to IT infrastructure and controls, and conduct regular testing of our systems, there can be no assurance that our efforts will prevent service interruptions or security breaches.

We and certain of our service providers are from time to time subject to cyberattack attempts or incidents and security incidents. Any cybersecurity incident could adversely affect our business, by leading to, for example, the loss of trade secrets or other intellectual property, demands for ransom or other forms of blackmail, or the unauthorized disclosure of personal or other sensitive information of our employees, clinical trial patients, customers, and others. Although to our knowledge we have not experienced any significant cybersecurity incident to date, if such an event were to occur, it could seriously harm our development programs and our business operations. We could be subject to breach notification requirements, regulatory actions taken by governmental authorities, litigation under laws that protect the privacy of personal information, or other forms of legal proceedings, which could result in significant

liabilities or penalties, result in substantial costs and distract management. Further, a cybersecurity incident may disrupt our business or damage our reputation, which could have a material adverse effect on our business, prospects, operating results, share price and shareholder value, and financial condition. We could also incur substantial remediation costs, including the costs of investigating the incident, repairing or replacing damaged systems, restoring normal business operations, implementing increased cybersecurity protections, and paying increased insurance premiums.

For example, the loss of clinical trial data from completed, ongoing or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. If a security breach or other incident were to result in the unauthorized access to or unauthorized use, disclosure, release or other processing of clinical trial data or personal data, it may be necessary to notify individuals, governmental authorities, supervisory bodies, the media, and other parties pursuant to privacy and security laws. Likewise, we rely on our third-party research institution collaborators for research and development of our product candidates and other third parties for the manufacture of our product candidates and to conduct clinical trials, and similar events relating to their information technology systems could also seriously harm our business. Any security compromise affecting us, our collaborators or our industry, whether real or perceived, could harm our reputation, erode confidence in the effectiveness of our security measures, and lead to regulatory scrutiny. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or systems, or inappropriate disclosure of confidential or proprietary or personal information, we could incur liability, our competitive position could be harmed, and the further development and commercialization of our product candidates could be delayed, result in substantial costs and distract management.

Risks Related to Employee Matters and Managing Growth

Our future growth and ability to compete depends on retaining our key personnel and recruiting additional qualified personnel.

Our success depends upon the contributions of our senior leaders, including our board of directors, our senior management, and other key scientific and technical personnel, many of whom have been instrumental for us and have substantial experience with our antibody candidates and related technologies. The loss of key senior management, managers and senior scientists could delay our research and development and clinical trial activities or impair our ability operate the company effectively. In addition, the competition for qualified personnel in the biopharmaceutical and pharmaceutical field is increasingly intense, and our future success depends upon our ability to attract, retain and motivate highly-skilled scientific, technical and managerial employees. We face competition for personnel from other companies, universities, public and private research institutions and other organizations. If our recruitment and retention efforts are unsuccessful, it may be difficult for us to implement our business strategy, which could have a material adverse effect on our business.

We expect to expand our development, regulatory and sales and marketing capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to continue to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of drug and clinical development, regulatory affairs, medical affairs, commercialization, sales and marketing. To manage our growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

Risks Related to Our Common Shares

Future sales, or the possibility of future sales, of a substantial number of our common shares could adversely affect the price of the shares.

Sales of a substantial number of our common shares in the public market, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common shares. We have registered and intend to continue to register all common shares that we may issue under our equity compensation plans. Once registered, these common shares can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates who hold such shares. In addition, in connection with entering into the Collaboration Agreement, we entered into a Share Subscription Agreement with Incyte, pursuant to which we issued and sold to Incyte 3,200,000 of our common shares. Incyte's ability to sell these common shares may be subject to certain limitations, including limitations on the volume of shares that may be sold during a given time period. Subject to that, these shares can be freely sold in the public market. In addition, in connection with entering into the Lilly Collaboration

Agreement, we entered into a Lilly Share Subscription Agreement with Eli Lilly, pursuant to which we issued and sold to Eli Lilly 706,834 of our common shares and in connection with the Gilead Collaboration Agreement, we entered into the Gilead Share Subscription Agreement with Gilead pursuant to which we issued and sold to Gilead 452,537 or our common shares.

Provisions of our articles of association or Dutch corporate law might deter acquisition bids for us that might be considered favorable and prevent or frustrate any attempt to replace or remove the then board members.

Provisions of our articles of association may make it more difficult for a third party to acquire control of us or effect a change in our board of directors. These provisions include:

- the authorization of a class of preferred shares that may be issued to an independent special purpose foundation;
- the possibility to appoint our board members for staggered terms;
- a provision that our board members may only be removed by the general meeting of shareholders by a two-thirds majority of votes cast representing more than 50% of our outstanding share capital (unless the removal was proposed by the board of directors); and
- a requirement that certain matters, including an amendment of our articles of association, may only be brought to our shareholders for a vote upon a proposal by our board of directors.

The board of directors can invoke a statutory cooling-off period of up to 250 days in situations described below. When such cooling-off period is invoked, our general meeting of shareholders cannot dismiss, suspend or appoint members of the board of directors (or amend the provisions in our articles of association dealing with those matters) unless those matters would be proposed by the board of directors. This cooling-off period could be invoked by the board of directors in case:

a) shareholders, using either their shareholder proposal right or their right to request a general meeting of shareholders, propose an agenda item for the general meeting of shareholders to dismiss, suspend or appoint a member of the board of directors (or to amend any provision in the articles of association dealing with those matters); or

b) a public offer for the company is made or announced without the company's support, provided, in each case, that the board of directors believes that such proposal or offer materially conflicts with the interests of the company and its business.

Under the Dutch Corporate Governance Code (DCGC), the board of directors may also invoke a response period of up to 180 days in case shareholders, using either their shareholder proposal right or their right to request a general meeting of shareholders, propose an agenda item for the general meeting of shareholders which may result in a change in our strategy (including through the dismissal of one or more of our board members). If this response period is invoked, the shareholders concerned must give the board of directors the opportunity to respond to their intentions before their request is dealt with at a general meeting of shareholders.

Our anti-takeover provision may prevent a beneficial change of control.

We adopted an anti-takeover measure pursuant to which our board of directors may, without shareholder approval, issue (or grant the right to acquire) preferred shares. Pursuant to a call option agreement entered into with an independent special purpose foundation, we may issue an amount of preferred shares up to 100% of our issued capital held by third parties immediately prior to the issuance of such preferred shares.

The preferred shares will be issued to the foundation for their nominal value, of which only 25% will be due upon issuance. The voting rights of our shares are based on nominal value and as we expect our shares to continue to trade substantially in excess of nominal value, preferred shares issued at nominal value can obtain significant voting power for a substantially reduced price and thus be used as a defensive measure. These preferred shares will have both a liquidation and dividend preference over our common shares and will accrue cash dividends at a fixed rate. Subject to the foundation exercising its call option under the call option agreement, the board may issue these preferred shares to protect us from influences that we believe do not serve our best interests and threaten to undermine our continuity, independence and identity. These influences may include a third-party acquiring a significant percentage of our common shares, the announcement of a public offer for our common shares, other concentration of control over our common shares or any other form of pressure on us to alter our strategic policies. The foundation’s articles of association provide that it will act to serve the best interests of us, our associated business and all parties connected to us, by opposing any influences that conflict with these interests and threaten to undermine our continuity, independence and identity. This foundation is structured to operate independently of us.

Holders of our common shares outside the Netherlands may not be able to exercise preemptive rights.

In the event of an increase in our share capital, holders of our common shares are generally entitled under Dutch law to full preemptive rights, unless these rights are excluded either by a resolution of the general meeting of shareholders, or by a resolution of the board (if the board has been designated by the general meeting of shareholders for this purpose). Certain holders of our common shares outside the Netherlands, in particular U.S. holders of our common shares, may not be able to exercise preemptive rights unless a registration statement under the Securities Act is declared effective with respect to our common shares issuable upon exercise of such rights or an exemption from the registration requirements is available.

The rights of our shareholders may be different from the rights of shareholders in companies governed by the laws of U.S. jurisdictions.

We are a Dutch public company with limited liability (naamloze vennootschap). Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The rights of shareholders and the responsibilities of members of our board may be different from the rights and obligations of shareholders and directors in companies governed by the laws of U.S. jurisdictions. In the performance of their duties, the members of our board are required by Dutch law to consider the interests of our company, its shareholders, its employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, the interests of our shareholders.

We are not obligated to and do not comply with all the best practice provisions of the Dutch Corporate Governance Code. This may affect the rights of our shareholders.

We are subject to the DCGC. The DCGC contains both principles and best practice provisions for board of directors, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, including Nasdaq. The principles and best practice provisions apply to our board (in relation to role and composition, conflicts of interest and independence requirements, board committees and remuneration), shareholders and the general meeting of shareholders (for example, regarding anti-takeover protection and our obligations to provide information to our shareholders) and financial reporting (such as external auditor and internal audit requirements). We do not comply with all the best practice provisions of the DCGC. As a result, the rights of our shareholders may be affected and our shareholders may not have the same level of protection as a shareholder in another Dutch public company with limited liability (naamloze vennootschap) listed in the Netherlands that fully complies with the DCGC.

Claims of U.S. civil liabilities may not be enforceable against us.

We are incorporated under the laws of the Netherlands. Most of our assets are located outside the United States. Currently, (i) there is no treaty in force between the United States and the Netherlands for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters and (ii) both the Hague Convention on Choice of Court Agreements (2005) and the Hague Judgments Convention (2019) have entered into force for the Netherlands, but have not entered into force for the United States. Consequently, a judgment rendered by a court in the United States will not automatically be recognized and enforced by the competent Dutch courts. However, if a person has obtained a judgment rendered by a court in the United States that is enforceable under the laws of the United States and files a claim with the competent Dutch court, the Dutch court will in principle give binding effect to that United States judgment if (i) the jurisdiction of the United States court was based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the United States court was rendered in legal proceedings that comply with the Dutch standards of proper administration of justice including sufficient safeguards (*behoorlijke rechtspleging*), (iii) binding effect of such United States judgment is not contrary to Dutch public order (*openbare orde*) and (iv) the judgment by the United States court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for recognition in the Netherlands. Even if such a United States judgment is given binding effect, a claim based thereon may, however, still be rejected if the United States judgment is not or no longer formally enforceable. Moreover, if the United States judgment is not final (for instance when appeal is possible or pending) a competent Dutch court may postpone recognition until the United States judgment will have become final, refuse recognition under the understanding that recognition can be asked again once the United States judgment will have become final, or impose as a condition for recognition that security is posted. A competent Dutch court may deny the recognition and enforcement of punitive damages or other awards. Moreover, a competent Dutch court may reduce the amount of damages granted by a United States court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Thus, certain investors may not be able, or experience difficulty, to enforce a judgment obtained in a United States court against us or our officers (*functionarissen*).

Our articles of association include a U.S. federal forum selection clause designating federal courts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our articles of association provide that, unless we consent in writing to an alternative forum, the sole and exclusive forum for any complaint asserting a cause of action arising under the Securities Act, to the fullest extent permitted by applicable law, shall be the federal district courts of the United States of America (the "Federal Forum Provision"). The Federal Forum Provision in our articles of association may impose additional litigation costs on shareholders in pursuing any such claims. Additionally, the forum selection clause may limit our shareholders' ability to bring a claim in a forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our shareholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court were "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on shareholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the United States District Court for the District of Massachusetts may also reach different judgments or results than would other courts, including courts where a shareholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our shareholders.

We are no longer an "emerging growth company" or a "smaller reporting company," and as a result we are subject to certain enhanced disclosure requirements which will require us to incur significant expenses and expend time and resources.

We are no longer an "emerging growth company" or a "smaller reporting company," and as a result, we are required to comply with various disclosure and compliance requirements that did not previously apply, such as the auditor attestation requirements of The Sarbanes-Oxley Act of 2002 (SOX) Section 404(b), the requirement that we hold a nonbinding advisory vote on executive compensation and obtain shareholder approval of any golden parachute payments not previously approved, and the requirement to provide full and more detailed executive compensation disclosure. Compliance with these additional requirements increases our legal and financial compliance costs and causes management and other personnel to divert attention from operational and other business matters to these additional public company reporting requirements. In addition, if we are not able to comply with changing requirements in a timely manner, the market price of our stock could decline and we could be subject to delisting proceedings by the stock exchange on which our common shares are listed, or sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

We may be classified as a passive foreign investment company (PFIC) for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. investors in our common shares.

Based on the value of our assets, including goodwill, and composition of our income, assets and operations for the taxable year 2023, we do not believe we were a PFIC for U.S. federal income tax purposes for that taxable year. A non-U.S. company generally will be considered a PFIC for any taxable year if (i) at least 75% of its gross income is passive income (including interest income), or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. The value of our assets generally is determined by reference to the market price of our common shares, which may fluctuate considerably. In addition, the composition of our income and assets is affected by how, and how quickly, we spend the cash we raise. It is possible the Internal Revenue Service could determine that we were a PFIC for the taxable year 2023. If we were to be treated as a PFIC for any taxable year during which a U.S. Holder (as defined below) holds a common share, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. Once treated as a PFIC, for any taxable year in which a U.S. Holder owns equity in such foreign corporation, a foreign corporation will generally continue to be treated as a PFIC for all subsequent taxable years with respect to such U.S. Holder. If we were to be a PFIC, "excess distributions" (as such term is defined in the United States Internal Revenue Code of 1986, as amended (the U.S. Tax Code)) to a U.S. Holder, and any gain recognized by a U.S. Holder on a disposition of our common shares would be taxed in potentially unfavorable ways. Among other consequences, our dividends would be taxed at the regular rates applicable to ordinary income, rather than the reduced rate applicable to certain dividends received by an individual from a qualified foreign corporation, and, to the extent that they constituted excess distributions, certain interest charges may apply, and gains on the sale of our shares would be treated in the same way as excess distributions. In addition, the U.S. Holder would be subject to detailed reporting obligations. The tests for determining PFIC status are applied annually and it is difficult to make accurate predictions of future income and assets, which are relevant to the determination of any future PFIC status. As such, we cannot provide any assurances regarding our PFIC status for any past, current or future taxable years. Further, we cannot provide any assurances that we will furnish to any U.S. Holder information that may be necessary to comply with the aforementioned reporting and tax payment obligations. U.S. Holders should consult their tax advisors

regarding the potential application of these rules to their investment in our common shares, including the potential availability and advisability of an election to treat us as a qualified electing fund or a mark-to-market election. A "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of our common shares and is:

(1) a citizen or individual resident of the United States;

(2) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia;

(3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

(4) a trust that (a) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the U.S. Tax Code) or (b) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If a U.S. Holder is treated as owning at least 10% of our common shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a U.S. Holder is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our common shares, such U.S. Holder may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our group (if any) as such term is defined in the U.S. Tax Code. A United States shareholder of a controlled foreign corporation may be required to report annually and include in its U.S. taxable income, as ordinary income, its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments in U.S. property by the controlled foreign corporation, regardless of whether the controlled foreign corporation makes any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a corporation. Failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may extend the statute of limitations with respect to such United States shareholder's U.S. federal income tax return for the year for which reporting was due. We cannot provide any assurances that we will assist investors in determining whether we or any of our future non-U.S. subsidiaries is treated as a controlled foreign corporation or whether such investor is treated as a United States shareholder with respect to any such controlled foreign corporations. Further, we cannot provide any assurances that we will furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax payment obligations. U.S. Holders should consult their tax advisors regarding the potential application of these rules to their investment in our common shares. The risk of being subject to increased taxation may deter our current shareholders from increasing their investment in us and others from investing in us, which could impact the demand for, and value of, our common shares.

General Risk Factors

The price of our common shares may be volatile and may fluctuate due to factors beyond our control.

The share price of publicly traded emerging biopharmaceutical and drug discovery and development companies has been highly volatile and is likely to remain highly volatile in the future. The market price of our common shares may fluctuate significantly due to a variety of factors, including:

- positive or negative results of testing and clinical trials by us, strategic partners or competitors;
- delays in entering into strategic relationships with respect to development and/or commercialization of our antibody candidates or entry into strategic relationships on terms that are not deemed to be favorable to us;
- technological innovations or commercial product introductions by us or competitors;
- changes in government regulations;
- developments concerning proprietary rights, including patents and litigation matters;
- public concern relating to the commercial value or safety of any of our antibody candidates;
- financing or other corporate transactions;
- publication of research reports or comments by securities or industry analysts;

- general market conditions in the pharmaceutical industry or in the economy as a whole;
- political instability in the United States and Europe, including the failure of the United States Federal government to raise the debt ceiling;
- global geopolitical instability, including the ongoing conflicts in Europe and the Middle east; or
- other events and factors, many of which are beyond our control.

These and other market and industry factors may cause the market price and demand for our common shares to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from readily selling their common shares and may otherwise negatively affect the liquidity of our common shares. In addition, the stock market in general, and biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies.

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and share price.

The global economy, including credit and financial markets, has recently experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, rising interest and inflation rates, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. If the equity and credit markets continue to deteriorate or the Netherlands or the United States enters a recession, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. In addition, there is a risk that one or more of our CROs, suppliers or other third-party providers may not survive an economic downturn or recession. As a result, our business, results of operations and price of our common shares may be adversely affected.

Business interruptions could adversely affect our operations.

Our operations are vulnerable to interruption by fire, severe weather conditions, power loss, telecommunications failure, terrorist activity, public health crises and pandemic diseases, such as COVID-19, and other natural and man-made disasters or events beyond our control. Our facilities are located in regions that experience severe weather from time to time. We have not undertaken a systematic analysis of the potential consequences to our business and financial results from a major tornado, flood, fire, earthquake, power loss, terrorist activity, public health crisis, pandemic diseases or other disasters and do not have a recovery plan for such disasters. In addition, we do not carry sufficient insurance to compensate us for actual losses from interruption of our business that may occur, and any losses or damages incurred by us could harm our business. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses.

Because we do not expect to pay cash dividends for the foreseeable future, any returns on an investment in our common shares will likely depend entirely upon any future appreciation in the price of our common shares, which is uncertain.

We have not paid any cash dividends since our incorporation. Even if future operations lead to significant levels of distributable profits, we currently intend that any earnings will be reinvested in our business and that cash dividends will not be paid until we have an established revenue stream to support continuing cash dividends. Payment of any future dividends to shareholders will in addition effectively be at the discretion of the general meeting, upon proposal of the board of directors, after taking into account various factors including our business prospects, cash requirements, financial performance and new product development. In addition, payment of future cash dividends may be made only if our shareholders' equity exceeds the sum of our paid-in and called-up share capital plus the reserves required to be maintained by Dutch law or by our articles of association. Accordingly, investors cannot rely on cash dividend income from our common shares and any returns on an investment in our common shares will likely depend entirely upon any future appreciation in the price of our common shares. In addition, the low trading volume of our common shares may adversely affect the trading price of our common shares, and our shareholders may not be able to sell their common shares for a price higher than the price they paid for our common shares.

If securities or industry analysts publish inaccurate or unfavorable research about our business, the price of our common shares and our trading volume could decline.

The trading market for our common shares depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our common shares or publish inaccurate or unfavorable research about our business, the price of our common shares would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common shares could decrease, which might cause the price of our common shares and trading volume to decline.

We will continue to incur increased costs as a result of operating as a public company with limited liability (naamloze vennootschap), and our management team is required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, and particularly now that we no longer qualify as an emerging growth company or a smaller reporting company, we will continue to incur significant legal, accounting and other expenses related to our operation as a public company. The Sarbanes-Oxley Act of 2002 (SOX), the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq Global Market, or Nasdaq, and other applicable securities rules and regulations impose various requirements on reporting public companies, including the establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our board of directors and other personnel continues to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have and will continue to increase our legal and financial compliance costs and make some activities more time-consuming and costly.

These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to Section 404(a) of SOX (Section 404) we are required to furnish a report by our management on our internal control over financial reporting with our Annual Report on Form 10-K. Additionally, we are required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To maintain compliance with Section 404(a), we engage in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we continue to dedicate internal resources and have engaged outside consultants and adopted a detailed work plan to assess and document the adequacy of our internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to maintain effective internal control over financial reporting as required by Section 404. Material weaknesses or significant deficiencies in our internal control over financial reporting could also reduce our ability to obtain financing or could increase the cost of any financing we obtain. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

The increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results.

There has been increasing public focus by investors, patients, environmental activists, the media and governmental and nongovernmental organizations on a variety of environmental, social and other sustainability matters. We may experience pressure to make commitments relating to sustainability matters that affect us, including the design and implementation of specific risk mitigation strategic initiatives relating to sustainability. Expectations regarding the management of ESG initiatives continues to evolve rapidly. While we may from time to time engage in various initiatives (including but not limited to voluntary disclosures, policies, or goals) to improve our ESG profile or respond to stakeholder expectations, we cannot guarantee that these initiatives will have the desired effect. If we are not effective in addressing environmental, social and other sustainability matters affecting our business, or setting and meeting relevant sustainability goals, our reputation and financial results may suffer. In addition, even if we are effective at addressing such concerns, we may experience increased costs as a result of executing upon our sustainability goals that may not be offset by any benefit to our reputation, which could have an adverse impact on our business and financial condition.

In addition, this emphasis on environmental, social and other sustainability matters has resulted and may result in the adoption of new laws and regulations, including new reporting requirements. If we fail to comply with new laws, regulations or reporting requirements, our reputation and business could be adversely impacted.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None**.**

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None.

(b) None.

(c) **Insider Trading Arrangements and Policies**.

During the three months ended March 31, 2024, no director or "officer" (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The exhibits filed as part of this Quarterly Report on Form 10-Q are as follows:

Exhibit Number	Exhibit Description	Incorporated by Reference to Filings Indicated				Filed/ Furnished
		Form	File No.	Exhibit No.	Filing Date	
1.1	Open Market Sale Agreement[SM], dated as of February 28, 2024, by and between Merus N.V. and Jefferies LLC	S-3ASR	333-277465	1.2	2/28/2024	
3.1	Articles of Association of Merus N.V., as amended on May 7, 2024					*
10.1†	Collaboration, Option and License Agreement, dated as of March 5, 2024, by and between Merus N.V. and Gilead Sciences, Inc.					*
10.2	Consulting Agreement, dated April 15, 2024 between Victor Sandor and Merus US, Inc.					*
31.1	Certification of Principal Executive Officer pursuant to rules 13a-14(a) and 15d-14(a) under the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.2	Certification of Principal Financial Officer pursuant to rules 13a-14(a) and 15d-14(a) under the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
32.1	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
101.INS	Inline XBRL Instance Document - the Instance Document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents					*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					*

† Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

* Filed herewith.

** Furnished herewith.

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: May 8, 2024	By:	/s/ Sven A. Lundberg Sven (Bill) Ante Lundberg President and Chief Executive Officer *(Principal Executive Officer)*
Date: May 8, 2024	By:	/s/ Gregory D. Perry Gregory D. Perry Chief Financial Officer *(Principal Financial Officer)*

This is a translation into English of the official Dutch version of the articles of association of a limited liability company under Dutch law. Definitions included in Article 1 below appear in the English alphabetical order, but will appear in the Dutch alphabetical order in the official Dutch version. In the event of a conflict between the English and Dutch texts, the Dutch text shall prevail.

ARTICLES OF ASSOCIATION
MERUS N.V.

DEFINITIONS AND INTERPRETATION

Article 1

1.1 In these articles of association the following definitions shall apply:

Article	An article of these articles of association.
Board of Directors	The Company's board of directors.
Board Rules	The internal rules applicable to the Board of Directors, as drawn up by the Board of Directors.
CEO	The Company's chief executive officer.
Chairman	The chairman of the Board of Directors.
Class Meeting	The meeting of holders of shares of a certain class.
Company	The company to which these articles of association pertain.
DCC	The Dutch Civil Code.
Director	A member of the Board of Directors.
EURIBOR	The EURIBOR interest rate, as published by Thomson Reuters or another institution chosen by the Board of Directors, for loans with a maturity of three, six, nine or twelve months, whichever has had the highest mathematical average over the financial year (or the relevant part thereof) in respect of which the relevant distribution is made, but in any event no less than zero percent.
Executive Director	An executive Director.
General Meeting	The Company's general meeting of shareholders.
Group Company	An entity or partnership which is organisationally connected with the Company in an economic unit within

	the meaning of Section 2:24b DCC.
Indemnified Officer	A current or former Director and such other current or former officer or employee of the Company or its Group Companies as designated by the Board of Directors.
Meeting Rights	With respect to the Company, the rights attributed by law to the holders of depository receipts issued for shares with a company's cooperation, including the right to attend and address a General Meeting.
Non-Executive Director	A non-executive Director.
Person with Meeting Rights	A shareholder, a usufructuary or pledgee with voting rights or a holder of depository receipts for shares issued with the Company's cooperation.
Preferred Distribution	A distribution on the preferred shares for an amount equal to the Preferred Interest Rate calculated over the aggregate amount paid up on those preferred shares, whereby: **a.** any amount paid up on those preferred shares (including as a result of an issue of preferred shares) during the financial year (or the relevant part thereof) in respect of which the distribution is made shall only be taken into account proportionate to the number of days that elapsed during that financial year (or the relevant part thereof) after the payment was made on those preferred shares; **b.** any reduction of the aggregate amount paid up on preferred shares during the financial year (or the relevant part thereof) in respect of which the distribution is made shall be taken into account proportionate to the number of days that elapsed during that financial year (or the relevant part thereof) until such reduction was effected; and **c.** if the distribution is made in respect of part of a financial year, the amount of the distribution shall be proportionate to the number of days that elapsed during that part of the financial year.
Preferred Interest Rate	The mathematical average, calculated over the financial year (or the relevant part thereof) in respect of which a distribution is made on preferred shares, of the relevant EURIBOR interest rate, plus a margin not exceeding five

	hundred basis points (500bps) to be determined by the Board of Directors each time when, or before, preferred shares are issued without preferred shares already forming part of the Company's issued share capital.
Registration Date	The date of registration for a General Meeting as provided by law.
Simple Majority	More than half of the votes cast.
Subsidiary	A subsidiary of the Company within the meaning of Section 2:24a DCC, including: **d.** an entity in whose general meeting the Company or one or more of its Subsidiaries can exercise, whether or not by virtue of an agreement with other parties with voting rights, individually or collectively, more than half of the voting rights; and **e.** an entity of which the Company or one or more of its Subsidiaries are members or shareholders and can appoint or dismiss, whether or not by virtue of an agreement with other parties with voting rights, individually or collectively, more than half of the managing directors or of the supervisory directors, even if all parties with voting rights cast their votes.

1.2 Unless the context requires otherwise, references to "shares" or "shareholders" without further specification are to any class of shares or to the holders thereof, respectively.

1.3 References to statutory provisions are to those provisions as they are in force from time to time.

1.4 Terms that are defined in the singular have a corresponding meaning in the plural.

1.5 Words denoting a gender include each other gender.

1.6 Except as otherwise required by law, the terms "written" and "in writing" include the use of electronic means of communication.

1.7 References to shares being "outstanding" are to shares that form part of the Company's issued share capital which are not held by the Company itself or by a Subsidiary.

NAME AND OFFICIAL SEAT

Article 2

2.1 The Company is a limited liability company (*naamloze vennootschap*) and its name is **Merus**

N.V.

2.2 The Company has its official seat in Utrecht.

OBJECTS

Article 3

The Company's objects are:

a. to develop products and services in the area of biotechnology;

b. to finance Group Companies or other parties;

c. to borrow, to lend to raise funds, including the issue of bonds, promissory notes or other financial instruments or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned;

d. to supply advice and to render services to Group Companies or other parties;

e. to render guarantees, to bind the Company, to provide security, to warrant performance in any other way and to assume liability, whether jointly and severally or otherwise, in respect of obligations of Group Companies or other parties;

f. to incorporate, to participate in any way whatsoever in, to manage, to supervise and to hold any other interest in other entities, companies, partnerships and businesses;

g. to obtain, alienate, encumber, manage and exploit registered property and items of property in general;

h. to trade in currencies, securities and items of property in general;

i. to develop and trade in patent, trademarks, licenses, know-how and other industrial property rights; and

j. to perform any and all activity of industrial, financial or commercial nature and to do anything which, in the widest sense of the word, is connected with or may be conducive to the objects described above.

SHARES - AUTHORISED SHARE CAPITAL AND DEPOSITORY RECEIPTS

Article 4

4.1 The Company's authorised share capital amounts to eighteen million nine hundred thousand euro (EUR 18,900,000.00).

4.2 The authorised share capital is divided into:

a. one hundred and five million (105,000,000) common shares; and

b. one hundred and five million (105,000,000) preferred shares,

each having a nominal value of nine eurocents (EUR 0.09).

4.3 The Board of Directors may resolve that one or more shares are divided into such number of fractional shares as may be determined by the Board of Directors. Unless specified differently, the provisions of these articles of association concerning shares and shareholders apply mutatis mutandis to fractional shares and the holders thereof, respectively.

4.4 The Company may cooperate with the issue of depository receipts for shares in its capital.

SHARES - FORM OF SHARES AND SHARE REGISTER

Article 5

5.1 All shares are registered shares and shall be numbered consecutively, starting from 1 for each class of shares. The Company may issue share certificates for registered shares in such form as may be approved by the Board of Directors. Each Director is authorised to sign any such share certificate on behalf of the Company.

5.2 The Board of Directors shall keep a register setting out the names and addresses of all holders of shares and all holders of a usufruct or pledge in respect of such shares. The register shall also set out any other particulars that must be included in the register pursuant to applicable law. Part of the register may be kept outside the Netherlands to comply with applicable local law or pursuant to stock exchange rules.

5.3 Shareholders, usufructuaries and pledgees shall provide the Board of Directors with the necessary particulars in a timely fashion. Any consequences of not, or incorrectly, notifying such particulars shall be borne by the party concerned.

5.4 All notifications may be sent to shareholders, usufructuaries and pledgees at their respective addresses as set out in the register.

SHARES - ISSUE

Article 6

6.1 Shares can be issued pursuant to a resolution of the General Meeting or of another body authorised by the General Meeting for this purpose for a specified period not exceeding five years. When granting such authorisation, the number of shares that may be issued must be specified. The authorisation may be extended, in each case for a period not exceeding five years. Unless stipulated differently when granting the authorisation, the authorisation cannot be revoked. For as long as and to the extent that another body has been authorised to resolve to issue shares, the General Meeting shall not have this authority.

6.2 Article 6.1 applies mutatis mutandis to the granting of rights to subscribe for shares, but does not apply in respect of issuing shares to a party exercising a previously acquired right to subscribe for shares.

6.3 The Company may not subscribe for shares in its own capital.

SHARES - PRE-EMPTION RIGHTS

Article 7

7.1 Upon an issue of shares, each holder of common shares shall have a pre-emption right in proportion to the aggregate nominal value of his common shares. No pre-emption rights are attached to preferred shares.

7.2 In deviation of Article 7.1, holders of common shares do not have pre-emption rights in respect of:

a. preferred shares;

b. shares issued against non-cash contribution; or

c. shares issued to employees of the Company or of a Group Company.

7.3 The Company shall announce an issue with pre-emption rights and the period during which those rights can be exercised in the State Gazette and in a daily newspaper with national distribution, unless the announcement is sent in writing to all shareholders at the addresses submitted by them.

7.4 Pre-emption rights may be exercised for a period of at least two weeks after the date of announcement in the State Gazette or after the announcement was sent to the shareholders.

7.5 Pre-emption rights may be limited or excluded by a resolution of the General Meeting or of the body authorised as referred to in Article 6.1, if that body was authorised by the General Meeting for this purpose for a specified period not exceeding five years. The authorisation may be extended, in each case for a period not exceeding five years. Unless stipulated differently when granting the authorisation, the authorisation cannot be revoked. For as long as and to the extent that another body has been authorised to resolve to limit or exclude pre-emption rights, the General Meeting shall not have this authority.

7.6 A resolution of the General Meeting to limit or exclude pre-emption rights, or to grant an authorisation as referred to in Article 7.5, shall require a majority of at least two thirds of the votes cast if less than half of the issued share capital is represented at the General Meeting.

7.7 The preceding provisions of this Article 7 apply mutatis mutandis to the granting of rights to subscribe for shares, but do not apply in respect of issuing shares to a party exercising a previously acquired right to subscribe for shares.

SHARES - PAYMENT

Article 8

8.1 Without prejudice to Article 8.2, the nominal value of a share and, if the share is subscribed for at a higher price, the difference between these amounts must be paid up upon subscription for that share. However, it may be stipulated that part of the nominal value of a preferred share, not

exceeding three quarters thereof, need not be paid up until the Company has called for payment. The Company shall observe a reasonable notice period of at least one month with respect to any such call for payment.

8.2 Parties who professionally place shares for their own account may be allowed by virtue of an agreement to pay up less than the nominal value of the shares subscribed for by them, provided that at least ninety-four percent (94%) of this amount is paid up in cash ultimately upon subscription for those shares.

8.3 Shares must be paid up in cash, except to the extent that payment by means of a contribution in another form has been agreed.

8.4 Payment in a currency other than the euro may only be made with the Company's consent. Where such a payment is made, the payment obligation is satisfied for the amount in euro for which the paid amount can be freely exchanged. Without prejudice to the last sentence of Section 2:80a(3) DCC, the date of the payment determines the exchange rate.

SHARES - FINANCIAL ASSISTANCE

Article 9

9.1 The Company may not provide security, give a price guarantee, warrant performance in any other way or commit itself jointly and severally or otherwise with or for others with a view to the subscription for or acquisition of shares or depository receipts for shares in its capital by others. This prohibition applies equally to Subsidiaries.

9.2 The Company and its Subsidiaries may not provide loans with a view to the subscription for or acquisition of shares or depository receipts for shares in the Company's capital by others, unless the Board of Directors resolves to do so and Section 2:98c DCC is observed.

9.3 The preceding provisions of this Article 9 do not apply if shares or depository receipts for shares are subscribed for or acquired by or for employees of the Company or of a Group Company.

SHARES - ACQUISITION OF OWN SHARES

Article 10

10.1 The acquisition by the Company of shares in its own capital which have not been fully paid up shall be null and void.

10.2 The Company may only acquire fully paid up shares in its own capital for no consideration or if and to the extent that the General Meeting has authorised the Board of Directors for this purpose and all other relevant statutory requirements of Section 2:98 DCC are observed.

10.3 An authorisation as referred to in Article 10.2 remains valid for no longer than eighteen months. When granting such authorisation, the General Meeting shall determine the number of shares that may be acquired, how they may be acquired and within which range the acquisition price must be. An authorisation shall not be required for the Company to acquire common shares in its own capital in order to transfer them to employees of the Company or of a Group Company pursuant

to an arrangement applicable to them, provided that these common shares are included on the price list of a stock exchange.

10.4 Without prejudice to Articles 10.1 through 10.3, the Company may acquire shares in its own capital for cash consideration or for consideration satisfied in the form of assets. In the case of a consideration being satisfied in the form of assets, the value thereof, as determined by the Board of Directors, must be within the range stipulated by the General Meeting as referred to in Article 10.3.

10.5 The previous provisions of this Article 10 do not apply to shares acquired by the Company under universal title of succession.

10.6 In this Article 10, references to shares include depository receipts for shares.

SHARES - REDUCTION OF ISSUED SHARE CAPITAL

Article 11

11.1 The General Meeting can resolve to reduce the Company's issued share capital by cancelling shares or by reducing the nominal value of shares by virtue of an amendment to these articles of association. The resolution must designate the shares to which the resolution relates and it must provide for the implementation of the resolution.

11.2 A resolution to cancel shares may only relate to:

a. shares held by the Company itself or in respect of which the Company holds the depository receipts; and

b. all preferred shares, with repayment of the amounts paid up in respect thereof and provided that, to the extent allowed under Articles 30.1 and 30.2, a distribution is made on those preferred shares, in proportion to the amounts paid up on those preferred shares, immediately prior to such cancellation becoming effective, for an aggregate amount of:

i. the total of all Preferred Distributions (or parts thereof) in relation to financial years prior to the financial year in which the cancellation occurs, to the extent that these should have been distributed but have not yet been distributed as described in Article 32.1; and

ii. the Preferred Distribution calculated in respect of the part of the financial year in which the cancellation occurs, for the number of days that have elapsed during such part of the financial year.

11.3 A resolution of the General Meeting to reduce the Company's issued share capital shall require a majority of at least two thirds of the votes cast if less than half of the issued share capital is represented at the General Meeting.

11.4 If a resolution of the General Meeting to reduce the Company's issued share capital relates to preferred shares, such resolution shall always require the prior or simultaneous approval of the Class Meeting of preferred shares.

SHARES - ISSUE AND TRANSFER REQUIREMENTS

Article 12

12.1 Except as otherwise provided or allowed by Dutch law, the issue or transfer of a share shall require a deed to that effect and, in the case of a transfer and unless the Company itself is a party to the transaction, acknowledgement of the transfer by the Company.

12.2 The acknowledgement shall be set out in the deed or shall be made in such other manner as prescribed by law.

12.3 For as long as common shares are admitted to trading on the New York Stock Exchange, the NASDAQ Stock Market or on any other regulated stock exchange operating in the United States of America, the laws of the State of New York shall apply to the property law aspects of the common shares reflected in the register administered by the relevant transfer agent.

SHARES - USUFRUCT AND PLEDGE

Article 13

13.1 Shares can be encumbered with a usufruct or pledge. The creation of a pledge on preferred shares shall require the prior approval of the Board of Directors.

13.2 The voting rights attached to a share which is subject to a usufruct or pledge vest in the shareholder concerned.

13.3 In deviation of Article 13.2:

a. the holder of a usufruct or pledge on common shares shall have the voting rights attached thereto if this was provided when the usufruct or pledge was created; and

b. the holder of a usufruct or pledge on preferred shares shall have the voting rights attached thereto if this was provided when the usufruct or pledge was created and this was approved by the Board of Directors.

13.4 Shareholders without voting rights and usufructuaries and pledgees with voting rights will have Meeting Rights. Usufructuaries and pledgees without voting rights shall not have Meeting Rights.

SHARES - TRANSFER RESTRICTIONS

Article 14

14.1 A transfer of preferred shares shall require the prior approval of the Board of Directors. A shareholder wishing to transfer preferred shares must first request the Board of Directors to grant such approval. A transfer of common shares is not subject to transfer restrictions under these articles of association.

14.2 A transfer of the preferred shares to which the request for approval relates must take place within three months after the approval of the Board of Directors has been granted or is deemed to have

been granted pursuant to Article 14.3.

14.3 The approval of the Board of Directors shall be deemed to have been granted:

a. if no resolution granting or denying the approval has been passed by the Board of Directors within three months after the Company has received the request for approval; or

b. if the Board of Directors, when denying the approval, does not notify the requesting shareholder of the identity of one or more interested parties willing to purchase the relevant preferred shares.

14.4 If the Board of Directors denies the approval and notifies the requesting shareholder of the identity of one or more interested parties, the requesting shareholder shall notify the Board of Directors within two weeks after having received such notice whether:

a. he withdraws his request for approval, in which case the requesting shareholder cannot transfer the relevant preferred shares; or

b. he accepts the interested party(ies), in which case the requesting shareholder shall promptly enter into negotiations with the interested party(ies) regarding the price to be paid for the relevant preferred shares.

If the requesting shareholder does not notify the Board of Directors of his choice in a timely fashion, he shall be deemed to have withdrawn his request for approval, in which case he cannot transfer the relevant preferred shares.

14.5 If an agreement is reached in the negotiations referred to in Article 14.4 paragraph b. within two weeks after the end of the period referred to in Article 14.4, the relevant preferred shares shall be transferred for the agreed price within three months after such agreement having been reached. If no agreement is reached in these negotiations in a timely fashion:

a. the requesting shareholder shall promptly notify the Board of Directors thereof; and

b. the price to be paid for the relevant preferred shares shall be equal to the value thereof, as determined by one or more independent experts to be appointed by the requesting shareholder and the interested party(ies) by mutual agreement.

14.6 If no agreement is reached on the appointment of the independent expert(s) as referred to in Article 14.5 paragraph b. within two weeks after the end of the period referred to in Article 14.5:

a. the requesting shareholder shall promptly notify the Board of Directors thereof; and

b. the requesting shareholder shall promptly request the president of the district court in whose district the Company has its official seat to appoint three independent experts to determine the value of the relevant preferred shares.

14.7 If and when the value of the relevant preferred shares has been determined by the independent expert(s), irrespective of whether he/they was/were appointed by mutual agreement or by the

president of the relevant district court, the requesting shareholder shall promptly notify the Board of Directors of the value so determined. The Board of Directors shall then promptly inform the interested party(ies) of such value, following which the/each interested party may withdraw from the sale procedure by giving notice thereof the Board of Directors within two weeks.

14.8 If any interested party withdraws from the sale procedure in accordance with Article 14.7, the Board of Directors:

a. shall promptly inform the requesting shareholder and the other interested party(ies), if any, thereof; and

b. shall give the opportunity to the/each other interested party, if any, to declare to the Board of Directors and the requesting shareholder, within two weeks, his willingness to acquire the preferred shares having become available as a result of the withdrawal, for the price determined by the independent expert(s) (with the Board of Directors being entitled to determine the allocation of such preferred shares among any such willing interested party(ies) at its absolute discretion).

14.9 If it becomes apparent to the Board of Directors that all relevant preferred shares can be transferred to one or more interested parties for the price determined by the independent expert(s), the Board of Directors shall promptly notify the requesting shareholder and such interested party(ies) thereof. Within three months after sending such notice the relevant preferred shares shall be transferred.

14.10 If it becomes apparent to the Board of Directors that not all relevant preferred shares can be transferred to one or more interested parties for the price determined by the independent expert(s):

a. the Board of Directors shall promptly notify the requesting shareholder thereof; and

b. the requesting shareholder shall be free to transfer all relevant preferred shares, provided that the transfer takes place within three months after having received the notice referred to in paragraph a.

14.11 The Company may only be an interested party under this Article 14 with the consent of the requesting shareholder.

14.12 All notices given pursuant to this Article 14 shall be provided in writing.

14.13 The preceding provisions of this Article 14 do not apply:

a. to the extent that a shareholder is under a statutory obligation to transfer preferred shares to a previous holder thereof;

b. if it concerns a transfer in connection with an enforcement of a pledge pursuant to Section 3:248 DCC in conjunction with Section 3:250 or 3:251 DCC; or

c. if it concerns a transfer to the Company, except in the case that the Company acts as an interested party pursuant to Article 14.11.

14.14 This Article 14 applies mutatis mutandis in case of a transfer of rights to subscribe for preferred shares.

BOARD OF DIRECTORS - COMPOSITION

Article 15

15.1 The Company has a Board of Directors consisting of:

a. one or more Executive Directors, being primarily charged with the Company's day-to-day operations; and

b. one or more Non-Executive Directors, being primarily charged with the supervision of the performance of the duties of the Directors.

The Board of Directors shall be composed of individuals.

15.2 The Board of Directors shall determine the number of Executive Directors and the number of Non-Executive Directors.

15.3 The Board of Directors shall elect an Executive Director to be the CEO. The Board of Directors may dismiss the CEO, provided that the CEO so dismissed shall subsequently continue his term of office as an Executive Director without having the title of CEO.

15.4 The Board of Directors shall elect a Non-Executive Director to be the Chairman. The Board of Directors may dismiss the Chairman, provided that the Chairman so dismissed shall subsequently continue his term of office as a Non-Executive Director without having the title of Chairman.

15.5 If a Director is absent or incapacitated, he may be replaced temporarily by a person whom the Board of Directors has designated for that purpose and, until then, the other Director(s) shall be charged with the management of the Company. If all Directors are absent or incapacitated, the management of the Company shall be attributed to the person who most recently ceased to hold office as the CEO. If such former CEO is unwilling or unable to accept that position, the management of the Company shall be attributed to the person who most recently ceased to hold office as the Chairman. If such former Chairman is also unwilling or unable to accept that position, the management of the Company shall be attributed to one or more persons whom the General Meeting has designated for that purpose. The person(s) charged with the management of the Company in this manner, may designate one or more persons to be charged with the management of the Company in addition to, or together with, such person(s).

15.6 A Director shall be considered to be unable to act within the meaning of Article 15.5:

a. in a period during which the Company has not been able to contact him (including as a result of illness), provided that such period lasted longer than five consecutive days (or such other period as determined by the Board of Directors on the basis of the facts and circumstances at hand);

b. during his suspension; or

c. in the deliberations and decision-making of the Board of Directors on matters in relation to which he has declared to have, or in relation to which the Board of Directors has established that he has, a conflict of interests as described in Article 18.7.

BOARD OF DIRECTORS - APPOINTMENT, SUSPENSION AND DISMISSAL

Article 16

16.1 The General Meeting shall appoint the Directors and may at any time suspend or dismiss any Director. In addition, the Board of Directors may at any time suspend an Executive Director.

16.2 The General Meeting can only appoint Directors upon a nomination by the Board of Directors. The General Meeting may at any time resolve to render such nomination to be non-binding by a majority of at least two thirds of the votes cast representing more than half of the issued share capital. If a nomination is rendered non-binding, a new nomination shall be made by the Board of Directors. If the nomination comprises one candidate for a vacancy, a resolution concerning the nomination shall result in the appointment of the candidate, unless the nomination is rendered non-binding. A second meeting as referred to in Section 2:120(3) DCC cannot be convened.

16.3 At a General Meeting, a resolution to appoint a Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that General Meeting or the explanatory notes thereto.

16.4 Upon the appointment of a person as a Director, the General Meeting shall determine whether that person is appointed as Executive Director or as Non-Executive Director.

16.5 A resolution of the General Meeting to suspend or dismiss a Director shall require a majority of at least two thirds of the votes cast representing more than half of the issued share capital, unless the resolution is passed at the proposal of the Board of Directors. A second meeting as referred to in Section 2:120(3) DCC cannot be convened.

16.6 If a Director is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse.

BOARD OF DIRECTORS - DUTIES AND ORGANISATION

Article 17

17.1 The Board of Directors is charged with the management of the Company, subject to the restrictions contained in these articles of association. In performing their duties, Directors shall be guided by the interests of the Company and of the business connected with it.

17.2 The Board of Directors shall draw up Board Rules concerning its organisation, decision-making and other internal matters, with due observance of these articles of association. In performing their duties, the Directors shall act in compliance with the Board Rules.

17.3 The Directors may allocate their duties amongst themselves in or pursuant to the Board Rules or otherwise pursuant to resolutions adopted by the Board of Directors, provided that:

a. the Executive Directors shall be charged with the Company's day-to-day operations;

b. the task of supervising the performance of the duties of the Directors cannot be taken away from the Non-Executive Directors;

c. the Chairman must be a Non-Executive Director; and

d. the making of proposals for the appointment of a Director and the determination of the compensation of the Executive Directors cannot be allocated to an Executive Director.

17.4 The Board of Directors may determine in writing, in or pursuant to the Board Rules or otherwise pursuant to resolutions adopted by the Board of Directors, that one or more Directors can validly pass resolutions in respect of matters which fall under his/their duties.

17.5 The Board of Directors shall establish the committees which the Company is required to have and otherwise such committees as are deemed to be appropriate by the Board of Directors. The Board of Directors shall draw up (and/or include in the Board Rules) rules concerning the organisation, decision-making and other internal matters of its committees.

17.6 The Board of Directors may perform the legal acts referred to in Section 2:94(1) DCC without the prior approval of the General Meeting.

BOARD OF DIRECTORS - DECISION-MAKING

Article 18

18.1 Without prejudice to Article 18.5, each Director may cast one vote in the decision-making of the Board of Directors.

18.2 A Director can be represented by another Director holding a written proxy for the purpose of the deliberations and the decision-making of the Board of Directors.

18.3 Resolutions of the Board of Directors and resolutions of the group of Non-Executive Directors shall be passed, irrespective of whether this occurs at a meeting or otherwise, by Simple Majority unless the Board Rules provide differently.

18.4 Invalid votes, blank votes and abstentions shall not be counted as votes cast.

18.5 Where there is a tie in any vote of the Board of Directors, the Chairman shall have a casting vote, provided that there are at least three Directors in office. Otherwise, the relevant resolution shall not have been passed.

18.6 The Executive Directors shall not participate in the decision-making concerning (i) the determination of the compensation of Executive Directors and (ii) the instruction of an auditor to audit the annual accounts if the General Meeting has not granted such instruction.

18.7 A Director shall not participate in the deliberations and decision-making of the Board of Directors on a matter in relation to which he has a direct or indirect personal interest which conflicts with the interests of the Company and of the business connected with it. If, as a result thereof, no

resolution can be passed by the Board of Directors, the resolution may nevertheless be passed by the Board of Directors as if none of the Directors has a conflict of interests as described in the previous sentence.

18.8 Meetings of the Board of Directors can be held through audio-communication facilities, unless a Director objects thereto.

18.9 Resolutions of the Board of Directors may, instead of at a meeting, be passed in writing, provided that all Directors are familiar with the resolution to be passed and none of them objects to this decision-making process. Articles 18.1 through 18.7 apply mutatis mutandis.

18.10 The approval of the General Meeting is required for resolutions of the Board of Directors concerning a material change to the identity or the character of the Company or the business, including in any event:

a. transferring the business or materially all of the business to a third party;

b. entering into or terminating a long-lasting alliance of the Company or of a Subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or general partnership, if this alliance or termination is of significant importance for the Company; and

c. acquiring or disposing of an interest in the capital of a company by the Company or by a Subsidiary with a value of at least one third of the value of the assets, according to the balance sheet with explanatory notes or, if the Company prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes in the Company's most recently adopted annual accounts.

18.11 The absence of the approval of the General Meeting of a resolution as referred to in Article 18.10 shall result in the relevant resolution being null and void pursuant to Section 2:14(1) DCC but shall not affect the powers of representation of the Board of Directors or of the Directors.

BOARD OF DIRECTORS - COMPENSATION

Article 19

19.1 The General Meeting shall determine the Company's policy concerning the compensation of the Board of Directors with due observance of the relevant statutory requirements.

19.2 The compensation of Directors shall be determined by the Board of Directors with due observance of the policy referred to in Article 19.1.

19.3 The Board of Directors shall submit proposals concerning arrangements in the form of shares or rights to subscribe for shares to the General Meeting for approval. This proposal must at least include the number of shares or rights to subscribe for shares that may be awarded to the Board of Directors and which criteria apply for such awards or changes thereto. The absence of the approval of the General Meeting shall not affect the powers of representation.

BOARD OF DIRECTORS - REPRESENTATION

Article 20

20.1 The Board of Directors is entitled to represent the Company.

20.2 The power to represent the Company also vests in the CEO individually, as well as in any other two Executive Directors acting jointly.

20.3 The Company may grant powers of attorney to represent the Company and determine the scope of such powers of attorney. If a power of attorney is granted to an individual, the Board of Directors may grant an appropriate title to such person.

INDEMNITY

Article 21

21.1 The Company shall indemnify and hold harmless each of its Indemnified Officers against:

a. any financial losses or damages incurred by such Indemnified Officer; and

b. any expense reasonably paid or incurred by such Indemnified Officer in connection with any threatened, pending or completed suit, claim, action or legal proceedings of a civil, criminal, administrative, investigative or other nature, formal or informal, in which he becomes involved,

to the extent this relates to his current or former position with the Company and/or a Group Company and in each case to the fullest extent permitted by applicable law.

21.2 No indemnification shall be given to an Indemnified Officer:

a. if a competent court or arbitral tribunal has established, without possibility for appeal, that the acts or omissions of such Indemnified Officer that led to the financial losses, damages, expenses, suit, claim, action or legal proceedings as described in Article 21.1 result from either an improper performance of his duties as an officer of the Company or an unlawful or illegal act;

b. to the extent that his financial losses, damages and expenses are covered under an insurance and the relevant insurer has settled, or has provided reimbursement for, these financial losses, damages and expenses (or has irrevocably undertaken to do so); or

c. in relation to proceedings brought by such Indemnified Officer against the Company, except for proceedings brought to enforce indemnification to which he is entitled pursuant to these articles of association or an agreement between such Indemnified Officer and the Company which has been approved by the Board of Directors.

21.3 The Board of Directors may stipulate additional terms, conditions and restrictions in relation to the indemnification referred to in Article 21.1.

GENERAL MEETING - CONVENING AND HOLDING MEETINGS

Article 22

22.1 Annually, at least one General Meeting shall be held. This annual General Meeting shall be held within six months after the end of the Company's financial year.

22.2 A General Meeting shall also be held:

a. within three months after the Board of Directors has considered it to be likely that the Company's equity has decreased to an amount equal to or lower than half of its paid up and called up capital, in order to discuss the measures to be taken if so required; and

b. whenever the Board of Directors so decides.

22.3 General Meetings must be held in the place where the Company has its official seat or in Amsterdam, The Hague, Rotterdam or Schiphol (Haarlemmermeer).

22.4 If the Board of Directors has failed to ensure that a General Meeting as referred to in Articles 22.1 or 22.2 paragraph a. is held, each Person with Meeting Rights may be authorised by the court in preliminary relief proceedings to do so.

22.5 One or more Persons with Meeting Rights who collectively represent at least the part of the Company's issued share capital prescribed by law for this purpose may request the Board of Directors in writing to convene a General Meeting, setting out in detail the matters to be discussed. If the Board of Directors has not taken the steps necessary to ensure that the General Meeting could be held within the relevant statutory period after the request, the requesting Person(s) with Meeting Rights may be authorised, at his/their request, by the court in preliminary relief proceedings to convene a General Meeting.

22.6 Any matter of which the discussion has been requested in writing by one or more Persons with Meeting Rights who, individually or collectively, represent at least the part of the Company's issued share capital prescribed by law for this purpose shall be included in the convening notice or announced in the same manner, if the Company has received the substantiated request or a proposal for a resolution no later than on the sixtieth day prior to that of the General Meeting.

22.7 A General Meeting must be convened with due observance of the relevant statutory minimum convening period.

22.8 All Persons with Meeting Rights must be convened for the General Meeting in accordance with applicable law. The holders of shares may be convened for the General Meeting by means of convening letters sent to the addresses of those shareholders in accordance with Article 5.4. The previous sentence does not prejudice the possibility of sending a convening notice by electronic means in accordance with Section 2:113(4) DCC.

GENERAL MEETING - PROCEDURAL RULES

Article 23

23.1 The General Meeting shall be chaired by one of the following individuals, taking into account the following order of priority:

a. by the Chairman, if there is a Chairman and he is present at the General Meeting;

b. by the CEO, if there is a CEO and he is present at the General Meeting;

c. by another Director who is chosen by the Directors present at the General Meeting from their midst; or

d. by another person appointed by the General Meeting.

The person who should chair the General Meeting pursuant to paragraphs a. through d. may appoint another person to chair the General Meeting instead of him.

23.2 The chairman of the General Meeting shall appoint another person present at the General Meeting to act as secretary and to minute the proceedings at the General Meeting. The minutes of a General Meeting shall be adopted by the chairman of that General Meeting or by the Board of Directors. Where an official report of the proceedings is drawn up by a civil law notary, no minutes need to be prepared. Every Director may instruct a civil law notary to draw up such an official report at the Company's expense.

23.3 The chairman of the General Meeting shall decide on the admittance to the General Meeting of persons other than:

a. the persons who have Meeting Rights at that General Meeting, or their proxyholders; and

b. those who have a statutory right to attend that General Meeting on other grounds.

23.4 The holder of a written proxy from a Person with Meeting Rights who is entitled to attend a General Meeting shall only be admitted to that General Meeting if the proxy is determined to be acceptable by the chairman of that General Meeting.

23.5 The Company may direct that any person, before being admitted to a General Meeting, identify himself by means of a valid passport or driver's license and/or should be submitted to such security arrangements as the Company may consider to be appropriate under the given circumstances. Persons who do not comply with these requirements may be refused entry to the General Meeting.

23.6 The chairman of the General Meeting has the right to eject any person from the General Meeting if he considers that person to disrupt the orderly proceedings at the General Meeting.

23.7 The General Meeting may be conducted in a language other than the Dutch language, if so determined by the chairman of the General Meeting.

23.8 The chairman of the General Meeting may limit the amount of time that persons present at the General Meeting are allowed to take in addressing the General Meeting and the number of questions they are allowed to raise, with a view to safeguarding the orderly proceedings at the General Meeting. The chairman of the General Meeting may also adjourn the meeting if he considers that this shall safeguard the orderly proceedings at the General Meeting.

GENERAL MEETING - EXERCISE OF MEETING AND VOTING RIGHTS

Article 24

24.1 Each Person with Meeting Rights has the right to attend, address and, if applicable, vote at General Meetings, whether in person or represented by the holder of a written proxy. Holders of fractional shares together constituting the nominal value of a share of the relevant class shall exercise these rights collectively, whether through one of them or through the holder of a written proxy.

24.2 The Board of Directors may decide that each Person with Meeting Rights is entitled, whether in person or represented by the holder of a written proxy, to participate in, address and, if applicable, vote at the General Meeting by electronic means of communication. For the purpose of applying the preceding sentence it must be possible, by electronic means of communication, for the Person with Meeting Rights to be identified, to observe in real time the proceedings at the General Meeting and, if applicable, to vote. The Board of Directors may impose conditions on the use of the electronic means of communication, provided that these conditions are reasonable and necessary for the identification of the Person with Meeting Rights and the reliability and security of the communication. Such conditions must be announced in the convening notice.

24.3 The Board of Directors can also decide that votes cast through electronic means of communication or by means of a letter prior to the General Meeting are considered to be votes that are cast during the General Meeting. These votes shall not be cast prior to the Registration Date.

24.4 For the purpose of Articles 24.1 through 24.3, those who have voting rights and/or Meeting Rights on the Registration Date and are recorded as such in a register designated by the Board of Directors shall be considered to have those rights, irrespective of whoever is entitled to the shares or depository receipts at the time of the General Meeting. Unless Dutch law requires otherwise, the Board of Directors is free to determine, when convening a General Meeting, whether the previous sentence applies.

24.5 Each Person with Meeting Rights must notify the Company in writing of his identity and his intention to attend the General Meeting. This notice must be received by the Company ultimately on the seventh day prior to the General Meeting, unless indicated otherwise when such General Meeting is convened. Persons with Meeting Rights that have not complied with this requirement may be refused entry to the General Meeting. When a General Meeting is convened the Board of Directors may stipulate not to apply the previous provisions of this Article 24.5 in respect of the exercise of Meeting Rights and/or voting rights attached to preferred shares at such General Meeting.

GENERAL MEETING - DECISION-MAKING

Article 25

25.1 Each share, irrespective of which class it concerns, shall give the right to cast one vote at the General Meeting. Fractional shares of a certain class, if any, collectively constituting the nominal value of a share of that class shall be considered to be equivalent to such a share.

25.2 No vote may be cast at a General Meeting in respect of a share belonging to the Company or a

Subsidiary or in respect of a share for which any of them holds the depository receipts. Usufructuaries and pledgees of shares belonging to the Company or its Subsidiaries are not, however, precluded from exercising their voting rights if the usufruct or pledge was created before the relevant share belonged to the Company or a Subsidiary. Neither the Company nor a Subsidiary may vote shares in respect of which it holds a usufruct or a pledge.

25.3 Unless a greater majority is required by law or by these articles of association, all resolutions of the General Meeting shall be passed by Simple Majority. Subject to any provision of mandatory Dutch law and any higher quorum requirement stipulated by these articles of association, if and for as long as the Company is subject to the rules and requirements of a securities exchange and such securities exchange requires the Company to have a quorum for the General Meeting, then the General Meeting can only pass resolutions if at least one third of the issued and outstanding shares in the Company's capital are present or represented at such General Meeting. A second meeting as referred to in Section 2:120(3) DCC cannot be convened.

25.4 Invalid votes, blank votes and abstentions shall not be counted as votes cast. Shares in respect of which an invalid or blank vote has been cast and shares in respect of which an abstention has been made shall be taken into account when determining the part of the issued share capital that is represented at a General Meeting.

25.5 Where there is a tie in any vote of the General Meeting, the relevant resolution shall not have been passed.

25.6 The chairman of the General Meeting shall decide on the method of voting and the voting procedure at the General Meeting.

25.7 The determination during the General Meeting made by the chairman of that General Meeting with regard to the results of a vote shall be decisive. If the accuracy of the chairman's determination is contested immediately after it has been made, a new vote shall take place if the majority of the General Meeting so requires or, where the original vote did not take place by response to a roll call or in writing, if any party with voting rights who is present so requires. The legal consequences of the original vote shall lapse as a result of the new vote.

25.8 The Board of Directors shall keep a record of the resolutions passed. The record shall be available at the Company's office for inspection by Persons with Meeting Rights. Each of them shall, upon request, be provided with a copy of or extract from the record, at no more than the cost price.

25.9 The Directors shall, in that capacity, have an advisory vote at the General Meetings.

GENERAL MEETING - SPECIAL RESOLUTIONS

Article 26

26.1 The following resolutions can only be passed by the General Meeting at the proposal of the Board of Directors:

a. the issue of shares or the granting of rights to subscribe for shares;

b. the limitation or exclusion of pre-emption rights;

c. the designation or granting of an authorisation as referred to in Articles 6.1, 7.5 and 10.2, respectively;

d. the reduction of the Company's issued share capital;

e. the granting of an approval as referred to in Article 18.10;

f. the making of a distribution from the Company's profits or reserves on the common shares;

g. the making of a distribution in the form of shares in the Company's capital or in the form of assets, instead of in cash;

h. the amendment of these articles of association;

i. the entering into of a merger or demerger;

j. the instruction of the Board of Directors to apply for the Company's bankruptcy; and

k. the Company's dissolution.

26.2 For purposes of Article 26.1, a resolution shall not be considered to have been proposed by the Board of Directors if such resolution has been included in the convening notice or announced in the same manner by or at the request of one or more Persons with Meeting Rights pursuant to Articles 22.5 and/or 22.6, unless the Board of Directors has expressly indicated its support of such resolution in the agenda of the General Meeting concerned or in the explanatory notes thereto.

CLASS MEETINGS

Article 27

27.1 A Class Meeting shall be held whenever a resolution of that Class Meeting is required by Dutch law or under these articles of association and otherwise whenever the Board of Directors so decides.

27.2 Without prejudice to Article 27.1, for Class Meetings of common shares, the provisions concerning the convening of, drawing up of the agenda for, holding of and decision-making by the General Meeting apply mutatis mutandis.

27.3 For Class Meetings of preferred shares, the following shall apply:

a. Articles 22.3, 22.8, 23.3, 25.1, 25.2 through 25.9 apply mutatis mutandis;

b. a Class Meeting must be convened no later than on the eighth day prior to that of the meeting;

c. a Class Meeting shall appoint its own chairman; and

d. where the rules laid down by these articles of association in relation to the convening, location of or drawing up of the agenda for a Class Meeting have not been complied with, legally valid resolutions may still be passed by that Class Meeting by a unanimous vote at a meeting at which all shares of the relevant class are represented.

27.4 Holders of preferred shares may pass resolutions in writing instead of at a meeting by a unanimous vote of all shareholders concerned. The votes may be cast electronically.

REPORTING - FINANCIAL YEAR, ANNUAL ACCOUNTS AND MANAGEMENT REPORT

Article 28

28.1 The Company's financial year shall coincide with the calendar year.

28.2 Annually, within the relevant statutory period, the Board of Directors shall prepare the annual accounts and the management report and deposit them at the Company's office for inspection by the shareholders.

28.3 The annual accounts shall be signed by the Directors. If any of their signatures is missing, this shall be mentioned, stating the reasons.

28.4 The Company shall ensure that the annual accounts, the management report and the particulars to be added pursuant to Section 2:392(1) DCC shall be available at its offices as from the convening of the General Meeting at which they are to be discussed. The Persons with Meeting Rights are entitled to inspect such documents at that location and to obtain a copy at no cost.

28.5 The annual accounts shall be adopted by the General Meeting.

REPORTING - AUDIT

Article 29

29.1 The General Meeting shall instruct an auditor as referred to in Section 2:393 DCC to audit the annual accounts. Where the General Meeting fails to do so, the Board of Directors shall be authorised.

29.2 The instruction may be revoked by the General Meeting and, if the Board of Directors has granted the instruction, by the Board of Directors. The instruction can only be revoked for well-founded reasons; a difference of opinion regarding the reporting or auditing methods shall not constitute such a reason.

DISTRIBUTIONS - GENERAL

Article 30

30.1 A distribution can only be made to the extent that the Company's equity exceeds the amount of the paid up and called up part of its capital plus the reserves which must be maintained by law.

30.2 No entitlement to distributions is attached to preferred shares, other than as described in Articles

11.2, 32.1 and 33.3.

30.3 Distributions shall be made in proportion to the aggregate nominal value of the shares . In deviation of the previous sentence, distributions on preferred shares (or to the former holders of preferred shares) shall be made in proportion to the amounts paid up (or formerly paid up) on those preferred shares.

30.4 The parties entitled to a distribution shall be the relevant shareholders, usufructuaries and pledgees, as the case may be, at a date to be determined by the Board of Directors for that purpose. This date shall not be earlier than the date on which the distribution was announced.

30.5 The General Meeting may resolve, subject to Article 26, that all or part of such distribution, instead of being made in cash, shall be made in the form of shares in the Company's capital or in the form of the Company's assets.

30.6 The Board of Directors may resolve to make interim distributions, provided that it appears from interim accounts to be prepared in accordance with Section 2:105(4) DCC that the requirement referred to in Article 30.1 has been met and, if it concerns an interim distribution of profits, taking into account the order of priority described in Article 32.1.

30.7 A distribution shall be payable on such date and, if it concerns a distribution in cash, in such currency as determined by the Board of Directors. If it concerns a distribution in the form of the Company's assets, the Board of Directors shall determine the value attributed to such distribution for purposes of recording the distribution in the Company's accounts with due observance of applicable law (including the applicable accounting principles).

30.8 A claim for payment of a distribution shall lapse after five years have expired after the distribution became payable.

30.9 For the purpose of calculating the amount or allocation of any distribution, shares held by the Company in its own capital shall not be taken into account. No distribution shall be made to the Company in respect of shares held by it in its own capital.

DISTRIBUTIONS - RESERVES

Article 31

31.1 All reserves maintained by the Company shall be attached exclusively to the common shares.

31.2 Subject to Article 26, the General Meeting is authorised to resolve to make a distribution from the Company's reserves.

31.3 Without prejudice to Articles 31.4 and 32.2, distributions from a reserve shall be made exclusively on the class of shares to which such reserve is attached.

31.4 The Board of Directors may resolve to charge amounts to be paid up on shares against the Company's reserves, irrespective of whether those shares are issued to existing shareholders.

DISTRIBUTIONS - PROFITS

Article 32

32.1 Subject to Article 30.1, the profits shown in the Company's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:

a. to the extent that any preferred shares have been cancelled without the distribution described in Article 11.2 paragraph b. having been paid in full and without any such deficit subsequently having been paid in full as described in this Article 32.1 or Article 32.2, an amount equal to any such (remaining) deficit shall be distributed to those who held those preferred shares at the moment of such cancellation becoming effective;

b. to the extent that any Preferred Distribution (or part thereof) in relation to previous financial years has not yet been paid in full as described in this Article 32.1 or Article 32.2, an amount equal to any such (remaining) deficit shall be distributed on the preferred shares;

c. the Preferred Distribution shall be distributed on the preferred shares in respect of the financial year to which the annual accounts pertain;

d. the Board of Directors shall determine which part of the remaining profits shall be added to the Company's reserves; and

e. subject Article 26, the remaining profits shall be at the disposal of the General Meeting for distribution on the common shares.

32.2 To the extent that the distributions described in Article 32.1 paragraphs a. through c. (or any part thereof) cannot be paid out of the profits shown in the annual accounts, any such deficit shall be distributed from the Company's reserves, subject to Articles 30.1 and 30.2.

32.3 Without prejudice to Article 30.1, a distribution of profits shall be made after the adoption of the annual accounts that show that such distribution is allowed.

DISSOLUTION AND LIQUIDATION

Article 33

33.1 In the event of the Company being dissolved, the liquidation shall be effected by the Board of Directors, unless the General Meeting decides otherwise.

33.2 To the extent possible, these articles of association shall remain in effect during the liquidation.

33.3 To the extent that any assets remain after payment of all of the Company's debts, those assets shall be distributed as follows, and in the following order of priority:

a. the amounts paid up on the preferred shares shall be repaid on such preferred shares;

b. to the extent that any preferred shares have been cancelled without the distribution described in Article 11.2 paragraph b. having been paid in full and without any such deficit subsequently having been paid in full as described in Articles 32.1 and 32.2, an

amount equal to any such (remaining) deficit shall be distributed to those who held those preferred shares at the moment of such cancellation becoming effective;

c. to the extent that any Preferred Distribution (or part thereof) in relation to financial years prior to the financial year in which the distribution referred to in paragraph a. occurs has not yet been paid in full as described in Articles 32.1 and 32.2, an amount equal to any such (remaining) deficit shall be distributed on the preferred shares;

d. the Preferred Distribution shall be paid on the preferred shares calculated in respect of the part of the financial year in which the distribution referred to in paragraph a. is made, for the number of days that have already elapsed during such part of the financial year; and

e. any remaining assets shall be distributed to the holders of common shares.

33.4 After the Company has ceased to exist, its books, records and other information carriers shall be kept for the period prescribed by law by the person designated for that purpose in the resolution of the General Meeting to dissolve the Company. Where the General Meeting has not designated such a person, the liquidators shall do so.

FEDERAL FORUM PROVISION

Article 34

Except as otherwise consented to in writing by the Company, the sole and exclusive forum for any complaint asserting a cause of action arising under the United States Securities Act of 1933, as amended, to the fullest extent permitted by applicable law, shall be the federal district courts of the United States of America.

***

EXHIBIT 10.1

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) THE TYPE OF INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

COLLABORATION, OPTION AND LICENSE AGREEMENT

This **Collaboration, Option and License Agreement** (the "**Agreement**"), effective as of March 5, 2024 (the "**Effective Date**"), is made by and between:

Merus N.V., a corporation organized and existing under the laws of the Netherlands having a place of business at Uppsalalaan 17, 3584 CT Utrecht, The Netherlands ("**Merus**"), and

Gilead Sciences, Inc., a Delaware corporation having a place of business at 333 Lakeside Drive, Foster City, CA 94404, USA ("**Gilead**").

Merus and Gilead are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

RECITALS

Whereas, Merus is a biotechnology company engaged in the research and development of multi-specific antibody therapeutics in immuno-oncology;

Whereas, Gilead is a biopharmaceutical company that researches, develops, manufactures and commercializes therapeutic products, including in oncology indications;

Whereas, Merus and Gilead desire to collaborate on the use of Merus's proprietary antibody platform to develop certain multi-specific antibody products for the treatment of certain indications, including oncological malignancies;

Now, Therefore, in consideration of the foregoing premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Merus and Gilead hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1"**Accounting Standards**" means United States Generally Accepted Accounting Principles or International Financial Reporting Standards (IFRS), or successor standards thereto, consistently applied throughout the organization of a particular Entity and its Affiliates for accounting and financial reporting purposes.

1.2"**Affiliate**" means, as to any Entity (including a Party), any other Entity directly or indirectly controlling, controlled by or under common control with such Entity for the duration of such control, where "**control**" means (a) beneficial ownership of greater than fifty percent (50%) of the voting equity interests in such entity or (b) the possession, directly or indirectly, of the power to independently direct or cause the direction of the management of an Entity, whether through the ownership of a voting equity interest, by contract or otherwise.

1.3"**Alliance Manager**" has the meaning set forth in Section 2.4.

1.4"**Anti-Corruption Laws**" means, collectively, the Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, or any other applicable anti-corruption laws, rules, and regulations, including local anti-corruption and anti-bribery laws, rules, and regulations in the Territory.

1.5"**Antitrust Law**" means any Applicable Law that is designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization, lessening of competition or restraint of trade, including the HSR Act.

1.6"**Applicable Law**" means, individually and collectively, any and all applicable laws, ordinances, rules, directives, administrative circulars and regulations of any kind whatsoever of any Governmental Authority within the applicable jurisdiction, including (a) those governing clinical trials or the Exploitation of any pharmaceutical or biologic drug, product, or therapy, including GCP, GLP, GMP, and the FFDCA, U.S. Public Health Service Act (42 U.S.C. §262) ("**PHSA**"), or foreign equivalents; (b) data protection, patient privacy, and electronic transmission or transaction laws and requirements in all countries in which information or data that is protected by any applicable privacy laws is received, observed, transmitted, collected, or otherwise possessed, including the U.S. Health Insurance Portability and Accountability Act of 1996, the General Data Protection Regulation (EU) 2016/679 (GDPR), the PRC Personal Information Protection Law, or equivalents thereof elsewhere in the Territory, including all implementation measures and regulations promulgated and guidance issued by any Governmental Authority thereunder (collectively, "**Data Privacy Laws**"); and (c) Anti-Corruption Laws.

1.7"**Assumption Notice**" has the meaning set forth in Section 13.6(c).

1.8"**Bankruptcy Code**" has the meaning set forth in Section 11.4(a).

1.9"**Bankruptcy Event**" has the meaning set forth in Section 11.4(a).

1.10"**Biosimilar Application**" has the meaning set forth in Section 7.4(e).

1.11"**Biosimilar Product**" means, with respect to a particular Product in a particular country, any product (including a "generic product," "biogeneric," "follow-on biologic," "follow-on biological product," "follow-on protein product," "similar biological medicinal product," or "biosimilar product") approved in such country by the relevant Regulatory Authority in such country through any application or submission filed with a Regulatory Authority for Regulatory Approval of a biological product claimed to be biosimilar or interchangeable to such Product or otherwise relying on the MAA approval for such Product already held by Gilead or its Affiliate or Sublicensee in such country or the data contained or incorporated therein, and that in each case is sold in such country by any Third Party that is not a Sublicensee of Gilead or its Affiliates (other than pursuant to a settlement under Section 7.4) and did not purchase such product in a chain of distribution that included any of Gilead, its Affiliates or Sublicensees. For clarity, a product may be a Biosimilar Product regardless of the route used to obtain approval (for example, whether by a BLA, or application pursuant to 42 U.S.C. § 262(k) or any other similar provisions in a country outside of the United States).

1.12"**BLA**" means a Biologics License Application as defined in 21 U.S.C. § 262(a)(2)(C), 21 C.F.R. 601.2(a) or any equivalent thereof in other countries or regulatory jurisdictions, and all supplements, amendments, variations, extensions and renewals thereof that may be filed with respect to the foregoing.

1.13"**Business Day**" means a day other than (a) Saturday, Sunday or any day on which commercial banks located in the State of California or the Netherlands are authorized or obligated by Applicable Law to close; (b) December 26 through December 31; or (c) the seven (7)-day period that begins on a Sunday and ends on a Saturday during which period July 4th occurs.

1.14"**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31; provided that (a) the first "Calendar Quarter" of the Term shall extend from the Effective Date to the next to occur of March 31, June 30, September 30 and December 31; (b) the first "Calendar Quarter" following First Commercial Sale of a Product shall extend from such First Commercial Sale to the end of the first complete period of three (3) consecutive calendar months thereafter that ends on the first to occur of March 31, June 30, September 30 and December 31; and (c) the last "Calendar Quarter" of the Term shall end upon the expiration or termination of this Agreement.

1.15"**Calendar Year**" means each successive period beginning on January 1 and ending twelve (12) consecutive calendar months later on December 31, provided that (a) the first "Calendar Year" of the Term shall extend from the Effective Date to December 31 of the same year; (b) the first "Calendar Year" following First Commercial Sale of a Product shall extend from such First Commercial Sale to December 31 of the same year; and (c) the last "Calendar Year" of the Term shall end upon the expiration or termination of this Agreement.

1.16"**Candidate**" means, on a Program-by-Program basis, each Triclonics® Antibody that is [***].

1.17"**Change of Control**" means, with respect to any Party, (a) a merger, reorganization, consolidation or other transaction involving such Party and any Entity that is not an Affiliate of such Party as of the Effective Date, which results in the voting securities of such Party outstanding immediately prior thereto ceasing to represent more than fifty percent (50%) of the combined voting power of the surviving Entity immediately after such merger, reorganization, consolidation or other transaction, or (b) any Entity that is not an Affiliate of such Party as of the Effective Date becoming the beneficial owner of more than fifty percent (50%) of the combined voting power of the outstanding securities of such Party or otherwise acquiring the power (whether through ownership interest, contractual right or otherwise) to direct or cause the direction of the management of such Party.

1.18"**Claim Notice**" has the meaning set forth in Section 10.2.

1.19"**Claims**" means all liability, loss, damage, claim, injury, costs or expenses (including reasonable attorneys' fees and expenses of litigation) of any kind arising from Third Party demands, claims, actions and proceedings (whether criminal or civil, in contract, tort or otherwise).

1.20"**Clinical Trial**" means any human clinical trial of a drug candidate or pharmaceutical or biologic product, including any Phase 1 Clinical Trial, Phase 2 Clinical Trial, or Phase 3 Clinical Trial, any study incorporating more than one of these phases, or any Pivotal Clinical Trial, or any human clinical trial commenced after marketing approval.

1.21"**Collaboration**" has the meaning set forth in Section 3.1(a).

1.22"**Collaboration Period**" has the meaning set forth in Section 3.1(d).

1.23"**Combination Product**" means a Product comprising or incorporating any active ingredient that is not a Candidate (such active ingredient, the "**Other Product**"), either as a fixed dose combination, co-formulated product or sold in a single package or container, or otherwise bundled as a single unit, and sold for a single price.

1.24"**Commercialization**" means all activities undertaken before and after obtaining Regulatory Approval relating to the pre-launch, launch, promotion, detailing, medical education and medical liaison activities, marketing, pricing, reimbursement, sale, import, export and distribution of Products, including strategic marketing, sales force detailing, advertising, customer support, Product distribution and invoicing and sales activities, including any Clinical Trials conducted after Regulatory Approval for a Product. "**Commercialize**" and "**Commercializing**" shall have the correlative meanings.

1.25"**Commercially Reasonable Efforts**" means, with respect to either Party in relation to this Agreement, such efforts as are consistent with the efforts and resources used by [***] carrying out the same stage of development (or commercialization, as applicable) for its products in the exercise of its commercially reasonable business practices relating to an exercise of a right or performance of an obligation under this Agreement, including the research, development, manufacture and commercialization of a pharmaceutical or biologic compound or product, as applicable, at a similar stage in its research, development or commercial life as the relevant Candidate or Product with [***].

1.26"**Control**" or "**Controlled**" means, with respect to any Know-How, Patents or other Intellectual Property Rights, that a Party has the legal authority or right (whether by ownership, license or otherwise, other than pursuant to a license granted to such Party under this Agreement) to grant a license, sublicense, access or right to use (as applicable) under such Know-How, Patents, or other Intellectual Property Rights to the other Party on the terms and conditions set forth herein at the time of such grant, in each case without breaching the terms of any agreement with a Third Party. For the avoidance of doubt, where a Party holds only non-exclusive rights to any Know-How, Patents, or other Intellectual Property Rights but has the right to license or sublicense its rights thereunder, such Party shall be deemed to Control such Intellectual Property Rights and the rights conveyed to the other Party pursuant to this Agreement shall be non-exclusive in nature, subject to Section 7.9 with respect to any such non-exclusive rights acquired or in-licensed by such Party after the License Option Effective Date.

1.27"**Derivative**" means, with respect to any other compound or product in relation to any Candidate arising from a Program, as further set forth in Section 4.3(c), that such other compound or product is (a) [***], and (b) [***].

1.28"**Development**" means all activities relating to preclinical studies and Clinical Trials (excluding Clinical Trials of a Product conducted after Regulatory Approval thereof), toxicology testing, statistical analysis, and the reporting, preparation and submission of regulatory applications for obtaining, registering and maintaining Regulatory Approval of Products, as applicable, including all manufacturing activities directed to the production of such compound or product for development. "**Develop**" and "**Developing**" shall have the correlative meanings.

1.29"**Directed to**" or "**Directed**" means, with respect to a Candidate and a particular Target (or Target pair), that such Candidate is intended to: (a) [***]; and (b) [***]. A Product incorporating such Candidate shall also be "Directed To" such Target (or Target pair).

1.30"**Disclosing Party**" has the meaning set forth in Section 8.1.

1.31"**Dollars**" means the U.S. dollar, and "**$**" shall be interpreted accordingly.

1.32"**Earliest Program #3 Initiation Date**" has the meaning set forth in Section 3.1(c).

1.33"**EMA**" means the European Medicines Agency and any successor agency(ies) or authority(ies) thereto having substantially the same function.

1.34"**Entity**" means any corporation, general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity not specifically listed herein, but excluding any natural person.

1.35"**Executive Officers**" means [***] of Merus and [***] of Gilead, in each case, that is capable of making binding decisions on behalf of the applicable Party.

1.36"**Exercise Notice**" has the meaning set forth in Section 4.2(a).

1.37"**Existing Patents**" has the meaning set forth in Section 9.2(d).

1.38"**Exploit**" or "**Exploitation**" means, with respect to any compound, molecule, construct or product, to make, have made, import, have imported, export, have exported, use, have used, sell, have sold, offer for sale, or otherwise exploit or have exploited such compound, molecule, construct or product, including to research, discover, Develop, Commercialize, register, manufacture, have manufactured, hold or keep (whether for disposal or otherwise), formulate, optimize, modify, enhance, improve, transport, distribute, promote, market, or otherwise dispose of such compound, molecule, construct or product.

1.39"**FDA**" means the United States Food and Drug Administration and any successor agency(ies) or authority having substantially the same function.

1.40"**FFDCA**" means the United States Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 et seq., as amended from time to time, together with any rules, regulations and requirements promulgated thereunder (including all additions, supplements, extensions, and modifications thereto).

1.41"**Field**" means any and all uses for the prevention, diagnosis, palliation, or treatment of any disease, disorder, or condition.

1.42"**First Commercial Sale**" means, with respect to a Product in a country, the first arm's length commercial sale for monetary value by Gilead, its Affiliates or Sublicensees of such Product in the Field to a Third Party who is not a Sublicensee for end use or consumption by the general public in such country after the applicable Regulatory Authority of such country has granted Regulatory Approval of such Product; provided that the following shall not constitute a First Commercial Sale: [***]. For purposes of clarification, except as otherwise provided in the previous sentence, [***].

1.43"**FTE**" means the equivalent of a full-time individual's work for a twelve (12)-month period (consisting of a total of [***] hours per year of dedicated effort). Any person who devotes less than [***] hours per year on the applicable activities shall be treated as an FTE on a pro-rata basis, based upon the actual number of hours worked by such person on such activities, divided by [***].

1.44"**FTE Rate**" means [***] per FTE per year [***]. The FTE Rate includes [***] expended in connection with such FTE's performance of activities under this Agreement.

1.45"**Gilead Indemnitee**" has the meaning set forth in Section 10.1(a).

"**Gilead IP**" means, on a Program-by-Program basis, any Know-How or Patent Controlled by Gilead or its Affiliates as of the Effective Date or at any time during the Collaboration Period that is [***]

1.46"**Governmental Authority**" means any national, international, federal, state, provincial or local government, or political subdivision thereof, or any multinational organization or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, and any court or tribunal (or any department, bureau or division thereof, or any governmental arbitrator or arbitral body).

1.47"**IND**" means an application filed with a Regulatory Authority for authorization to commence Clinical Trials, including (a) an Investigational New Drug Application as defined in the FFDCA or any successor application or procedure filed with the FDA, (b) any equivalent thereof in other countries or regulatory jurisdictions, (e.g., a Clinical Trial Application (CTA) in the European Union), and (c) all supplements, amendments, variations, extensions and renewals thereof that may be filed with respect to the foregoing.

1.48"**Indemnified Party**" has the meaning set forth in Section 10.2.

1.49"**Indemnify**" has the meaning set forth in Section 10.1(a)

1.50"**Indemnifying Party**" has the meaning set forth in Section 10.2.

1.51"**Indication**" means any intended use of a Product for any therapeutic treatment, prevention, mitigation, cure, or diagnosis of, or for the relief of symptoms associated with, a recognized disease or condition or any manifestation of a recognized disease or condition, in each

case as provided for in the U.S. Code of Federal Regulations (CFR) labeling requirements in 21 CFR Part 201 (or an equivalent requirement in any country outside the United States) and for which a separate application for Marketing Authorization, or a supplement to an existing application for Marketing Authorization (in each case, such application or supplement to be based on the results of a novel Pivotal Clinical Trial), is required for the purpose of obtaining Marketing Authorization in a country. [***].

1.52"**Infringe**" or "**Infringement**" means any infringement as determined by Applicable Law, including infringement, either literal or under the doctrine of equivalents, contributory infringement or any inducement to infringe.

1.53"**Initial Program**" has the meaning set forth in Section 3.1(b).

1.54"**Intellectual Property Rights**" means rights in and to all (a) U.S. and foreign patents and patent applications, including all provisional, utility, divisions, substitutions, continuations, continuations-in-part, reissues, re-examinations and extensions thereof, (b) copyrights, whether registered or unregistered, (c) trade secrets, Know-How, information, data, databases or materials, (d) Trademarks, including goodwill therein, and (e) any other intellectual or other proprietary rights of any kind now known or hereafter recognized in any jurisdiction, including the right to bring a claim with respect to any of the foregoing for past, present or future infringement, and any applications or registrations thereof.

1.55"**Inventions**" means all discoveries, developments, processes, methods, formulations, compositions of matter, articles of manufacture, materials, and inventions, whether or not patentable, that are created, conceived of, or discovered by or on behalf of a Party (whether solely or jointly by the Parties) in the course of performing activities under this Agreement together with all intellectual property rights therein.

1.56"**JRT**" has the meaning set forth in Section 2.2.

1.57"**Joint Program IP**" has the meaning set forth in Section 7.1(f).

1.58"**Joint Program Patents**" has the meaning set forth in Section 7.1(f).

1.59"**Joint Steering Committee**" or "**JSC**" has the meaning set forth in Section 2.1.

1.60"**Know-How**" means any non-public information, materials and data, including inventions (whether patentable or not), discoveries, trade secrets, specifications, instructions, processes, formulae, materials, expertise and other technology applicable to compounds, formulations, compositions, products or to their manufacture, development, registration, use or commercialization or methods of assaying or testing them or processes for their manufacture, formulations containing them, compositions incorporating or comprising them and including all biological, chemical, pharmacological, biochemical, toxicological, pharmaceutical, physical and analytical, safety, quality control, manufacturing, data, instructions, processes, formulae, expertise and information, regulatory filings and copies thereof, relevant to the development, manufacture, use or commercialization of or which may be useful in studying, testing, development, production or formulation of products, or intermediates for the synthesis thereof, but excludes any Patents.

1.61"**License Option**" has the meaning set forth in Section 4.2(a).

1.62"**License Option Exercise Fee**" has the meaning set forth in Section 6.4.

1.63"**License Option Term**" means, on a Program-by-Program basis, the period beginning on [***], and ending on the earlier of (a) [***], (b) the date of Gilead's exercise of the License Option for such Program, and (c) the date on which Gilead notifies Merus that it has decided to drop such Program from the Collaboration.

1.64"**Losses**" has the meaning set forth in Section 10.1(a).

1.65"**MAA**" means: (a) in the United States, a New Drug Application or a Biologics License Application, as applicable, filed with the FDA, or abbreviated processes relating the either of the foregoing (e.g., an Abbreviated New Drug Application) or any successor application to the foregoing; or (b) in any other country or group of countries, the equivalent application or submission for approval to market a pharmaceutical product filed with the Regulatory Authority in such country or group of countries.

1.66"**Major Market**" means each of the [***].

1.67"**Material Breach**" means a material breach of this Agreement by a Party [***] taken as a whole by, [***].

1.68"**Merus Indemnitee**" has the meaning set forth in Section 10.1(b).

1.69"**Merus IP**" means Merus Know-How and Merus Patents.

1.70"**Merus Know-How**" means, on a Program-by-Program basis, subject to Section 7.9(b), any Know-How Controlled by Merus or any of its Affiliates on the Effective Date or at any time during the Term that is (a) [***] for the Exploitation of the applicable Program Candidates [***] or any Product incorporating such Program Candidate, or (b) [***] for the Exploitation of [***] (or Products incorporating [***] arising from such Program that is not included in (a). For clarity, Merus Know-How shall exclude [***].

1.71"**Merus Patents**" means, on a Program-by-Program basis, subject to Section 7.9(b), any Patents Controlled by Merus or any of its Affiliates as of the Effective Date or during the Term that are (a) [***] for the Exploitation of the applicable Program Candidates [***] or any Product incorporating such Program Candidate, including any Patents claiming or reciting [***] of any of the foregoing, or (b) [***] for the Exploitation of [***] arising from such Program that are not included in (a). For clarity, Merus Patents shall exclude all [***].

1.72"**Merus Platform Know-How**" means all Know-How Controlled by Merus as of the Effective Date or during the Term with respect to the Merus Platform Technology.

1.73"**Merus Platform Patents**" means all Patents Controlled by Merus or its Affiliates as of the Effective Date or during the Term that cover or claim the Merus Platform Technology. The Merus Platform Patents existing as of the Effective Date are set forth in **Schedule 1.74**.

1.74"**Merus Platform/Product Royalty Patents**" means the Merus Platform Royalty Patents that [***] or any Patents claiming priority thereto [***].

1.75"**Merus Platform Royalty Patents**" has the meaning set forth in Section 1.118.

1.76"**Merus Platform Technology**" means Merus's proprietary: (a) Triclonics® [***]; (b) [***]; (c) [***]; (d) [***]; (e) technology [***]; (f) [***]; and (g) [***]. For clarity, Merus Platform Technology shall include all Merus Platform Improvements.

1.77"**Merus Prosecuted Patents**" has the meaning set forth in Section 7.3(a).

1.78"**MHLW**" means the Ministry of Health, Labour and Welfare of Japan and any successor agency(ies) or authority(ies) thereto having substantially the same function.

1.79"**Net Profit/Loss**" has the meaning set forth in Section 6.8.

1.80"**Net Sales**" means, with respect to any Product, the gross amounts invoiced by Gilead, its Affiliates and Sublicensees (each, a "**Selling Party**") to Third Party customers for sales of such Product, less the following deductions actually incurred, allowed, taken, paid, accrued or allocated in its financial statements in accordance with Accounting Standards:

(a) [***];

(b) [***];

(c) [***];

(d) [***];

(e) [***]; and

(f) [***].

All aforementioned deductions shall [***] and shall be determined, [***], [***], in accordance with [***]. [***]. In no event shall any particular amount identified above be deducted more than once in calculating Net Sales (*i.e.*, no "double counting" of deductions). Net Sales shall not include sales between or among Gilead, its Affiliates, or Sublicensees, but shall include the subsequent re-sales to a Third Party; provided that Net Sales shall be determined on, and only on, the first sale by Gilead or any of its Affiliates or Sublicensees to a non-Sublicensee Third Party.

Net Sales shall not include [***], to the extent provided [***], but shall include [***].

If a Product is sold in any country or other jurisdiction in the form of a Combination Product, then the Net Sales for such Combination Product in such country or other jurisdiction shall be calculated as follows:

(i) If a Product that contains the same Candidate but no Other Product ("**Single Product**") and Other Product(s) each are sold separately in such country, Net Sales will

be calculated by multiplying the total Net Sales (as described above) of the Combination Product by the fraction A/(A+B), where A is [***], and B is [***].

(ii)If the Single Product, but not the Other Product(s), is sold separately in such country, Net Sales will be calculated by [***], where A is [***], and C is [***].

(iii)If the Other Product(s), but not the Single Product, is sold separately in such country, Net Sales will be calculated by multiplying the total Net Sales (as described above) of such Combination Product [***], where B is [***] and C is [***].

(iv)If neither the Single Product nor the Other Product(s) is sold separately in such country, the portion of the net sales of such Combination Product in such country or other jurisdiction to be treated as "Net Sales" under this Agreement shall be determined by [***] based on [***].

(v)Notwithstanding the foregoing, [***].

1.81 "**Non-Material Deviation**" has the meaning set forth in Section 2.1.

1.82"**Option Data Package**" has the meaning set forth in Section 3.8(a).

1.83"**Patent Challenge**" has the meaning set forth in Section 11.5.

1.84"**Patents**" means (a) all national, regional and international patents and patent applications, including provisional patent applications and any and all rights to claim priority thereto; (b) all patent applications filed either from such patents, patent applications, or provisional applications or from an application claiming priority from either of these, including divisionals, continuations, continuations-in-part, provisionals, converted provisionals, and continued prosecution applications; (c) any and all patents that have issued or in the future issue from the foregoing patent applications ((a) and (b)), including utility models, petty patents, and design patents and certificates of invention; (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations, and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications or other patents resulting from post-grant proceedings ((a), (b), and (c)); and (e) any similar patent rights, including so-called pipeline protection or any importation, revalidation, confirmation, or introduction patent or registration patent or patent of additions to any of such foregoing patent applications and patents.

1.85"**Person**" means any natural person or Entity.

1.86"**Phase**" has the meaning set forth in Section 3.3(b).

1.87"**Phase 1 Clinical Trial**" means a human clinical trial of a Product that would satisfy the requirements of 21 C.F.R. 312.21(a), regardless of where such trial is conducted.

1.88"**Phase 2 Clinical Trial**" means a human clinical trial of a Product that would satisfy the requirements of U.S. 21 C.F.R. Part 312.21(b), regardless of where such trial is conducted.

1.89"**Phase 3 Clinical Trial**" means a human clinical trial of a Product that would satisfy the requirements of U.S. 21 C.F.R. Part 312.21(c), regardless of where such trial is conducted.

1.90"**Pivotal Clinical Trial**" means (a) a Phase 3 Clinical Trial or (b) any other human clinical trial that [***] to support [***] Regulatory Approval [***], based on discussions with the relevant Regulatory Authorities.

1.91"**Pricing and Reimbursement Approval**" means, with respect to a Product, in any regulatory jurisdiction where a Regulatory Authority or other Third Party authorizes reimbursement for, or approves or determines pricing for, biopharmaceutical products, receipt (or, if required to make such authorization, approval or determination effective, publication) of reimbursement authorization or pricing approval or determination (as the case may be) for such Product in such regulatory jurisdiction.

1.92"**Prior CDA**" has the meaning set forth in Section 8.5.

1.93"**Product**" means, on a Program-by-Program basis, any pharmaceutical or biological product that contains or comprises as an active ingredient a Program Candidate or any Derivative thereof for which each arm of such Derivative is directed to the same applicable Target as the original Program Candidate, as such Program Candidate may be modified in accordance with this Agreement, as provided in Section 4.3(c). Product includes Combination Products; *provided* [***].

1.94"**Product Infringement**" has the meaning set forth in Section 7.4(a).

1.95"**Product-Specific Program IP**" means, on a Program-by-Program basis, any Program IP arising from this Agreement that [***] [***]. For clarity, [***].

1.96"**Product-Specific Patent**" means, on a Program-by-Program basis, any Merus Patent that (a) [***] or (b) covers Product-Specific Program IP, including [***] any Program Candidate or Product. For clarity, [***].

1.97"**Product Trademarks**" means the Trademark(s) used by Gilead, its Affiliates or Sublicensees for the Exploitation of Products in the Territory and any registrations thereof or any pending applications relating thereto in the Territory (excluding, in any event, any trademarks, service marks, names or logos that include any corporate name or logo of a Party or any of its Affiliates).

1.98"**Program**" (and each of Program #1, Program #2 and Program #3) have the meanings, as applicable, set forth in Section 3.1.

1.99"**Program #3 Initiation Fee**" has the meaning set forth in Section 6.3.

1.100"**Program #3 Option**" has the meaning set forth in Section 3.1(c).

1.101"**Program #1 Targets**" means the [***] and confirmed through Target Confirmation, in each case, [***].

1.102"**Program #2 Targets**" means the [***] and confirmed through Target Confirmation within [***] after the Effective Date, or, [***] and confirmed through Target Confirmation, in each case, [***].

1.103"**Program #3 Targets**" means the [***] and confirmed through Target Confirmation [***], or, [***] and confirmed through Target Confirmation, in each case, [***].

1.104"**Program Candidate**" means any of the lead Candidate and [***] back-up Candidates selected by Gilead from those proposed by Merus as set forth in Section 3.3(b).

1.105"**Program Information**" has the meaning set forth in Section 8.1.

1.106"**Program IP**" means any Invention, data, results, discovery or finding, patentable or otherwise, that is invented or generated by or on behalf of a Party or jointly by or on behalf of the Parties in the course of and as a result of research or Development conducted under the Research Plan, whether directly or via its Affiliates, Sublicensees, agents or independent contractors, including all rights, title and interest in and to the Intellectual Property Rights therein; provided that the Program IP shall exclude [***].

1.107"**Program Targets**" means, individually and collectively, the Program #1 Targets, the Program #2 Targets, and, if applicable, the Program #3 Targets.

1.108"**Publishing Party**" has the meaning set forth in Section 8.6(d).

1.109"**Receiving Party**" has the meaning set forth in Section 8.1.

1.110"**Regulatory Approval**" means all approvals, licenses, registrations, and authorizations by the Regulatory Authority necessary for the commercial sale of a Product in the Field in a country or other regulatory jurisdiction, including Pricing And Reimbursement Approval.

1.111"**Regulatory Authority**" means any applicable Governmental Authority or other authority having the administrative authority to regulate the development or marketing of pharmaceutical or biologic products in any country or other jurisdiction, including the FDA, EMA, MHLW and any corresponding national or regional regulatory authorities.

1.112"**Regulatory Documentation**" means all (a) applications (including all INDs), registrations, licenses, authorizations, and approvals (including MAAs and Regulatory Approvals), (b) correspondence and reports submitted to or received from Regulatory Authorities (including minutes and official contact reports relating to any communications with any Regulatory Authority) and all supporting documents with respect thereto, including all regulatory drug lists, advertising and promotion documents, adverse event files, and complaint files, and (c) clinical data and data contained or relied upon in any of the foregoing, in each case ((a), (b), and (c)) to the extent relating to a Candidate or Product.

1.113"**Research Plan**" has the meaning set forth in Section 3.3(a).

1.114"**Reversion IP**" means, with respect to any Reversion Product, (a) [***], and (b) [***]. Notwithstanding the foregoing or anything to the contrary in this Agreement, [***].

1.115"**Reversion Product**" means, on a Program-by-Program basis, [***].

1.116"**Reviewing Party**" has the meaning set forth in Section 8.6(d).

1.117"**Royalty-Bearing Patent**" means, on a Program-by-Program basis, any (a) Merus Patent that claims [***], (b) Merus Platform Patent that claims [***], or (c) Patent that covers Product-Specific Program IP that claims [***] and [***].

1.118"**Sublicensee**" means any Third Party that is granted a sublicense by Gilead, whether directly or through multiple tiers, under any of the Merus IP to Exploit any Candidate or Product in the Field in the Territory pursuant to Section 4.3(b).

1.119"[***]" has the meaning set forth in [***].

1.120"[***]" means [***].

1.121"**Target**" means a [***], constituting a [***].

1.122"**Target Binder**" means [***], including [***].

1.123"**Target Binder Improvement**" means any patentable Invention with respect to Target Binders for [***] incorporated into or embodied in any Program Candidate or Product hereunder.

1.124"**Target Confirmation**" has the meaning set forth in Section 3.2(a).

1.125"**Territory**" means worldwide.

1.126"**Third Party**" means any party other than Gilead, Merus, or an Affiliate of either Gilead or Merus.

1.127"**Third Party Licenses**" means, collectively, Necessary Third Party Licenses and Optional Third Party Licenses.

1.128"**Trademark**" means any word, name, symbol, color, designation or device or any combination thereof that functions as a source identifier, including any trademark, trade dress, brand mark, service mark, trade name, brand name, logo, business symbol or domain name, whether or not registered.

1.129"**Triclonics® Antibody**" means, with respect to a particular Program, any [***].

1.130"**Valid Claim**" means (a) a claim of any issued and unexpired Patent whose validity, enforceability, or patentability has not been affected by any of the following: (i) irretrievable lapse, abandonment, revocation, dedication to the public, or disclaimer; or (ii) a holding, finding, or decision of invalidity, unenforceability, or non-patentability by a court,

Governmental Authority, national or regional patent office, or other appropriate body that has competent jurisdiction, such holding, finding, or decision being final and unappealable or unappealed within the time allowed for appeal; or (b) a claim of a pending patent application that was filed and is being prosecuted in good faith, has not been abandoned, finally rejected, or finally disallowed without the possibility of appeal or refiling of the application, and has not been pending for more than [***]. [***].

ARTICLE 2
GOVERNANCE

2.1Joint Steering Committee.

(a) **Formation; Membership**. Within [***] following the Effective Date, the Parties shall establish a joint steering committee (the "**Joint Steering Committee**" or the "**JSC**"), composed of [***] representatives from each Party. Each representative shall have the requisite experience and seniority to enable such representative to make decisions on behalf of the applicable Party with respect to the issues falling within the decision-making authority of the JSC. From time to time, each Party may substitute one (1) or more of its representatives to the JSC on written notice to the other Party.

(b) **Responsibilities**. The JSC shall oversee and manage the collaboration between the Parties for each Program. In particular, the JSC shall:

(i) serve as a forum for the Parties to share and discuss information related to the Programs;

(ii)discuss, review and approve the Research Plans and amendments thereto;

(iii)oversee the implementation of the Research Plans, coordinate the Parties' activities under the Research Plans, and address issues that may arise from the performance of the Research Plans;

(iv)review and discuss the progress and results of the Programs, including Candidates to be the subject of the Option Data Package for each Program, and oversee the exchange of information and materials as required for the Programs;

(v)review and discuss [***];

(vi)direct and oversee the JRT and other joint teams or subcommittees that the JSC may establish from time to time as the JSC deems necessary or advisable for the JSC to carry out its responsibilities; and

(vii)perform such other functions as are expressly delegated to the JSC under this Agreement or otherwise agreed by the Parties in writing.

(viii)Each Party shall be responsible for ensuring that, at all times during the existence of the JSC, its representatives on the JSC act reasonably and in good faith in carrying out their respective responsibilities hereunder.

(c) **Meetings and Minutes**. The JSC shall meet at least once per Calendar Quarter, or at such frequency as otherwise agreed to by the Parties, either in person or by teleconference or videoconference, with the venue of the in-person meetings alternating between locations designated by Merus and locations designated by Gilead. At least once per Calendar Year, the JSC representatives shall meet in person (to the extent that it is safe and feasible to do so), unless otherwise agreed by the Parties. Each Party shall make all proposals for agenda items and shall provide all appropriate information with respect to such proposed items at least [***] in advance of the applicable meeting. The Alliance Managers, with each Party's Alliance Manager alternating as the responsible individual shall prepare and circulate draft minutes of each meeting within [***] after the meeting for the Parties' review and approval. The Parties shall agree on the minutes of each JSC meeting promptly, but in no event later than [***] following circulation of the draft minutes. Each Party will bear all costs and expenses incurred by its members and other representatives in connection with participating in all meetings of the JSC, including all travel and living expenses for in-person meetings. Upon JSC approval, each Party's representatives in the JRT may attend all meetings of the JSC as non-voting observers to inform the decision-making and facilitate the discharge of any responsibilities allocated to such representatives in connection with the JRT. In addition, each Party may, with the consent of the other Party, which consent shall not be unreasonably withheld, invite a reasonable number of non-voting employees, consultants, or scientific advisors to attend the meetings of the JSC, provided such invitees are bound by appropriate confidentiality obligations not less restrictive than the terms set out herein.

(d) **Decision-Making**. All JSC decisions shall be made [***] each Party's representatives collectively having one (1) vote. The presence of [***] constitutes a quorum for the conduct of business at any JSC meeting, and no vote of the JSC may be taken without a quorum present. If, after reasonable discussion and good faith consideration of each Party's view on a particular matter within the purview of the JSC, the JSC representatives of the Parties cannot reach an agreement as to such matter within [***], then either Party may, by written notice to the other Party, have such issue referred to the [***]. The Parties' [***] shall discuss within [***] after such matter is referred to them, and shall negotiate in good faith to resolve the matter. If the [***] are unable to resolve the matter within [***] thereafter, then:

(i) Merus shall have final decision-making authority with respect to [***];

(ii)Neither Party shall have final decision-making authority with respect to any dispute regarding: [***]; and

(iii)Gilead shall have final decision-making authority with respect to [***].

(iv)As used herein, [***]. Merus shall provide Gilead [***].

2.2Joint Research Team. Within [***] after the Effective Date, the Parties shall also establish a joint research team (the "**JRT**"), which would consist of a mutually agreed number of representatives, including at least [***] representatives from each Party (but which need not have an equal number of members from each Party beyond such [***] minimum number) having relevant product research and development expertise. The JRT shall meet at least once per Calendar Quarter, or at such frequency as otherwise agreed to by the Parties, either in person or by teleconference or videoconference. The JRT shall be responsible for (a) preparing initial drafts of the Research Plans and amendments thereto for the JSC's review and approval; (b) overseeing the implementation and execution of the Research Plans and the day-to-day operation of each Program; and (c) coordinating and facilitating the technology transfer of Know-How to Gilead pursuant to Section 5.1(b) after the License Option Effective Date (if any). From time to time, each Party may substitute one (1) or more of its [***] core representatives to the JRT on written notice to the other Party. The JRT shall hold meetings at such times as it elects to do so, in person or by teleconference or videoconference. The JRT shall be subject to the oversight, review and approval of, and shall report to, the JSC. The JRT shall not have any decision-making authority, and either Party may submit any matters, concerns, or disputes within the JRT to the JSC for resolution pursuant to Section 2.1(c).

2.3Limitations on Authority. The JSC's decision-making authority shall be limited to those matters expressly delegated to it in this Agreement. Each Party shall retain the rights, powers, and discretion granted to it under this Agreement, and no such rights, powers, or discretion shall be delegated to or vested in the JSC unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly agree in writing. In addition to any other exclusions from or limitations on its authority set forth in this Article 2 or elsewhere in this Agreement, the JSC shall have no right, power or authority:

(a) to interpret, modify, amend, or waive compliance with any provision of, or any right or remedy under, this Agreement;

(b) to determine whether or not a Party has complied with any of its obligations under this Agreement;

(c) to determine any issue in a manner that would conflict with the express terms of this Agreement; or

(d) to make any decision or approve any matter that is expressly stated to require the mutual agreement of the Parties or the consent or approval of either Party.

2.4Discontinuation of the JSC. The JSC, JRT and any other joint team and subcommittee established by the JSC shall be dissolved, on a Program-by-Program basis upon the earliest to occur of the following: [***].

2.5Alliance Management. Within [***] of the Effective Date, each Party shall appoint one representative to act as its alliance manager under this Agreement (each, an "**Alliance Manager**"). The role of the Alliance Manager is to act as a primary point of contact between the Parties to assure a successful relationship between the Parties. The Alliance Managers will attend all meetings of the JSC (and may attend the JRT meetings) as non-voting observers and support

the JSC (and the JRT, if applicable) in the discharge of their respective responsibilities. An Alliance Manager may bring any matter concerning a Party's performance under this Agreement to the attention of the JSC if the Alliance Manager reasonably believes that such attention is warranted. Each Party may change its designated Alliance Manager from time to time upon written notice to the other Party. Any Alliance Manager may designate a substitute to temporarily perform the functions of such Alliance Manager upon written notice to the other Party's Alliance Manager. Each Alliance Manager will be charged with creating and maintaining a collaborative work environment within the JSC (and the JRT, if applicable). Each Alliance Manager shall also:

(a) identify and bring disputes to the attention of the JSC (or the Parties, as applicable) in a timely manner and be the point of first referral in all matters of conflict resolution;

(b) provide a single point of communication for seeking consensus both internally within the Parties' respective organizations and between the Parties regarding issues that arise in the performance of the Research Plans;

(c) plan and coordinate cooperative efforts and internal and external communications in relation to the Research Plans; and

(d) take responsibility for ensuring that the conduct of JSC meetings and drafting and securing approval of meeting minutes occur as set forth in this Agreement.

ARTICLE 3
DISCOVERY AND RESEARCH COLLABORATION

3.1 Overview.

(a) Subject to the terms and conditions of this Agreement, the Parties desire to establish a collaboration that utilizes Merus Platform Technology to discover and research Candidates Directed to the applicable Program Targets selected by Gilead for such Program, which Candidates may be further Developed and Exploited by Gilead if Gilead exercises the License Option for the applicable Program (and subject to occurrence of the License Option Effective Date) (the "**Collaboration**").

(b) The Collaboration shall consist of two (or, at Gilead's option, three) discovery and research programs directed to the discovery and validation of Candidates pursuant to an applicable Research Plan (each, a "**Program**"). The first Program ("**Program #1**") shall be initiated promptly after the Effective Date. The second Program ("**Program #2**", and together with Program #1, the "**Initial Programs**") shall be initiated, following selection and confirmation of the Program #2 Targets through Target Confirmation pursuant to Section 3.2(a), upon Gilead's written request at any time following the date that is [***] after the Effective Date; provided that the Program #2 Targets have been selected and confirmed through Target Confirmation within [***] following the Effective Date pursuant to Section 3.2(a).

(c) Subject to Section 13.6, Gilead shall have the option to include a third Program (in connection with the Program #3 Target Pair) (the "**Program #3**") in the Collaboration (the "**Program #3 Option**") by (i) providing a written notice to Merus specifying Targets that

Gilead wishes to include as the Program #3 Targets; provided that the Program #3 Targets have been selected and confirmed through Target Confirmation in accordance with Section 3.2(a), and (ii) paying the Program #3 Initiation Fee to Merus, in each case of subclauses (i) and (ii), at any time prior to the later of (A) [***] or (B) [***] ("**Program #3 Option Period**"). If Gilead timely exercises the Program #3 Option, the Parties shall discuss in good faith and agree upon a commencement date for Program #3, which shall be no earlier than the earliest of [***].

(d) The Collaboration shall continue, on a Program-by-Program basis, until the earlier of (i) completion of all activities under the applicable Research Plan and (ii) [***] following the initiation of any activities in accordance with the Research Plan under such Program, except as may be extended in accordance with Section 3.2(b) (the "**Collaboration Period**"). Notwithstanding the foregoing, if, as of [***], Merus has not completed the activities under the then current mutually agreed Research Plans in accordance with the timelines set forth therein [***] (for a maximum Collaboration Period of [***] in total). The Collaboration Period may also be extended as mutually agreed by the Parties.

3.2Target Selection, Confirmation [***].

(a) The selection of Program Targets [***] for each Program [***] shall be conducted and subject to confirmation through the process set forth in [***] (such process, the "**Target Confirmation**"). The Parties acknowledge and agree that, as of the Effective Date, the Program #1 Targets have been selected by Gilead and confirmed through Target Confirmation. Gilead shall be required to select and commence the Target Confirmation process for the Program #2 Targets at least [***] following the Effective Date but no later than [***]. Gilead shall be required to select and commence the Target Confirmation process for the Program #3 Targets promptly (and in any case within [***]) after Gilead's exercise of the Program #3 Option in accordance with Section 3.1(c).

(b) On a Program-by-Program basis, Gilead shall [***] for such Program by providing written notice to Merus of Gilead's desire to substitute such Program Target(s). Gilead shall not [***], provided that Gilead shall [***] the applicable Research Plan with respect to Candidates [***], pursuant to which Gilead will [***]. For clarity, Gilead may [***] of the applicable Research Plan [***]. Merus shall [***].

3.3Research Plans.

(a) Each Program shall be conducted pursuant to a comprehensive written research plan (each, a "**Research Plan**"), which shall set forth, for each Program, the objective and goals of such Program, the activities to be conducted by the Parties to achieve such objective and goals, the allocation of such activities between the Parties, the estimated timeline and milestones of such activities, and the deliverables and success criteria for each Phase of such Research Plan, including with respect to the applicable Candidate. If the terms of any Research Plan (or any amendment thereto) contradict, or create inconsistencies or ambiguities with, the terms of this Agreement, then the terms of this Agreement shall govern.

(b) Each Research Plan shall be designed and implemented with the intention of generating and delivering Program Candidates, and each Research Plan shall be divided into the following three (3) phases (each, a "**Phase**"):

(i) Phase A: [***];

(ii)Phase B: [***]; and

(iii)Phase C: [***].

(c) As of the Effective Date, the Parties have agreed on the Research Plan for Program #1, which is attached hereto as **Schedule 3.3**. Promptly following Gilead's selection of the Program Targets (including Target Confirmation) for Program #2, the Parties shall discuss in good faith and agree upon the final Research Plan for Program #2, which shall be automatically incorporated by reference into this Agreement once agreed. The initial Research Plan for Program #3 shall be [***] unless otherwise mutually agreed by the Parties and [***]. For clarity, [***].

(d) During the Collaboration Period, the JRT and JSC shall regularly review the Research Plans. Through the JRT, either Party may propose amendments to the Research Plan for a particular Program from time to time as appropriate, taking into account completion, commencement, or cessation of activities contemplated in the then-current Research Plan for such Program or any newly available information related to such Program. Without limiting the foregoing, if, [***]. Such amendments proposed by a Party pursuant to this Section 3.3(d) shall be effective upon JSC approval and subject to the decision-making authority of the Parties in accordance with Section 2.1(d). Following such JSC approval with respect to a [***], for purposes of this Agreement, it being understood that at no time [***].

3.4Conduct of the Programs.

(a) The Parties shall conduct each Program pursuant to the applicable Research Plan. Each Party shall perform, in good scientific manner and in compliance with Applicable Laws, the discovery and research activities assigned to such Party under the applicable Research Plan for each Program, and shall commit reasonably sufficient resources, including staffing, equipment, facilities and materials, in order to perform such activities within the estimated timelines set forth in the applicable Research Plan, provided, however, each Party acknowledges that the discovery and research activities are experimental in nature with no guarantee of specific results or outcomes.

(b) Except as set forth in Section 2.1(d), any deviation from the Research Plan [***] shall be subject to (i) [***] (for clarity, [***]); and (ii) formal amendment to the applicable Research Plan. With respect to any such deviation that is approved by the JSC or mutually agreed by the Parties, subject to the budget set forth in the approved amendment, Gilead shall [***] to conduct any additional activities required pursuant to such approved amendment.

3.5Subcontracting. Each Party may engage its Affiliates or Third Party subcontractors (including contract research organizations and contract manufacturing organizations) to perform such portions of the discovery and research activities assigned to such

Party under the applicable Research Plan for each Program that such Party customarily engages for its other similar discovery and research activities; provided that (a) the subcontracting Party shall remain responsible for the subcontracted work to the same extent it would if it had done such work itself; (b) each subcontractor shall be bound by terms and conditions (including non-use and non-disclosure obligations with respect to Confidential Information) consistent with those set forth in this Agreement; and (c) [***], except that if [***], then, notwithstanding the foregoing, it will be [***]. Each Party shall be solely responsible and liable for acts and omissions of its subcontractors hereunder, and any and all failures by its subcontractor to comply with the terms of this Agreement.

3.6Costs. On a Program-by-Program basis, except for [***], [***] shall be responsible for bearing all costs and expenses incurred by [***] or its Affiliates in connection with the activities [***] under the applicable Research Plan for such Program.

3.7Records; Reports.

(a) Each Party shall, and shall require its Affiliates and subcontractors to, maintain, or cause to be maintained, during the Collaboration Period and for a reasonable period of time thereafter that is consistent with industry standards, complete, current and accurate records of the discovery and research activities performed by such Party for each Program pursuant to the applicable Research Plan, and all data, results and other information resulting from such activities. Such records shall fully and properly reflect all work performed and results achieved in such work in a good scientific manner appropriate for regulatory and patent purposes. Each Party may request a copy of any such records of the other Party, provided that each Party may redact any portion of such records that such Party reasonably determines to constitute Confidential Information or Know-How that is not licensed to the other Party hereunder, or to which such other Party does not otherwise have a right hereunder. For clarity, Merus may redact [***] for the Exploitation of, Candidates or Products.

(b) Each Party shall keep the other Party reasonably informed as to the status, progress and results of the discovery and research activities performed by such Party for each Program. Without limiting the foregoing, (i) Merus shall keep Gilead [***] of activities under the Research Plan; and (ii) at each regularly scheduled JSC and JRT meeting, each Party shall provide the JSC or JRT with an update on the progress of each Program, including the data and results generated by such Party under the Research Plan for each Program since the prior JSC or JRT meeting.

3.8Option Data Package.

(a) On a Program-by-Program basis, within [***] after Merus completes [***] the Research Plan for such Program, Merus shall deliver to Gilead, through the JSC, a data package for such Program (the "**Option Data Package**"), certain required contents of which shall be set forth in the applicable Research Plan attached hereto as **Schedule 3.3** for Program #1, and to be set forth in the subsequent Research Plans for Program #2 and Program #3, if Gilead exercises the Program #3 Option. Each Option Data Package shall contain [***]. For clarity, [***].

(b) Within [***] after the delivery of the Option Data Package for a Program, the Parties shall convene a JSC meeting to discuss the Option Data Package. Within [***] following such JSC meeting, Gilead may make reasonable inquiries to Merus for further clarification and information in connection with the data and information included in such Option Data Package, and [***] other than those assays, analyses and data generation expressly set forth in the applicable Research Plan. If (i) the Parties agree at a JSC meeting that the Option Data Package is complete, (ii) [***] period following such JSC meeting, or (iii) [***], then the Option Data Package will be deemed to be in final form on the date that is [***] after the JSC meeting or the date on which Merus has provided all information that was required to be included in such Option Data Package pursuant to subclause (iii), if later, for the purposes of determining the time remaining in the License Option Term in which Gilead may exercise the License Option.

3.9Manufacture and Supply of Candidate.

(a) On a Program-by-Program basis, upon Gilead's selection of the lead Program Candidate from the Program Candidates in accordance with the Research Plan, Merus shall, itself or through a Third Party, manufacture and supply [***] of the lead Program Candidate(s) and shall [***] with respect to each Program. If Gilead requires [***].

(b) Gilead and Merus acknowledge and agree that, subject to any express representations, warranties or covenants in this Agreement, the quantities of any Program Candidate(s) and other materials provided by Merus (or its contract manufacturer) in connection with the Programs are provided [***]; provided that Merus shall use Commercially Reasonable Efforts to deliver quantities of Program Candidates that conform to any criteria for such Program Candidate(s) or materials set forth in the Research Plan. If the quantities of Program Candidate(s) or other materials provided by Merus (or its contract manufacturer) do not conform to such criteria, then [***]. Gilead shall use the quantities of Program Candidate(s) and other materials supplied by Merus (or contract manufacturer) in compliance with all Applicable Laws and solely for the purposes of (A) performing the discovery and research activities assigned to Gilead under the applicable Research Plan, and (B) evaluating the Program Candidate(s) to determine whether to exercise its License Option for the applicable Program. Upon the expiration of the License Option Term for a Program, unless Gilead timely exercises the License Option for such Program, Gilead shall promptly, as directed by Merus, return or destroy all remaining Program Candidate(s) and other materials provided by Merus (or contract manufacturer) for such Program.

ARTICLE 4
LICENSES; OPTION

4.1Research Licenses.

(a) **License Grant to Merus**. During the Collaboration Period, on a Program-by-Program basis, Gilead hereby grants to Merus a non-exclusive, non-transferable (except as set forth in Section 13.5) license under the Gilead IP solely to conduct the activities assigned to Merus under the applicable Research Plan. For clarity, the foregoing license (i) does not include the right for Merus to practice or use the Gilead IP in connection with any activities other than those expressly assigned to Merus in the applicable Research Plan, and (ii) shall automatically expire,

on a Program-by-Program basis, upon the earlier of (A) the termination of this Agreement with respect to such Program, or (B) the expiration of the Collaboration Period for such Program.

(b) **License Grant to Gilead**. During the License Option Term, on a Program-by-Program basis, Merus hereby grants to Gilead a non-exclusive, non-transferable (except as set forth in Section 13.5) license under the Merus IP and the Merus Platform Patents solely to conduct the activities assigned to Gilead under the applicable Research Plan [***] to evaluate the Candidates and each Option Data Package, solely to determine whether to exercise the License Option with respect to such Program. For clarity, the foregoing license (i) does not include the right for Gilead to practice or use the Merus IP or Merus Platform Patents in connection with any activities other than (A) those expressly assigned to Gilead in the applicable Research Plan or (B) evaluation of Candidates and each Option Data Package; provided that such evaluation does not include any reverse engineering or circumvention of the Merus Platform Technology for purposes of Exploiting Program Candidates or Products, or for any purpose in connection with products outside the scope of this Agreement, and (ii) shall automatically expire, on a Program-by-Program basis, upon the earlier of (A) the termination of this Agreement with respect to such Program, or (B) the expiration of the License Option Term for such Program, if Gilead does not exercise the License Option therefor.

(c) **Subcontractors**. Each Party shall have the right to grant sublicenses under the license granted to such Party in Section 4.1(a) and Section 4.1(b) to its Affiliates and subcontractors solely to perform activities for or on behalf of such Party under the applicable Research Plan, subject to the terms and conditions set forth in Section 3.5.

4.2License Option.

(a) **Option Grant, Exercise**. On a Program-by-Program basis, Merus hereby grants to Gilead an exclusive option to obtain an Exclusive License for such Program, as set forth in Section 4.3(a) (each, a "**License Option**"). Gilead may exercise its License Option for any Program by providing written notice (an "**Exercise Notice**") to Merus before the expiration of the applicable License Option Term and subject to fulfillment of its payment obligations under this Section 4.2. The Exercise Notice shall specify the Program for which Gilead is exercising the License Option. Notwithstanding the foregoing, [***]. For the avoidance of doubt, Gilead may exercise its License Option with respect to any Program at any time during the applicable License Option Term; provided that, [***].

(b) **License Option Exercise Fee**. In connection with the exercise of its License Option with respect to a Program, subject to the occurrence of the License Option Effective Date, Gilead shall pay to Merus the non-refundable, non-creditable License Option Exercise Fee in accordance with Section 6.4.

4.3License Grants Upon Option Exercise.

(a) **License Grants to Gilead**. On a Program-by-Program basis, effective on the applicable License Option Effective Date, Merus hereby grants to Gilead (i) an exclusive (even as to Merus and its Affiliates but subject to Merus' retained rights as set forth in Section 4.5), royalty bearing license, with the right to grant sublicenses through multiple tiers (subject to Section

4.3(b)), under the Merus IP to Exploit the Program Candidates, Products, and Candidates arising from such Program, and any Derivatives of such Program Candidates, Products, and Candidates, in the Field in the Territory (the "**Exclusive License**"), and (ii) a non-exclusive, royalty-bearing license, with the right to grant sublicenses through multiple tiers (subject to Section 4.3(b), but solely in connection with a corresponding sublicense under the Exclusive License) under [***], (the "**Non-Exclusive License**"), solely to the extent (x) necessary to Exploit the Program Candidates, Products, and Candidates arising from such Program, and [***], in the Field in the Territory, or (y) such Program Candidates, Products, Candidates, [***]. For clarity, but without limiting the obligations of Merus under Section 5.1(b), the foregoing licenses shall not require Merus to [***].

(b) **Sublicensing Rights**. Gilead shall have the right to grant sublicenses under the license granted in Section 4.3(a) to its Affiliates and any Third Parties, through multiple tiers, [***]. Gilead shall, within [***] after granting any sublicense to any Third Party under the license granted in Section 4.3(a) that includes the grant of rights for the Sublicensees to Develop or Commercialize any Candidate and Product either for the Sublicensee's own account or jointly with Gilead, notify Merus of the grant of such sublicense, which notice shall include [***]. Each Sublicensee shall be bound by a written sublicense agreement that is consistent with the terms and conditions of this Agreement. Gilead shall be liable to Merus for any action by Sublicensee that is inconsistent with the terms and conditions of this Agreement. For clarity, Gilead shall remain directly responsible for the performance of all of its obligations under this Agreement, whether or not delegated to or performed by a Sublicensee, including payment of all amounts owed to Merus pursuant to this Agreement in connection with activities of any Sublicensee, even if the terms of any sublicense agreement provide for such amount to be paid by the Sublicensee directly to Merus.

(c) **Derivatives**. Subject to the terms of this Agreement, Gilead shall be free to create Derivatives. In the event that [***] to create a Derivative, then (i) [***], and (ii) [***], including for clarity [***]. Notwithstanding anything to the contrary in this Agreement, [***]. For clarity, [***].

4.4Merus's Rights to Non-Optioned Program. If Gilead does not exercise its License Option for a Program before the expiration of the applicable License Option Term or otherwise provides express notice of terminating a Program or its intention to not exercise such License Option, then:

(a) such Program shall become a "**Dropped Program**" and shall cease to be included in this Agreement;

(b) subject to Section 4.4(d), Merus shall be relieved of its obligations under Section 4.6 with respect to all Reversion Products under such Dropped Program, without any further obligations to Gilead; and

(c) Gilead shall provide Merus with [***] for such Program; and

(d) Gilead agrees to [***] with respect to the Dropped Program.

4.5No Other Rights. Each Party acknowledges that the licenses, options and other rights granted to it under this Article 4 and elsewhere in this Agreement are limited to the scope expressly granted. Accordingly, except for the rights expressly granted under this Agreement, no right, title, or interest of any nature whatsoever with respect to any Intellectual Property Right of the other Party is granted whether by implication, estoppel, reliance, or otherwise, by the other Party to such Party. All rights that are not specifically granted herein are reserved to and retained by the Controlling or possessing Party. For clarity, (a) subject to its express obligations set forth in this Agreement, Merus retains the exclusive right to practice, license and otherwise exploit the Merus IP outside the scope of the license granted to Gilead under Section 4.3(a), and (b) this Agreement does not include any right to use Merus Platform Patents or Merus Platform Know-How except as expressly set forth in Section 4.3.

4.6Exclusivity.

(a) Subject to Section 4.6(b), during the Term of this Agreement, on a Program-by-Program basis, Merus shall not, whether by itself or through an Affiliate or Third Party, develop or commercialize any product [***] that are the subject of the applicable Program [***] (a "**Competing Product**"). On a Program-by-Program basis, if Gilead does not exercise the License Option, or such Program is terminated in accordance with Article 11, Merus's obligations set forth in this Section 4.6(a) shall cease with respect to such terminated Program [***] the subject of such Program.

(b) Notwithstanding the foregoing, if a Third Party becomes an Affiliate of Merus after the Effective Date through merger, acquisition, consolidation or other similar transaction, then:

(i) if such transaction results in a Change of Control of Merus, then the exclusivity obligations set forth in Section 4.6(a) shall not apply to such new Affiliate (an "**Acquiror**"), and such Acquiror's and its Affiliate's (then existing or thereafter) development or commercialization of any Competing Product shall not constitute a breach of Merus's exclusivity obligations set forth above in Section 4.6(a); provided that [***] in the development or commercialization of such Competing Product;

(ii)if such transaction does not result in a Change of Control of Merus and, as of the closing date of such transaction, such new Affiliate is engaged in the development or commercialization of a Competing Product, then such new Affiliate shall have [***] from the closing date of such transaction to wind down or divest such Competing Product, and such new Affiliate's conduct of the development or commercialization of such Competing Product during such [***] period shall not constitute a breach of Merus's exclusivity obligations set forth in Section 4.6(a); provided that such new Affiliate conducts the development and commercialization of such Competing Product during such [***] period independently of the activities of this Agreement and [***]; and

(iii)in either case ((i) or (ii)) above, (A) all personnel of such new Affiliate [***]; and (B) the research, development or manufacturing activities that may be required under this Agreement will be conducted separately from any research, development,

manufacturing or commercialization activities directed to such Competing Product, including [***].

4.7Antitrust Filings.

(a) **Filings.** As soon as reasonably practicable following the date that Gilead provides a License Option Exercise Notice to Merus in accordance with Section 4.2 (the "**License Option Exercise Date**"), each of Merus and Gilead will prepare and submit any filings, notices, applications or other submissions under Antitrust Law that Gilead determines are necessary or advisable in connection with exercise of the applicable License Option ("**Antitrust Filings**"), [***] are necessary or advisable. In connection with any such Antitrust Filings, the Parties will furnish promptly to [***], and otherwise cooperate with each other in the governmental antitrust clearance process; provided, however, that notwithstanding anything else in this Agreement, Gilead shall not be required to [***] in connection therewith.

(b) **Effectiveness.** Following Gilead's exercise of a License Option, Gilead's rights and obligations hereunder in connection with such exercise (including any licenses granted in connection therewith) will not become effective unless and until (i) (A) the applicable [***] have been obtained or (B) where Gilead determines that no Antitrust Filings are required under Antitrust Law and (ii) (A) [***] and (B) Gilead will have delivered to Merus written notice that it desires the License Option Effective Date to occur (the occurrence of (i) and (ii), with respect to such License Option exercise, the "**License Option Effective Date**").

(c) **Outside Date.** If (a) Gilead identifies any Antitrust Filings in a License Option Exercise Notice in accordance with Section 4.7(a), and (b) the applicable License Option Effective Date does not occur on or before [***] after the applicable License Option Exercise Date (each, an "**Initial Outside Date**"), then Gilead may, in its sole discretion, provide written notice to Merus on or prior to the applicable Initial Outside Date to extend such Initial Outside Date by [***] (an Initial Outside Date, as may be extended, if applicable, an "**Outside Date**"). If the License Option Effective Date has not occurred on or before the Outside Date with respect to a particular Program, [***].

ARTICLE 5
DEVELOPMENT AND COMMERCIALIZATION

5.1Development.

(a) **Overview; Diligence**. On a Program-by-Program basis, following Gilead's exercise of its License Option, Gilead shall have the sole right to Develop and obtain Regulatory Approval, and the sole responsibility for Developing and obtaining Regulatory Approval, for the applicable Candidates and Products under such Program in the Field in the Territory, and Gilead shall use Commercially Reasonable Efforts to Develop and obtain Regulatory Approval for at least one (1) Product arising from such Program [***]. Gilead may perform any of its Development activities through Sublicensees or contractors, but shall perform all Development activities in good scientific manner and in compliance with Applicable Law.

(b) **Technology Transfer**. Promptly following Gilead's exercise of its License Option for a Program, Merus shall, and shall cause its Affiliates to, disclose and make available to Gilead [***] for the Exploitation of the Program Candidates (and Products incorporating such Program Candidates) of such Program, together with a [***] provided to Gilead pursuant to Section 3.7(b) or Section 3.8(a); provided however that this Section 5.1(b) shall not be construed to [***] of such Program, but are not then in the possession of Merus, its Affiliates or contractors, then Merus will provide instructions to Gilead for accessing such information, materials and data (to the extent such instructions have not previously been provided to Gilead pursuant to Section 3.7(b) or Section 3.8(a)). In connection with such technology transfer, on a Program-by-Program basis, upon Gilead's reasonable request, Merus shall provide Gilead or its designated Affiliate with reasonable technical assistance to help Gilead to understand and use such Merus Know-How to Exploit the applicable Program Candidates and Products that incorporate such Program Candidates. [***]. If, at any time following completion of the technology transfer contemplated under this Section 5.1(b), Gilead reasonably believes that [***] and Merus shall consider Gilead's request in good faith, and Merus shall make available to Gilead any such Know-How that Merus was required to provide pursuant to Section 3.7(b), Section 3.8(a), or this Section 5.1(b).

(c) **Development Costs**. Except as set forth in Section 5.3 and Article 10, for each Program, following Gilead's exercise of the License Option, Gilead shall be solely responsible for all costs and expenses incurred by Gilead in connection with the Development of the Candidates and Products of such Program.

(d) **Records; Updates**. Gilead shall maintain complete, current and accurate records of all Development activities for any Program Candidate and Product, and all data, results and other information resulting from such activities. During each JSC meeting, Gilead shall provide the JSC a [***] update on the status, progress and results of the Development activities conducted since the prior JSC meeting. Following the disbandment of the JSC pursuant to Section 2.4, on a Program-by-Program basis, until the First Commercial Sale of the first Product of such Program in a Major Market, Gilead shall provide Merus with an [***] conducted since the prior such report. With respect to any material safety issue or material adverse event arising in connection with the Exploitation of any Candidate or Product solely where Gilead determines that such material safety issue or material adverse event may be attributable to [***] within such Candidate or Product, Gilead shall notify Merus directly within [***] following such adverse event, and the Parties shall cooperate in good faith to address any issues arising from such adverse event. Upon Merus's request, Gilead shall make appropriate personnel reasonably available to answer any reasonable questions Merus has in relation to any such report.

5.2Commercialization.

(a) Subject to Section 5.3, on a Program-by-Program basis, following Gilead's exercise of its License Option, Gilead shall have the sole right to Commercialize or otherwise Exploit, and shall be solely responsible for Commercializing or otherwise Exploiting, the applicable Program Candidates and Products in the Field in the Territory. Following Regulatory Approval of a Product in any Major Market, Gilead shall use Commercially Reasonable Efforts to Commercialize such Product in such country; provided that Gilead will be deemed to have satisfied such obligation if Gilead is using Commercially Reasonable Efforts to Commercialize such Product [***]. Gilead may perform any of its Commercialization activities through Sublicensees

or contractors, but shall perform all Commercialization activities in compliance with Applicable Law.

(b) **Commercialization Costs**. Except as set forth in Section 5.3 and Article 10, for each Program, following Gilead's exercise of its License Option, Gilead shall be solely responsible for all costs and expenses incurred by Gilead in connection with the Commercialization and Exploitation of the Candidates and Products of such Program.

(c) **Product Trademarks**. Gilead shall have the sole right to select, register and own the Product Trademarks to be used in connection with the Exploitation of the Products on a worldwide basis.

5.3Merus's Right to Opt-In for Program #3. If Gilead exercises the License Option for [***], then Merus shall have the option ("**Opt-In Option**") to share the worldwide Net Profit/Loss, including Development costs and expenses, for Program #3. Merus may exercise the Opt-In Option by written notice to Gilead during the [***] period prior to [***] (the "**Program #3 Opt-In Period**"). For clarity, Gilead shall notify Merus at least [***] prior to [***], and the Program #3 Opt-In Period shall expire [***] following the earlier of Gilead's notification to Merus, or, if Gilead fails to provide such advance notification, public disclosure, of [***]. If Merus timely exercises its Opt-In Option for Program #3, then in lieu of any unachieved Development milestone, Commercial milestone and royalty payments under Sections 6.5, 6.6, and 6.7, the Parties shall share equally (50/50) of the Net Profit/Loss from the Development and Commercialization of Products from Program #3 pursuant to Section 6.8.

5.4Subcontractors. Gilead may perform any of its Development or Commercialization activities under this Agreement through its Affiliates or subcontractors. As between the Parties, Gilead shall be solely responsible and liable for the acts and omissions of its Affiliates or subcontractors hereunder and any and all failures by such Affiliate or subcontractor to comply with the terms of this Agreement, and each Affiliate and subcontractor shall be bound by terms of non-use and non-disclosure of Merus Confidential Information that are no less restrictive than those set forth in this Agreement.

ARTICLE 6
FINANCIAL TERMS

6.1Upfront Payment. Within [***] after Gilead's receipt of an invoice therefor, which invoice shall be delivered promptly on or following the Effective Date, Gilead shall pay to Merus a one-time, non-refundable, non-creditable upfront payment of fifty six million Dollars ($56,000,000) representing a payment of twenty eight million Dollars ($28,000,000) for each of Program #1 and Program #2.

6.2Equity Investment. Concurrently with the execution of this Agreement, the Parties have entered into a Share Subscription Agreement, dated as of the Effective Date, whereby Gilead will acquire common shares of Merus as more fully described therein. Payment for such shares by Gilead to Merus US, Inc., a subsidiary of Merus, as directed by Merus, shall satisfy all of Gilead's obligations with respect to payment for such shares under the Share Subscription Agreement.

6.3Program #3 Initiation Fee. If Gilead exercises its option to include Program #3 in the Collaboration in accordance with Section 3.1(c), then [***], Gilead shall pay to Merus a one-time, non-refundable, non-creditable payment of [***] (the "**Program #3 Initiation Fee**").

6.4License Option Exercise Fee. On a Program-by-Program basis, if Gilead exercises its License Option in accordance with Section 4.2(a), then [***], Gilead shall pay to Merus a non-refundable, non-creditable option exercise payment of [***] (the "**License Option Exercise Fee**").

6.5Development Milestone Payments.

(a) **Milestone Event**. Subject to the remainder of this Section 6.5, on a Program-by-Program basis, Gilead shall pay Merus the following one-time, non-refundable, non-creditable milestone payments upon the first achievement by any Candidate or Product arising from such Program of the corresponding development milestone event:

Development Milestone Event	**Milestone Payment**		
	Program #1	**Program #2**	**Program #3**
1 [***])	[***]	[***]	[***]
2 [***])	[***]	[***]	[***]
3 [***])	[***]	[***]	[***]
4 [***])	[***]	[***]	[***]
5 [***])	[***]	[***]	[***]
6 [***])	[***]	[***]	[***]
7 [***])	[***]	[***]	[***]
8 [***])	[***]	[***]	[***]
9 [***])	[***]	[***]	[***]
10 [***])	[***]	[***]	[***]
11 [***])	[***]	[***]	[***]
12 [***])	[***]	[***]	[***]
Total	[***]	[***]	[***]

(b) **Milestone Conditions**.

(i) Each development milestone payment set forth above shall be due and payable only once for each Program with respect to only the first Candidate or Product to achieve such milestone, regardless of how many times such milestone event is achieved for a particular Program or the number of Candidates and Products that achieve such milestone event for a particular Program.

(ii)Each milestone payment set forth above shall be due and payable irrespective of whether such milestone event is achieved by Gilead, its Affiliates, or Sublicensee (and in the case of milestone events #1 and #2, by Merus or its Affiliates). [***].

(iii)[***].

(iv)[***].

(v)"Initiation" of a Clinical Trial means the first dosing (whether with Product or placebo) of the [***] human subject enrolled in such Clinical Trial.

(vi)"US approval" means Regulatory Approval of a BLA by the FDA, [***].

(vii)"European approval" means Regulatory Approval of a BLA by EMA or the MHRA, as applicable, [***].

(viii)"Japanese approval" means Regulatory Approval of a BLA by MHLW in Japan, [***].

(ix)For clarity, [***]. If Gilead [***].

(x)If a Clinical Trial [***]. For the avoidance of doubt, [***]. Notwithstanding the foregoing, [***].

(xi)[***]. By way of example only, [***]. Notwithstanding the foregoing, [***].

(c) **Notice and Payment**. For [***], and for all other milestones set forth above, Gilead shall notify Merus in writing within [***] after the first achievement of such milestone; provided however that, in each case, failure to provide timely notice shall be without prejudice to any milestone payment obligation once achievement of such milestone is notified. Gilead shall pay Merus the corresponding milestone payment within [***] after the delivery or receipt of the notice for the achievement of such milestone.

6.6Commercial Milestone Payments.

(a) **Milestone Event**. Subject to the remainder of this Section 6.6, on a Product-by-Product basis, Gilead shall pay Merus the following one-time, non-refundable, non-creditable milestone payments upon the first time the annual aggregate worldwide Net Sales of such Product reach the corresponding threshold value in a Calendar Year:

Commercial Milestone Event	**Milestone Payment**		
	Program #1	**Program #2**	**Program #3**
1) [***]	[***]	[***]	[***]
2) [***]	[***]	[***]	[***]

3) [***]	[***]	[***]	[***]
4) [***]	[***]	[***]	[***]
Total	[***]	[***]	[***]

(b) Milestone Conditions.

(i) Each commercial milestone payment set forth above shall be due and payable only once per Product, regardless of how many times such milestone event is achieved for a particular Product.

(ii)The commercial milestone payments set forth above are [***].

(c) **Notice and Payment**. As part of the royalty report in Section 6.7(d), Gilead shall notify Merus in writing if the annual Net Sales of a Product first reach any threshold value set forth in the table above during the reporting period to which such royalty report pertains. Subject to Section 6.6(b), Gilead shall pay to Merus the corresponding milestone payment [***].

6.7Royalty Payments.

(a) **Royalty Rate**. Subject to the terms and conditions of this Agreement, on a Program-by-Program and country-by-country basis, Gilead shall make quarterly, running royalty payments to Merus on the Net Sales in such country of all Products Directed to the applicable Program Targets of such Program sold by Gilead, its Affiliates and Sublicensees in the Field in the Territory, as calculated by multiplying the applicable royalty rate set forth in the table below by the corresponding amount of the incremental, aggregated annual Net Sales of such Products in such country in the applicable Calendar Year set forth in the table below:

For that portion of annual Worldwide Net Sales of all Products arising from such Program	**Royalty Rate**		
	Program #1	**Program #2**	**Program #3**
1 [***])	[***]	[***]	[***]
2 [***])	[***]	[***]	[***]
3 [***])	[***]	[***]	[***]
4 [***])	[***]	[***]	[***]

(b) **Royalty Term**. Gilead's obligation to pay royalties pursuant to this Section 6.7 shall continue, on a country-by-country and Product-by-Product basis, until the latest to occur of (i) the expiration of the last-to-expire [***] covering such Product in such country, and (ii) [***] from the First Commercial Sale of such Product [***] (the "**Royalty Term**").

(c) Royalty Reductions.

(i) If [***] during the applicable Royalty Term at a time when there is no Royalty-Bearing Patent with a Valid Claim covering such Product in such country, then, subject to Section 6.7(c)(iv), the royalty rate applicable to Net Sales of such Product in such country at

such time shall be reduced to [***] of the royalty rate otherwise applicable to all Net Sales of the Product in the Territory under Section 6.7.

(ii)If [***] during the applicable Royalty Term [***] a Biosimilar Product with respect to such Product is being sold in such country, and [***], then, subject to Section 6.7(c)(iv) below, the royalty rate applicable to Net Sales of such Product in such country at such time shall be reduced to [***] of the royalty rate otherwise applicable to all Net Sales of the Product in the Territory under Section 6.7.

(iii)If [***] and Gilead obtains a license [***], then Gilead shall have the right to deduct, from the royalty payment that would otherwise have been due on the Net Sales of such Product in a particular Calendar Quarter, an amount equal to [***] of all payments (including upfront fees, milestone payments, royalties or other payments made in consideration of any Third Party License) paid by Gilead to the applicable Third Party licensor pursuant to any Third Party License on account of the Exploitation of such Product in such country during such Calendar Quarter, which deductions may be carried forward to future Calendar Quarters if not fully taken in such Calendar Quarter.

(iv)On a Product-by-Product basis in the United States, [***], then Gilead shall so notify Merus, and the royalties payable with respect to such Product in the United States will thereafter be reduced by [***].

(v)Notwithstanding the foregoing, in no event shall the operation of Sections 6.7(c)(i), 6.7(c)(ii), 6.7(c)(iii), or 6.7(c)(iv), individually or in combination, reduce the royalties paid to Merus with respect to the Net Sales of any Product in any country in the Territory in any Calendar Quarter to [***] of the amount that would otherwise have been due pursuant to Section 6.7 with respect to such Net Sales.

(vi)Gilead may carry forward [***] under Sections 6.7(c)(i), 6.7(c)(ii), 6.7(c)(iii), or 6.7(c)(iv) that are incurred or accrued in a Calendar Quarter but are not applied against payments due to Merus in such Calendar Quarter as a result of the floor set forth in Section 6.7(c)(iv) and [***] has been fully applied against payments due to Merus.

(d) **Royalty Payment and Reports**. Gilead shall calculate all amounts payable to Merus pursuant to this Section 6.7 at the end of each Calendar Quarter, which amounts shall be converted to Dollars, in accordance with Section 6.9. Within [***] after the end of each Calendar Quarter, and in order for Merus to meet its financial reporting obligations, Gilead shall provide Merus with [***]. Within [***] after the end of such Calendar Quarter, Gilead shall provide Merus with a report that sets forth, on a Product-by-Product and country-by-country basis: [***]. [***] the delivery of the quarterly report, Gilead shall pay Merus the royalty amounts due with respect to such Calendar Quarter.

6.8Profit/Loss Sharing. This Section 6.8 shall apply only with respect to Program #3 and only if Merus exercises its Opt-In Option to share the net profits and net losses for Program #3 [***] ("**Net Profit/Loss**"). If Merus exercises its Opt-In Option, Gilead shall no longer be required to pay Merus for any unachieved Development milestone, Commercial milestone and royalty payments under Sections 6.5, 6.6, and 6.7. Instead, after Merus's exercise of Opt-In

Option, the Parties shall share equally (50/50) of the Net Profit/Loss from the Development and Commercialization of Products. Within [***] following Merus's exercise of its Opt-In Option, the Parties shall [***]. For the avoidance of doubt, [***]. If the Parties are unable to reach an agreement on any such terms or conditions, the dispute shall be submitted to [***]. Within [***] after each Calendar Quarter following [***], and subject to the terms and conditions set forth therein, the Parties shall confer and prepare a consolidated financial statement setting forth the Net Profit/Loss for Program #3 and calculate the payment required from one Party to the other Party so that the Net Profit/Loss is shared equally between the Parties. Gilead or Merus (as applicable) shall make such required payment to the other Party within [***] after the Parties have calculated the Net Profit/Loss for such Calendar Quarter.

6.9Mode of Payment; Currency Exchange Rate. All payments to be made by a Party under this Agreement shall be made in U.S. Dollars, by wire transfer, pursuant to the reasonable instructions of the Party receiving payment, as designated from time to time. To the extent any costs and expenses shared by the Parties hereunder are incurred in a currency other than U.S. Dollars, the applicable expense shall be converted into U.S. Dollars by the incurring Party on a quarterly basis [***] in which the expense is incurred according to the exchange rates utilized by the applicable Party in its own internal accounting system, consistently applied. Likewise, to the extent any Product is sold in a currency other than U.S. Dollars, the amount received shall be converted into U.S. Dollars on a quarterly basis [***] in which the sale is made according to the exchange rates utilized by the applicable Party in its own internal accounting system, consistently applied. Any payment made to the account of a subsidiary of a Party designated by the Party receiving payment shall satisfy the payment obligations of the Party making the payment.

6.10Taxes.

(a) **Withholding Taxes**. Where any sum due to be paid to either Party hereunder is subject to any withholding or similar tax, the Parties shall use Commercially Reasonable Efforts to conduct all such acts (including the execution of all such documents) to enable them to take advantage of any applicable double taxation agreement or treaty. If there is no applicable double taxation agreement or treaty, or if an applicable double taxation agreement or treaty reduces but does not eliminate such withholding or similar tax, the payor shall remit such withholding or similar tax to the appropriate Governmental Authority, deduct the amount paid from the amount due to payee and secure and send to payee the best available evidence of the payment of such withholding or similar tax. Any such amounts deducted by the payor in respect of such withholding or similar tax shall be treated as having been paid by the payor for purposes of this Agreement and, for the avoidance of doubt, the remittance of such withheld taxes, together with payment of the remaining payment, will constitute full satisfaction of payments due under Article 6. If withholding or similar taxes are paid to a government authority, each Party will provide the other such assistance as is reasonably required to obtain a refund of the withheld or similar taxes, or to obtain a credit with respect to such taxes paid.

(b) **Withholding Tax Actions**. Notwithstanding the foregoing, [***], then notwithstanding anything to the contrary herein, any such amount payable shall be increased to take into account such increased withholding taxes as may be necessary so that, after making all required withholdings Merus (or its assignee pursuant to Section 13.5) receives an amount equal to the sum it would have received had no such Gilead Withholding Tax Action occurred.

(c) **Indirect Taxes**. Except as otherwise provided in this Agreement, all payments due under this Agreement are exclusive of value added taxes, sales or use taxes, consumption taxes, transfer taxes, tariffs, documentary taxes, and other similar taxes (the "**Indirect Taxes**"). Notwithstanding anything to the contrary in this Agreement, Gilead shall be responsible for any Indirect Taxes that are imposed by Applicable Laws on any payment to Merus under this Agreement. If the Indirect Taxes originally paid or otherwise borne by Gilead are in whole or in part subsequently determined not to have been chargeable, all reasonably necessary steps will be taken by each Party to obtain a refund of these undue Indirect Taxes from the applicable governmental authority or other fiscal authority and any amount of undue Indirect Taxes repaid by such authority to Merus will be transferred to Gilead within [***] of receipt. The Parties shall cooperate in good faith to insure the correct Indirect Taxes are charged and corresponding tax returns are filed.

6.11Right of Set-off. Without limiting any other rights of Gilead under this Agreement or otherwise, [***] under this Agreement.

6.12Interest on Late Payments. If a Party fails to pay any amount due under this Agreement on the due date therefore, then, without prejudice to any other remedies that the other Party may have, such amount will bear interest from the due date until payment of such amount is made, both before and after any judgment, at a rate equal to [***], per annum for the actual number of days payment is delinquent or if such rate exceeds the maximum rate permitted by Applicable Law, at such maximum rate.

6.13Financial Records; Audit. Gilead shall, and shall cause its Affiliates and Sublicensees to, keep complete and accurate books and records pertaining to the Products, in sufficient detail to calculate all amounts payable hereunder. At the request of Merus, Gilead shall permit an independent public accounting firm of internationally recognized standing designated by Merus and reasonably acceptable to Gilead, at reasonable times during normal business hours and upon reasonable notice, to audit the books and records maintained pursuant to this Section 6.13 to confirm the accuracy of all reports and payments made hereunder. Such examinations may not be (a) conducted for any Calendar Quarter more than [***] after the end of such Calendar Quarter; (b) conducted more than [***] period; or (c) repeated for any Calendar Quarter (unless a previous audit revealed an underpayment with respect to such Calendar Quarter). The accounting firm shall disclose to Merus only whether the reports are correct or not, and the specific details concerning any discrepancies. If the audit reveals an underpayment (or overcharge) by Gilead, Gilead shall pay such amount to Merus within [***] after the receipt of the audit report, plus interest (as set forth in Section 6.11) from the original due date. If the audit reveals an overpayment (or undercharge) by Gilead, such amount shall be credited against the payments due to Merus or, if no payments are payable under this Agreement at the time of completion of the audit, then such amount shall be refunded to Gilead. Merus shall bear the cost of such audit unless such audit reveals an underpayment (or overcharge) by Gilead of more than [***] of the amount actually due for the time period being audited, in which case Gilead shall reimburse Merus for the costs of such audit.

ARTICLE 7
INTELLECTUAL PROPERTY

7.1Ownership of Inventions.

(a) **Disclosure**. During the Term, (i) each Party will disclose to the other Party all [***], each Party will disclose to the other Party any [***] and (ii) Merus shall disclose to Gilead any [***] that is conceived, discovered, developed or otherwise made solely or jointly by or on behalf of such Party or its Affiliates (including subcontractors and Sublicensees thereof), and such disclosure shall (A) be made promptly and in any event reasonably prior to the filing of any patent application with respect to the relevant Inventions, and (B) include all invention disclosures or other similar documents submitted to such Party by its or its Affiliates' employees, agents or independent contractors relating thereto, and all information to the extent necessary or useful for the preparation, filing and maintenance of any Patent with respect to such Invention in accordance with the terms of this Agreement.

(b) **Inventorship**. The determination of inventorship and whether [***] is conceived, reduced to practice, discovered, developed or otherwise made under this Agreement solely by a Party or jointly with the other Party for the purpose of allocating proprietary rights (including Patent, copyright or other Intellectual Property Rights) therein, shall, for purposes of this Agreement, be made in accordance with the United States patent law irrespective of where such conception, reduction to practice, discovery, development or making occurs.

(c) **Merus Platform Improvements**. As between the Parties, Merus shall own all right, title, and interest in and to [***] that either (i) [***]; (ii) [***]; or (iii) [***] (each of (i)-(iii), a "**Merus Platform Improvement**"), regardless of inventorship. Notwithstanding the foregoing, [***].

(d) **Gilead IP Improvements**. As between the Parties, Gilead shall own all right, title, and interest in and to [***] arising from or derived from, or constituting an improvement or modification of, the Gilead IP ("**Gilead IP Improvement**"), regardless of inventorship. For clarity, [***].

(e) **Sole Program IP**. Except as set forth in Section 7.1(c) or Section 7.1(d), as between the Parties, each Party shall own and retain all right, title, and interest in and to any and all Program IP that is conceived, invented, discovered, developed, or otherwise made solely by or on behalf of such Party or its Affiliates ("**Sole Program IP**"), including all Patents claiming such Program IP ("**Sole Program Patents**").

(f) **Joint Program IP**. Except as set forth in Section 7.1(c) or Section 7.1(d), as between the Parties, all right, title, and interest in and to any and all Program IP that is conceived, discovered, developed or otherwise made jointly by or on behalf of Merus or its Affiliates, on the one hand, and Gilead or its Affiliates, on the other hand ("**Joint Program IP**"), including all Patents claiming such Program IP ("**Joint Program Patents**"), shall be owned jointly by the Parties, with each Party owning an equal, undivided interest in and to such Joint Program IP. For clarity, [***], and [***]. Subject to the license and other rights granted to the other Party under this Agreement, including the license granted to Gilead in Section 4.3(a), [***] to the other Party.

(g) **Background IP**. For clarity, subject to the license and other rights granted to the other Party under this Agreement, as between the Parties, each Party shall retain all rights, title, and interests in and to all Know-How, Patent and other Intellectual Property Rights that are owned or controlled by such Party or its Affiliates as of the Effective Date or that are developed or acquired by such Party or its Affiliates outside the scope of this Agreement ("**Background IP**"). For the avoidance of doubt, [***]; provided that [***].

7.2Assignment.

(a) **General**. Each Party shall cause all Persons who perform activities for such Party under the Research Plan to be under an obligation to assign, and to presently assign, their rights in any Know-How and inventions resulting therefrom to such Party to the extent necessary to effectuate the allocation of ownership of Intellectual Property Rights as set forth in Section 7.1.

(b) **Assignment of Merus Platform Improvements, Gilead IP Improvements, and Product-Specific Program IP**. [***]. On a Program-by-Program basis, effective upon Gilead's exercise of the License Option for such Program, [***].

(c) **Further Assurances**. Each Party shall execute such further documentation as may be necessary or appropriate, and provide reasonable assistance and cooperation, to implement the provisions of this Article 7. Each inventing Party shall take (and cause its employees, agents, contractors and sublicensees (if applicable) to take) such further actions reasonably requested by the other Party to evidence any such assignment set forth in this Section 7.2, and to reasonably support the other Party's efforts to Patent or obtain other intellectual property rights in connection with any assigned Inventions or Program IP in accordance with the terms of this Agreement.

7.3Patent Prosecution and Maintenance.

(a) **Merus Prosecuted Patents**. Merus shall have the sole right (but not the obligation) to control the preparation, filing, prosecution and maintenance (including any oppositions, interferences, reissue proceedings, reexaminations, post-grant proceedings, supplemental examinations, post grant review proceedings, *inter partes* review proceedings, patent interference proceedings, opposition proceedings, derivation proceedings, reissue and reexamination, maintenance and defense) (such activities collectively, the "**Prosecution and Maintenance**") of all [***] (collectively, the "**Merus Prosecuted Patents**") on a worldwide basis, at Merus's sole cost and expense. Merus shall use commercially reasonable efforts to Prosecute and Maintain the Merus Prosecuted Patents in such a manner as to maximize the scope of rights granted (or to be granted, as applicable) to Gilead under Section 4.3. [***]. If Merus decides that it no longer wishes to continue the Prosecution and Maintenance of a particular [***] in a country or other jurisdiction in the Territory, then it will promptly provide written notice to Gilead of such decision (in any case at least [***] prior to the next deadline for any action that may be taken with respect to such [***] in such country or other jurisdiction), and (x) in the case of a [***], provided that (A) Merus shall have no obligation to agree to such assumption [***], and (B) if Merus rejects Gilead's request, such Patent [***]; and (v) any other claims that would cause the applicable Patent to constitute something other than (i)-(iv).

(b) **Gilead Sole Program Patents**. Gilead shall have the sole right (but not the obligation) to control the Prosecution and Maintenance of Gilead's Sole Program Patents and Patents with respect to Gilead IP Improvements on a worldwide basis, at Gilead's sole cost and expense.

(c) **Product-Specific Patents and Joint Program Patents**.

Prior to License Option Effective Date. Prior to the License Option Effective Date, on a Program-by-Program basis, Merus shall have the first right to control the Prosecution and Maintenance of [***] conceived, discovered, developed or otherwise made under this Agreement on a worldwide basis, at Merus's sole cost and expense. [***]. Merus shall keep Gilead reasonably informed with respect to the Prosecution and Maintenance of such [***], [***]. Without limiting the foregoing Merus shall [***]. If, prior to the License Option Effective Date, Merus decides that it no longer wishes to continue the Prosecution and Maintenance of a particular [***], then it will promptly provide written notice to Gilead of such decision (in any case at least [***] prior to the next deadline for any action that may be taken with respect to such [***] in such country or other jurisdiction). Gilead may, upon written notice to Merus, assume the Prosecution and Maintenance of such [***], at Gilead's sole cost and expense. [***].

(i) **Following License Option Effective Date.** From and after the License Option Effective Date, on a Program-by-Program basis, Gilead shall have the first right (but not the obligation) to control the Prosecution and Maintenance of [***] at Gilead's sole cost and expense. Gilead shall keep Merus reasonably informed of all material steps with regard to the Prosecution and Maintenance of such [***]. Gilead shall consider in good faith requests and suggestions timely made by Merus with respect to strategies for filing and prosecuting such [***]. If, after the License Option Effective Date, Gilead decides that it no longer wishes to continue the Prosecution and Maintenance of a particular [***], it will promptly provide written notice to Merus of such decision (in any case at least [***] prior to the next deadline for any action that may be taken with respect to such [***]. [***], at Merus's sole cost and expense.

(d) **Cooperation**. Each Party shall provide the other Party all reasonable assistance and cooperation in the Patent Prosecution and Maintenance efforts under Section 7.3, including providing any necessary powers of attorney and executing any other required documents or instruments for such Prosecution and Maintenance, without further compensation or consideration of any kind. The Party assuming such Prosecution and Maintenance responsibilities shall have the right to engage its own counsel to perform such activities. Each Party shall assist the other Party in all other reasonable ways that are necessary for the issuance of those Patents for which such other Party is responsible, as well as for the Prosecution and Maintenance of such Patents. Promptly following the License Option Effective Date, upon Gilead's request, the Parties shall cooperate to transfer to Gilead (or Gilead's selected patent counsel reasonably acceptable to Merus) the Prosecution and Maintenance of any [***] for which Gilead is assuming responsibility.

(e) **Patent Term Extension and Supplementary Protection Certificate**. From and after the License Option Effective Date, on a Program-by-Program basis, Gilead shall [***] regarding patent term extensions, supplementary protection certificates, pediatric exclusivities and any other extensions that are now or become available in the future, wherever applicable, for any [***] shall be discussed by the Parties through the JPC; provided that the

decision to seek patent term extensions, supplementary protection certificates, pediatric exclusivities and any other extensions for any given [***], and the Parties shall discuss in good faith any such extension, provided that any decision to apply for any such extension shall be at Gilead's sole discretion. Merus shall provide prompt and reasonable assistance, as requested by Gilead, including by taking such action as patent holder (if applicable) as is required under any Applicable Law to obtain such extension. Gilead shall pay all expenses incurred by Gilead in connection with obtaining such extension.

7.4Patent Enforcement.

(a) **Notice**. Each Party shall promptly notify the other Party in writing of any alleged or threatened (i) Infringement of any [***] by a Third Party in the Territory of which such Party becomes aware to the extent pertaining to Gilead's Development, manufacture, Commercialization or other Exploitation of any Candidate, Derivative, or Product in the Territory; (ii) unauthorized use or misappropriation of any of the [***] which such Party becomes aware, to the extent pertaining to Gilead's Development, manufacture, Commercialization or other Exploitation of any Candidate, Derivative, or Product in the Territory; (iii) unauthorized use or misappropriation of any of the [***] which such Party becomes aware; or (iv) notification under the Biologics Price Competition and Innovation Act of 2009, as amended, or similar law, from a biosimilar applicant arising from the filing of an application for the Regulatory Approval of a product intending to show that such product is biosimilar to any Product that is a reference product for which a claim of Infringement of any of the [***] by the manufacture or sale of such product could reasonably be asserted ((i)-(iv) collectively, "**Product Infringement**").

(b) **Merus Prosecuted Patents**. Merus shall have the sole right, but not the obligation, to prosecute any Infringement (including for clarity any Product Infringement) of the Merus Prosecuted Patents in the Territory at its sole cost and expense and Merus shall retain control of the prosecution of such claim, suit or proceeding. Notwithstanding the foregoing sentence, Merus shall not initiate any such claim, suit or proceeding or take such other action with respect to any Product Infringement without first consulting with Gilead and giving good faith consideration to any reasonable objection from Gilead regarding Merus's proposed course of action. Furthermore, if at any time following the applicable License Option Effective Date, Gilead [***]. The Parties shall discuss any such requests made by Gilead in good faith, including by and through the JPC. Merus shall [***]. For clarity, Merus may not [***]; and for the purposes of this Agreement, the Parties acknowledge and agree that [***]. If Merus declines to enforce a [***] at Gilead's request pursuant to this Section 7.4(b), then [***] effective from the date of Gilead's request.

(c) **Gilead Sole Program Patents**. Gilead shall have the sole right, but not the obligation, to prosecute any Infringement of the Gilead Sole Program Patents and Gilead IP Improvements in the Territory at its sole cost and expense and Gilead shall retain control of the prosecution of such claim, suit or proceeding.

(d) **Product-Specific Patents and Joint Program Patents**.

(i) **Prior to License Option Effective Date**. Prior to the License Option Effective Date, on a Program-by-Program basis, Merus shall have [***], and Merus shall

retain control of the prosecution of such claim, suit or proceeding. If Merus prosecutes [***] of such claim, suit or proceeding. During any such claim, suit, or proceeding, Merus shall [***] such Product Infringement in the Territory, at its own cost and expense.

(ii)**Following License Option Effective Date.** From and after the License Option Effective Date, on a Program-by-Program basis, Gilead [***] of such claim, suit or proceeding. If Gilead [***], if necessary as set forth in Section 7.4(g). During any such claim, suit, or proceeding, Gilead shall [***] such Product Infringement in the Territory, at its own cost and expense.

(e) **Patent Exclusivity Listings**. Following the License Option Effective Date for a Program, if either Party receives a copy of an application submitted to the FDA under subsection (k) of Section 351 of the PHSA (a "**Biosimilar Application**") naming a Product as a reference product or otherwise becomes aware that such a Biosimilar Application has been filed (such as in an instance described in Section 351(l)(9)(C) of the PHSA), such Party shall, within [***], notify the other Party so that the other Party may seek permission to view the application and related confidential information from the filer of the Biosimilar Application under Section 351(l)(1)(B)(iii) of the PHSA. If either Party receives any equivalent Biosimilar Application or otherwise becomes aware that such an equivalent Biosimilar Application has been filed in any other jurisdiction in the Territory, then such Party shall, within [***], notify and provide the other Party with copies of such communication. Regardless of the Party that is the "reference product sponsor" for purposes of such Biosimilar Application, (i) Gilead shall have the sole right to designate pursuant to Section 351(l)(1)(B)(ii) of the PHSA the outside counsel and in-house counsel who shall receive confidential access to the Biosimilar Application; (ii) Gilead shall have the right to list any [***] with respect to such lists from the filer of the Biosimilar Application, and to negotiate with the filer of the Biosimilar Application as to whether to utilize a different mechanism for information exchange than that specified in Section 351(l) of the PHSA; and (iii) Gilead shall have the sole right to identify such Patents or respond to communications under any equivalent or similar listing in any other jurisdiction in the Territory. If required pursuant to Applicable Law, [***]. At Gilead's reasonable request and expense, Merus shall cooperate with Gilead in connection therewith, including meeting any submission deadlines, in each case, to the extent required or permitted by Applicable Law. Gilead shall (A) reasonably consult with Merus prior to identifying any [***] to a Third Party as contemplated by this Section 7.4(e), and shall consider in good faith Merus's advice, requests and suggestions with respect thereto, and (B) notify Merus of any such lists or communications promptly after they are made.

(f) **Conduct of Biosimilar Patent Litigation Including Under the Biologics Price Competition and Innovation Act**. Following the License Option Effective Date for a Program, Gilead shall be responsible for initiating, controlling, and managing any biosimilar litigation relating to the Candidates or Products of the applicable Program in the Territory. Gilead shall have the first right to bring an action for Infringement of the [***], including as required under Section 351(l)(6) of the PHSA following the agreement on a list of patents for litigation under Section 351(l)(4) or exchange of Patent lists pursuant to Section 351(l)(5)(B) of such act, or as required following any equivalent or similar certification or notice in any other jurisdiction. The Parties' rights and obligations with respect to the foregoing legal actions shall be as set forth in Section 7.4(a) through Section 7.4(g); provided that within [***] of reaching agreement on a

list of Patents for litigation under Section 351(l)(4) or exchange of Patent lists pursuant to Section 351(l)(5)(B), Gilead shall notify Merus as to whether or not it elects to prosecute such Infringement. Either Party shall, within [***], notify and provide the other Party with copies of any notice of commercial marketing provided by the filer of a Biosimilar Application pursuant to Section 351(l)(8)(A) of the PHSA, or any equivalent or similar certification or notice in any other jurisdiction. Thereafter, Gilead shall have the first right to seek an injunction or other remedies against such commercial marketing as permitted pursuant to Section 351(l)(8)(B) of the PHSA.

(g) **Cooperation**. The Parties agree to cooperate fully in any Infringement action pursuant to this Section 7.4, including furnishing a power of attorney solely for such purpose or joining in, or be named as a necessary party to, such action. Unless otherwise set forth herein, the Party entitled to bring any patent Infringement litigation in accordance with this Section 7.4 shall have the right to settle such claim; provided that (a) Gilead shall [***]; and (b) Merus shall [***]. The Party commencing the litigation shall provide the other Party with copies of all pleadings and other documents filed with the court if doing so would not waive any privilege or violate any court order or Applicable Law, and shall consider reasonable input from the other Party during the course of the proceedings.

(h) **Recovery**. Any recovery realized as a result of such litigation described in this Section 7.4 with respect to a Product Infringement (whether by way of settlement or otherwise) shall be [***]. Any remainder after such reimbursement is made shall be retained [***]. Gilead [***].

7.5Infringement Claims by Third Parties. If the manufacture, sale, use, or other Exploitation of a Candidate or Product in the Field in the Territory pursuant to this Agreement results in, any claim, suit or proceeding by a Third Party alleging patent Infringement by Gilead (or its Affiliates or Sublicensee), such Party shall promptly notify the other Party thereof in writing of any claim, suit or proceeding actually filed by a Third Party alleging patent Infringement. [***]. Each Party shall keep the other Party reasonably informed of all material developments in connection with any such claim, suit or proceeding. Any recoveries by Gilead of any sanctions awarded to Gilead and against a party asserting a claim being defended under this Section 7.5 shall be [***]. Any remainder [***] and any remainder shall be [***].

7.6Invalidity or Unenforceability Defenses or Actions.

(a) **Notice**. Each Party shall promptly notify the other Party in writing of any alleged or threatened assertion of invalidity, unpatentability or unenforceability of any [***] by a Third Party, in each case in the Territory and of which such Party becomes aware, to the extent such assertion of invalidity, unpatentability or unenforceability relates to one or more claims that claim or cover the Development, manufacture, Commercialization or other Exploitation of, or an application to market, any Candidate or Product in the Territory.

(b) **Merus Platform Patents**. Merus shall have the sole right, but not the obligation, to defend and control the defense of the validity, patentability and enforceability of the [***] in the Territory, at its own cost and expense.

(c) **Gilead Sole Program Patents and Gilead IP Improvements**. Gilead shall have the sole right, but not the obligation, to defend and control the defense of the validity and enforceability of the Gilead Sole Program Patents and Patents claiming Gilead IP Improvements in the Territory, at its own cost and expense.

(d) **Product-Specific Patents and Joint Program Patents**.

(i) **Prior to License Option Effective Date**. On a Program-by-Program basis prior to the License Option Effective Date for a Program, Merus shall [***]. Gilead may [***]. Merus shall use commercially reasonable efforts to defend the validity, patentability and enforceability of the [***], then Gilead shall have [***]. Without limiting the foregoing, if requested by Gilead, Merus shall join as a party to such claim, suit or proceeding.

(ii)**Following License Option Effective Date.** From and after the License Option Effective Date for a Program, on a Program-by-Program basis, Gilead [***]. Except in cases where Gilead [***], then Merus may [***].

(e) **Cooperation**. Each Party shall assist and cooperate with the other Party as such other Party may reasonably request from time to time in connection with its activities set forth in this Section 7.5, including by being joined as a party plaintiff in such action or proceeding, providing access to relevant documents and other evidence, and making its employees available at reasonable business hours. In connection with any such defense or claim or counterclaim, the controlling Party shall consider in good faith any comments from the other Party and shall keep the other Party reasonably informed of any steps taken, and shall provide copies of all documents filed, in connection with such defense, claim, or counterclaim provided that doing so would not waive any privilege or violate any court order or Applicable Law. In connection with the activities set forth in this Section 7.5, each Party shall consult with the other as to the strategy for the defense of the [***]. Neither Party shall have the right to settle any claim, suit, or proceeding under this Section 7.6 in a manner that imposes any costs or liability on, or would adversely affect the interests hereunder of the Party not bringing suit in any material respect without the express written consent of such other Party.

(f) **Relationship to Enforcement of Patents**. Notwithstanding anything herein to the contrary, the defense to any challenge of validity, enforceability or patentability of any of the [***]. that is raised in connection with or in response to an Infringement action or a biosimilar litigation shall be controlled by the Party who controls that Infringement action or biosimilar litigation, and such Party shall have the right to manage, resolve, settle or dispose any such challenge according to Section 7.4.

7.7Product Trademarks. As between the Parties, Gilead shall own all right, title, and interest to the Product Trademarks in the Territory, and shall be responsible for the registration, prosecution, maintenance and enforcement thereof. All costs and expenses of registering, prosecuting, maintaining and enforcing the Product Trademarks shall be borne solely by Gilead. Merus shall provide all assistance and documents reasonably requested by Gilead in support of its prosecution, registration, maintenance and enforcement of the Product Trademarks.

7.8Inventor's Remuneration. Each Party shall be solely responsible for any remuneration that may be due such Party's inventors under any applicable inventor remuneration laws.

7.9Third-Party Licenses.

(a) If Gilead, in its sole discretion, determines that any Third Party Intellectual Property Rights [***] hereunder, then the Parties shall [***] such Third Party Intellectual Property Rights (such license, a "**Necessary Third Party License**"), with the right to sublicense such Third Party Intellectual Property Rights to the other Party to the extent necessary for the other Party to exercise its rights and perform its obligations under this Agreement. If Merus obtains any Necessary Third Party License [***], Merus shall [***]. For clarity, a Third Party License will be deemed a Necessary Third Party License if, at the time it is executed by Merus or Gilead, (i) [***], or (ii) [***], and in each case of (i) and (ii), where Merus is the Party entering into such Third Party License, Merus is [***]. If Merus enters into any Third Party License that does not constitute a Necessary Third Party License, but the relevant Patent rights that are the subject of such Third Party License cover [***], then such Patent rights shall be [***] to a Third Party.

(b) If Merus or its Affiliates obtain Control of any Know-How or Patent rights from a Third Party after the Effective Date and such Know-How or Patent rights (i) [***], and (ii) [***], such Know-How and Patent rights shall be excluded from the [***], unless Gilead agrees in writing to (A) comply with the applicable terms and conditions of the agreement under which Merus or its Affiliates obtain Control of such Know-How or Patent rights ("**Optional Third Party License**"); and (B) [***], but in each case under (A) and (B) [***]. To the extent Merus is aware that such Know How or Patents cover any Candidate or Product being Exploited by Gilead, Merus will provide Gilead with prompt written notice of [***].

(c) Merus will not [***] shall be deemed a Necessary Third Party License for purposes of Section 7.9.

7.10 Joint Patent Committee.

Upon Gilead's request, Merus and Gilead will form a joint patent committee (the "**JPC**") to provide oversight and to facilitate information sharing between the Parties with respect to the Prosecution and Maintenance and enforcement of [***] as provided hereunder. The JPC will be comprised of [***] representatives of each Party, with each representative having knowledge and expertise in Patent portfolio management and licensing matters. Each Party may replace any of its JPC representatives at any time upon written notice to the other Party, which notice may be given by e-mail. Promptly after the Effective Date, the Parties shall negotiate a community of interest agreement to permit the sharing of information protected under applicable doctrines of privilege and confidentiality. Each JPC representative will be subject to confidentiality obligations no less stringent than those set forth in Article 8 and those privileges and confidentiality subject to the community of interest agreement. The JPC shall continue to exist [***] or such earlier date as may be established by mutual agreement of the Parties.

(a) The JPC will be an advisory committee to the Parties and shall make recommendations by consensus (or by unanimous written consent), with the representatives from

each Party having, collectively, one (1) vote on behalf of that Party for purposes of making such recommendations. The JPC will not have any decision-making authority. The JPC will generally serve as a venue for the Parties to review and discuss, and shall make recommendations with respect to, strategies for Prosecuting, Maintaining and enforcing [***] and such other matters as the Parties may agree to review and discuss via the JPC from time to time, including (without limiting Merus's obligations under Section 7.3(a)) discussing, for the [***].

(a) The JPC will hold meetings as necessary to carry out its duties, but in any event no less frequently than on a Calendar Quarterly basis. No later than [***] prior to any meeting of the JPC (or such shorter time period as the Parties may agree), the chairperson will prepare and circulate an agenda for such meeting. Either Party may also call a special meeting of the JPC by providing at least [***] prior written notice to the other Party if such Party reasonably believes that a significant matter must be addressed prior to the next scheduled meeting, in which event such Party will provide the members of the JPC no later than [***] prior to the special meeting with an agenda for the meeting and materials reasonably adequate to enable an informed decision on the matters to be considered. The JPC may meet in person or by audio or video conference as its representatives may mutually agree. Other representatives of the Parties, their Affiliates and Third Parties with relevant experience involved with the Candidates, Derivatives and Products may be invited by the members of the JPC to attend meetings as observers, with the other Party's consent, not to be unreasonably withheld; provided, however, that all such individuals are subject to confidentiality obligations no less stringent than those set forth in Article 8.

ARTICLE 8
CONFIDENTIALITY

8.1Confidential Information. "**Confidential Information**" means all non-public, proprietary information and data of a financial, commercial, business, operational or technical nature that is disclosed by or on behalf of a Party (the "**Disclosing Party**") or any of its Affiliates or otherwise made available to or received by the other Party (the "**Receiving Party**") or any of its Affiliates, in each case in connection with this Agreement (including under the Prior CDA), whether made available orally, visually, in writing or in electronic form. Notwithstanding the foregoing, all information, data and results generated under this Agreement by or on behalf of either Party specifically pertaining to any Program prior to the License Option Effective Date, including any Program Targets or Program Candidate for such Program, including [***] (collectively, "**Program Information**"), shall be deemed both Parties' Confidential Information (with each Party deemed a Receiving Party thereof) regardless of the identity of the Disclosing Party, provided that such Program Information shall become solely (x) Gilead's Confidential Information upon Gilead's exercise of its License Option and (y) Merus's Confidential Information when (i) such Program becomes a Dropped Program, or (ii) the License Option Term for the applicable Program expires and Gilead does not exercise the License Option for such Program. Notwithstanding the Party that initially discloses the information to the other Party, all non-public information concerning Merus's Background IP, Merus Platform Technology and Merus Platform Improvements shall constitute the Confidential Information of Merus, and all non-public information concerning Gilead's Background IP, Gilead Sole Program Patents, and Gilead IP Improvements shall constitute the Confidential Information of Gilead, and after exercise of the

License Option, information concerning Product-Specific IP shall constitute the Confidential Information of Gilead.

8.2Confidentiality and Non-Use Obligations. Subject to the other provisions of this Article 8, during the Term and for [***] thereafter:

(a) except to the extent expressly authorized by this Agreement, the Receiving Party shall maintain all Confidential Information of the Disclosing Party in confidence and not publish or otherwise disclose such Confidential Information to a Third Party;

(b) the Receiving Party will treat all Confidential Information of the Disclosing Party with the same degree of care as the Receiving Party uses for its own similar information, but in no event less than a reasonable degree of care;

(c) the Receiving Party may only use any Confidential Information of the Disclosing Party for the purposes of performing its obligations or exercising its rights under this Agreement;

(d) a Receiving Party may disclose Confidential Information of the Disclosing Party to such Receiving Party's Affiliates**,** employees, agents, consultants, subcontractors, licensees and Sublicensees to the extent reasonably necessary for the purposes of, and for those matters undertaken pursuant to, this Agreement; provided that such Persons are bound by legally enforceable obligations of confidentiality and non-use with respect to the Confidential Information of the Disclosing Party no less stringent than the obligations of confidentiality and non-use set forth in this Agreement. Each Party will remain responsible for any failure by its Affiliates, employees, agents, consultants, subcontractors, licensees and Sublicensees to treat such Confidential Information as required under this Section 8.2; and

(e) each Receiving Party will promptly notify the Disclosing Party of any misuse or unauthorized disclosure of the Confidential Information of the Disclosing Party.

8.3Exceptions.

(a) The obligations of confidentiality and non-use of a Receiving Party with respect to the Confidential Information of such Disclosing Party shall not apply with respect to any information, to the extent that the Receiving Party can demonstrate through competent evidence that such information:

(i) is known by the Receiving Party or any of its Affiliates without an obligation of confidentiality at the time of disclosure by or on behalf of the Disclosing Party, and not through a prior disclosure by or on behalf of the Disclosing Party, as documented by the Receiving Party's business records;

(ii)is generally available to the public before its receipt from the Disclosing Party;

(iii)became generally available to the public or otherwise part of the public domain after its disclosure by the Disclosing Party and other than through any act or

omission of the Receiving Party or any of its Affiliates or authorized recipients from a Receiving Party in breach of this Agreement;

(iv)is subsequently disclosed to the Receiving Party or any of its Affiliates without obligation of confidentiality by a Third Party who, to the knowledge of the Receiving Party, is not under a conflicting obligation of confidentiality to the Disclosing Party; or

(v)is developed by the Receiving Party or any of its Affiliates independently and without direct or indirect use of or reference to any Confidential Information of the Disclosing Party.

(b) No combination of features or disclosures will be deemed to fall within the foregoing exclusions merely because individual features are published or available to the general public or in the rightful possession of the Receiving Party.

(c) Without limiting the foregoing, after the License Option Effective Date, Gilead may make public disclosures of information specifically relating to Candidates or Products; provided that Gilead shall provide Merus [***] advance written notice of any such disclosure to the extent it includes Merus Confidential Information, Merus Know-How, Merus Platform Technology or Merus Platform Improvements. Merus shall have the opportunity to review and comment on any proposed public disclosures. Gilead agrees to consider Merus' comments prior to publication or presentation and, at Merus's request, to delete Merus's Confidential Information. However, if submission of such public disclosure would preclude the Parties from obtaining Patent rights claiming patentable inventions arising from the Research Plan unless an application is filed with relevant patent authorities, Gilead shall, at its option, either delete the portion of the proposed publication or presentation that may preclude obtaining patent rights or withhold publication or delay presentation for an additional [***] until a patent application covering such invention(s) is completed.

(d) Nothing in this Agreement shall prevent a Party from using any Know-How that is in the public domain. [***]; provided that this provision will not be deemed in any event to provide [***]; and provided further that a Party's [***].

8.4Authorized Use and Disclosure. Notwithstanding the obligations set forth in Section 8.2, the Receiving Party may disclose the Confidential Information of the Disclosing Party to the extent such disclosure is reasonably necessary in the following situations:

(a) (i) the Prosecution and Maintenance of Patents, as contemplated by this Agreement, provided that in connection with such authorized disclosure the applicable disclosing Party shall provide reasonable advance notice and an opportunity for the other Party to comment on or object to such disclosure; provided further that in no event shall Gilead have the right to disclose any Confidential Information relating to the Merus Platform Technology, Merus Platform Improvements or Merus's Background IP without Merus's prior written consent and in no event shall Merus have the right to disclose any Confidential Information relating to Gilead Background IP, Gilead Sole Program Patents, or Gilead IP Improvements without Gilead's prior written consent; or (ii) regulatory filings and other filings with Governmental Authorities (including

Regulatory Authorities), solely to the extent necessary for the Exploitation of the Program Candidates, Candidates, and Products in accordance with the terms of this Agreement;

(b) disclosure of this Agreement, its terms, the status and results of Exploitation of the Program Candidates and Products, and other Confidential Information relating to the Candidates or Products and Derivatives thereof (excluding any Confidential Information relating to the Merus Platform Technology or Merus Platform Improvements), to actual or bona fide potential (i) development collaborators, investors, licensees or Sublicensees in connection with the research, Development, manufacture, or Commercialization of Candidates or Products or any Derivatives thereof; (ii) actual or potential collaborators, investors, licensees or sublicensees in connection with the research, Development, manufacture, or Commercialization of products other than Products; or (iii) investors, financiers or acquirers in connection with acquisition of equity of the Receiving Party, acquirors, lenders, and royalty factoring partners, and their respective attorneys, accountants, banks, investors, and advisors, solely for the purpose of evaluating or carrying out an actual or potential investment, financing, acquisition, debt or royalty factoring transaction; provided that in each case (i) – (iii), any such Persons are bound by obligations of confidentiality and non-use at least as stringent as those set forth in this Article 8 or otherwise customary for such type and scope of disclosure, and that any such disclosure is limited to the maximum extent practicable for the particular context in which it is being disclosed; and provided, further, that in the event of any proposed disclosure to an investor pursuant to this Section 8.4(b), the Receiving Party shall provide advance written notice to the Disclosing Party and provide the Disclosing Party a reasonable opportunity to review and comment on the proposed disclosure, which comments the Receiving Party shall consider in good faith;

(c) such disclosure is required to comply with Applicable Law (whether generally or in pursuit of an application for listing of securities, including those regulations promulgated by the United States Securities and Exchange Commission) or otherwise required by judicial or administrative process; provided that, in each such event, as promptly as reasonably practicable and to the extent not prohibited by Applicable Law or judicial or administrative process, such Receiving Party will (i) notify the Disclosing Party of such required disclosure; (ii) take reasonable steps, including seeking confidential treatment or a protective order, to maintain the continued confidential treatment of such Confidential Information; and (iii) only disclose that portion of Confidential Information that is legally required to be disclosed. Any Confidential Information that is disclosed in order to comply with Applicable Law or by judicial or administrative process pursuant to this Section 8.4(c) will remain otherwise subject to the confidentiality and non-use provisions of this Article 8 with respect to such Receiving Party disclosing such Confidential Information;

(d) in the case of any disclosure of the terms of this Agreement to any actual or potential acquirer, or prospective investment bankers, investors, lenders or other financial partners, such disclosure shall solely be in the form of the redacted version of this Agreement, which version shall be agreed upon by the Parties in good faith; it being understood and agreed that such Party may provide an unredacted version of this Agreement to such Third Party after negotiations with any such Third Party have progressed to the point of progressing drafts of definitive agreements (i.e. beyond the term sheet stage) so that such Party reasonably and in good faith believes that the transaction is likely to continue to progress toward a completed transaction; or

(e) disclosure pursuant to Section 8.6 (in accordance with the process set forth therein) and Section 8.7.

8.5Prior CDA. This Agreement supersedes the Mutual Confidential Disclosure Agreement between the Parties dated [***] (the "**Prior CDA**") with respect to any information disclosed thereunder. All information exchanged between the Parties under the Prior CDA shall be deemed Confidential Information of the Disclosing Party and shall be subject to the terms and conditions of this Article 8.

8.6Publications.

(a) On a Program-by-Program basis, prior to the License Option Effective Date or, if Gilead does not timely exercise the License Option, expiration of the License Option Term, neither Party will make any academic, scientific, medical or other publication or public presentation related to any Program Candidate or any activities conducted pursuant to such Program, in each case, without the other Party's prior written consent and review in accordance with Section 8.6(d).

(b) On a Program-by-Program basis, after the License Option Effective Date, if any, (i) Merus will not make any publication or public presentation related to the applicable Candidate or Product, without Gilead's prior written consent and review in accordance with Section 8.6(d), and (ii) Gilead shall have the right to make any publication or public presentation related to the applicable Candidate, Derivative, or Product, subject only to Merus's prior review in accordance with Section 8.6(d).

(c) Merus shall be entitled to make any academic, scientific, medical or other publication or public presentation relating to the Merus Platform Technology, Merus Platform Improvements and Merus Patents other than Product-Specific Patents, and Joint Program Patents without Gilead's prior review or consent, except that if such publication or public presentation incorporates data or information concerning a Program Candidate, Derivative, or Product, then it shall be subject to Gilead's prior review in accordance with Section 8.6(d).

(d) If either Party intends to publish or present any publication or public presentation that is subject to the other Party's prior review as set forth above, such Party (the "**Publishing Party**") shall provide the other Party (the "**Reviewing Party**") with such proposed publication or presentation at least [***] prior to the intended submission date. The Reviewing Party will have the right to reasonably review and comment with respect to such proposed publication or presentation, and the Publishing Party shall in good faith consider any comments made by the Reviewing Party during such review period. If such publication or presentation contains Confidential Information of the Reviewing Party, then upon the Reviewing Party's request during such review period, the Publishing Party shall delete any such Confidential Information identified by the Reviewing Party. If the Reviewing Party wishes to request a reasonable delay in publication or presentation in order to protect patentable information, the Publishing Party shall delay the publication or presentation for a period of no more than [***] to enable patent applications to be filed in accordance with Article 7 to protect Intellectual Property Rights disclosed in such publication or presentation. For clarity, if the Reviewing Party fails to

notify the Publishing Party during the review period as provided under this Section 8.6(d), the Publishing Party shall be free to proceed with the proposed publication or presentation.

8.7Public Announcements. The Parties have agreed on the joint press release announcing this Agreement, set forth on **Schedule 8.7**, to be issued by the Parties promptly after the Effective Date. Other than the press release set forth on **Schedule 8.7**, except for any such disclosure permitted under Section 8.4 or publication permitted under Section 8.6, the Parties agree that the portions of any other news release or other public announcement relating to this Agreement or the performance hereunder that would disclose information other than that already in the public domain will first be reviewed and approved by both Parties (with such approval not to be unreasonably withheld, conditioned, or delayed). Notwithstanding the foregoing, (a) Merus shall be free to issue any public announcement, press release, or other public disclosure solely related to [***]; provided that no such disclosure by Merus pursuant to this subclause (a)(ii) includes any Confidential Information of Gilead; and (b) Gilead shall be free to issue any public announcement, press release, or other public disclosure related to [***].

8.8Return of Confidential Information. Upon the effective date of expiration or termination of this Agreement, and upon either Party's written request, the other Party shall, with respect to Confidential Information to which such other Party does not retain rights under the surviving provisions of this Agreement: (a) as soon as reasonably practicable, destroy all copies of such Confidential Information in the possession of the other Party and confirm such destruction in writing to the requesting Party; or (b) as soon as reasonably practicable, deliver to the requesting Party, at such other Party's expense, all copies of such Confidential Information in the possession of such other Party; provided that such other Party shall be permitted to retain one (1) copy of such Confidential Information for the sole purpose of performing any continuing obligations or exercising any surviving rights hereunder, as required by Applicable Law, or for litigation or archival purposes. Notwithstanding the foregoing, such other Party also shall be permitted to retain such additional copies of or any computer records or files containing such Confidential Information that have been created solely by such Party's automatic archiving and back-up procedures, to the extent created and retained in a manner consistent with such other Party's standard archiving and back-up procedures, but not for any other use or purpose. Any Confidential Information so retained under this Section 8.8 shall remain subject to the obligations of confidentiality and non-use set forth in this Article 8.

8.9Use of Names. Each Party and its Affiliates will retain all right, title and interest in and to its and their respective corporate names and Trademarks. Each Party will have the right, subject to the prior written approval of the other Party, except to the extent in connection with the authorized disclosures in Section 8.4, to use the other Party's corporate name and Trademarks in presentations, its website, collateral materials, and corporate overviews to describe the collaboration relationship, as well as in taglines of press releases issued pursuant to Section 8.7; provided that neither Party will use the other Party's corporate name or Trademarks in such manner that the distinctiveness, reputation, and validity of any corporate names or Trademarks of such other Party could be impaired, and each Party will use the other Party's corporate name and Trademarks in accordance with sound trademark and trade name usage principles and in accordance with all Applicable Law as necessary to maintain the validity and enforceability of their respective Trademarks and consistent with best practices used by such other Party for its other

collaborators. All goodwill associated with or attached thereto arising out of the use thereof by each Party and their Affiliates of the corporate names and Trademarks will inure to the benefit of the respective Trademark owner. The Parties shall have the right to exercise quality control over the use of their names and Trademarks to the degree necessary to maintain the validity of Trademarks and to protect the goodwill associated therewith, including by requiring adherence to such Party's style sheets which may be provided. Except as permitted under Section 8.7, or with the prior express written permission of the other Party, neither Party will use the corporate name or Trademark of the other Party or its Affiliates or their respective employees in any publicity, promotion, news release, or disclosure relating to this Agreement or its subject matter except as may be required by Applicable Law. Each Party will use the other Party's corporate name in all publicity relating to this Agreement, including the initial press release and all subsequent press releases. The Parties will reproduce each other's logos only from the electronic images provided by each Party without any alteration, except to enlarge or shrink the size of the logo as a whole. The logo of the other Party shall never appear larger or more prominently than Party's own logo. Either Party may withdraw permissions to use its corporate name and Trademarks at any time upon notice to the other Party.

8.10Injunctive Relief. Each Party acknowledges that its breach of this Article 8 may cause irreparable harm to the other Party, which cannot be reasonably or adequately compensated in damages in an action at law. By reasons thereof, each Party shall be entitled, in addition to any other right or remedy it may have at law or in equity, to seek injunctive and other equitable relief, in any court of competent jurisdiction, enjoining or restraining the other Party or its Affiliates from any violation or threatened violation of this Article 8.

ARTICLE 9
REPRESENTATIONS AND WARRANTIES

9.1Representations and Warranties of Each Party. Merus and Gilead each represents and warrants to the other, as of the Effective Date [***], as follows:

(a) it is a corporation duly incorporated, validly existing, and in good standing under the laws of the jurisdiction of its incorporation, and has all requisite corporate power and authority, to execute, deliver, and perform its obligations under this Agreement;

(b) the execution and delivery of this Agreement and the performance by it of the transactions contemplated hereby have been duly authorized by all necessary corporate action, and do not violate (i) such Party's charter documents, bylaws, or other organizational documents, (ii) in any material respect, any agreement, instrument, or contractual obligation to which such Party is bound, (iii) any requirement of any Applicable Law, or (iv) any order, writ, judgment, injunction, decree, determination, or award of any court or governmental agency presently in effect applicable to such Party;

(c) this Agreement is a legal, valid, and binding obligation of such Party enforceable against it in accordance with its terms and conditions, subject to the effects of bankruptcy, insolvency, or other laws of general application affecting the enforcement of creditor rights, judicial principles affecting the availability of specific performance, and general principles of equity (whether enforceability is considered a proceeding at law or equity); and

(d) it is not under any obligation, contractual or otherwise, to any Person that conflicts with or is inconsistent in any material respect with the terms of this Agreement, or that would impede the diligent and complete fulfillment of its obligations hereunder.

9.2Additional Representations and Warranties of Merus. Merus represents and warrants to Gilead, as of the Effective Date [***] as follows:

(a) it has the rights under [***] to Gilead under this Agreement;

(b) it has not granted, and will not grant during the Term, any license or other right under [***] to Gilead under this Agreement;

(c) there is no judgment, or settlement against, or amount with respect thereto, owed by Merus or any of its Affiliates to any Third Party relating to the [***]; and

(d) except as set forth in **Schedule 9.2(d)**, all Merus Patents and Merus Platform Patents existing as of the Effective Date (the "**Existing Patents**") are listed on **Schedule 1.74**, and no Existing Patent is subject of any pending challenge, interference, opposition, cancellation, patent protest nullity action, inter-partes reexamination, inter-partes review, post-grant review, derivation proceeding, or other proceeding pending or threatened, except as otherwise disclosed in Merus' Annual Report on Form 10-K;

(e) (i) except with respect to the [***];

(f) Merus has taken reasonable precautions to preserve the confidentiality and trade secret protections under Applicable Law of any Merus Know-How or any Know-How covering the Merus Platform Technology;

(g) except for non-exclusive licenses granted by Third Party contractors under service agreements entered into by Merus in the ordinary course of business that (i) relate solely to technology [***] (any such agreement a "**Merus In-License**");

(h) Merus has obtained from all individuals who participated in any respect in the invention or development of any [***], either pursuant to written agreement or by operation of Applicable Law;

(i) All of Merus's employees, officers, and consultants have executed agreements or have existing obligations under Applicable Law requiring assignment to Merus of all inventions made during the course of and as the result of their association with Merus and obligating the individual to maintain as confidential Merus's Confidential Information as well as Confidential Information of other parties (including Gilead and its Affiliates) that such individual may receive, to the extent required to support Merus's obligations under this Agreement;

(j) To Merus's knowledge, the Merus Patents and Merus Platform Patents are valid and enforceable;

(k) (i) [***]; and (ii) Merus has not received any written notice alleging, nor is Merus aware of any pending or threatened action, suit, proceeding or claim by a Third Party asserting, such infringement or misappropriation;

(l) (i) To Merus's knowledge, [***] thereof; and (ii) Merus has not initiated or been involved in any proceedings or other claims in which it alleges that any Third Party is or was infringing or misappropriating any [***], nor have any such proceedings been threatened by Merus;

(m) No officer or employee of Merus is subject to any agreement with any other Third Party that requires such officer or employee to assign any interest in any Merus IP, Merus Platform Patents, or Know-How covering Merus Platform Technology to any Third Party;

(n) Merus has not entered into a funding relationship with a Governmental Authority that would result in rights to any Candidate or Product residing in the United States Government, National Institutes of Health, National Institute for Drug Abuse or other Governmental Authority (including counterparts of such agencies in any other countries), and the licenses granted hereunder are not subject to overriding obligations to the United States Government as set forth in Public Law 96 517 (35 U.S.C. 200 204) or any similar obligations under the Applicable Laws of any other country with respect to other Governmental Authorities; and

(o) To Merus's knowledge, Merus has [***] with respect to the Merus Platform Patents and Merus Patents.

9.3Mutual Covenants.

(a) **No Debarment**. In the course of conducting the Research Plan and the Exploitation of Products hereunder, neither Party nor its Affiliates shall use any employee or consultant who has been debarred or disqualified by any Regulatory Authority, or, to such Party's or its Affiliates' knowledge, is the subject of debarment or similar proceedings (including any investigation) by a Regulatory Authority. Each Party shall notify the other Party immediately upon becoming aware that any of its or its Affiliates' employees or consultants has been debarred, disqualified, or is the subject of debarment or similar proceedings by any Regulatory Authority.

(b) **Compliance**. Each Party and its Affiliates shall comply in all material respects with all Applicable Law in relation to the conduct of the Research Plan and performance of its obligations under this Agreement. Each Party and its Affiliates shall, in connection with its activities hereunder, comply with all applicable (i) U.S. laws prohibiting the re-export, directly or indirectly, of certain controlled U.S.-origin items without a license to parties located in certain countries or appearing on certain U.S. Government lists of restricted parties; (ii) U.S. laws prohibiting participation in non-U.S. boycotts that the United States does not support; and (iii) U.S. laws prohibiting the sale of products to parties from any country subject to U.S. economic sanctions or who are identified on related U.S. Government lists of restricted parties.

9.4Additional Merus Covenants. Merus hereby covenants to Gilead that:

(a) with respect to each Merus In-License or any Third Party License entered by Merus pursuant to Section 7.9, Merus shall [***] after providing such written notice (taking into consideration any applicable cure period under the applicable Merus In-License or Third Party License), Gilead may perform such obligation on behalf of Merus and offset any costs or expenses incurred in connection therewith against any payments due or that may become due under this Agreement; and

(b) Merus agrees that it shall not during the Term [***];

(c) Without limiting the obligations of Merus under Section 7.9, if Merus or any of its Affiliates licenses or acquires any Patents or Know-How covering (a) any Program Target, or (b) any Candidate Directed to any Program Target, or products constituting, incorporating, comprising or containing any such Candidate, wherein such Patents or Know-How are necessary to exploit a Product, Merus or its Affiliate shall use Commercially Reasonable Efforts to negotiate terms under which such license or acquisition will permit Merus to grant to Gilead a license or sublicense consistent with the terms of this Agreement.

9.5Warranty Disclaimer. The results of the activities to be performed by Merus under the Research Plans and this Agreement are preliminary and experimental in nature. EXCEPT AS SET FORTH IN THIS ARTICLE 9, MERUS EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, WHETHER IMPLIED, EXPRESS, OR STATUTORY, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NONINFRINGEMENT, ACCURACY AND QUIET ENJOYMENT OF CANDIDATES IT MAY DELIVER. EXCEPT AS SET FORTH IN THIS ARTICLE 9, NEITHER PARTY MAKES ANY REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

ARTICLE 10
INDEMNITY; INSURANCE

10.1Indemnification.

(a) **Indemnification by Merus**. Merus hereby agrees to defend, hold harmless and indemnify (collectively, "**Indemnify**") Gilead and its Affiliates, and its and their respective directors, officers, employees, and agents (each, a "**Gilead Indemnitee**") from and against any and all losses, damages, liabilities, penalties, settlements, costs, and expenses (including reasonable attorneys' fees and other expenses of litigation) (collectively, "**Losses**") in connection with any Claims against any Gilead Indemnitee to the extent arising from or occurring as a result of: [***], to the extent such Claim arises from an act or omission for which Gilead has an obligation to Indemnify Merus pursuant to Section 10.1(b).

(b) **Indemnification by Gilead**. Gilead hereby agrees to Indemnify Merus and its Affiliates, and its and their respective directors, officers, employees, and agents (each, a "**Merus Indemnitee**") from and against any and all Losses in connection with any Claims against any Merus Indemnitee to the extent arising from or occurring as a result of: [***]; except in each case ((i)-(iii)), to the extent such Claim arises from an act or omission for which Merus has an obligation to Indemnify Gilead pursuant to Section 10.1(a).

10.2Indemnification Procedure. All indemnification claims in respect of a Party, its Affiliates, or its or their respective directors, officers, employees and agents shall be made solely by such Party to this Agreement. The Party claiming indemnity under Section 10.1(a) or Section 10.1(b) (the "**Indemnified Party**") shall give the other Party (the "**Indemnifying Party**") prompt written notice (an "**Claim Notice**") of any Claims, Losses or discovery of fact upon which such Indemnified Party intends to base a request for indemnification under Article 10, provided that any delay in providing such notice shall not constitute a waiver or release of, or otherwise limit, the Indemnified Party's rights to indemnification, except to the extent that such delay materially prejudices the Indemnifying Party's ability to defend against the relevant Claims. Each Claim Notice must contain a description of the Claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss is known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any Losses and Claims. The Indemnifying Party may assume and control, with the sole power to direct, the defense of the Claim at its own cost and expense, with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party. If the Indemnifying Party does not timely assume control of the defense following receipt of notice of the Claim as described in this Section 10.2, the Indemnified Party may control such defense, at the Indemnifying Party's cost and expense. The Party not controlling such defense may participate therein at its own cost and expense. Neither the Indemnifying Party nor the Indemnified Party shall admit fault on behalf of the other Party without the written consent of such other Party. The Indemnified Party shall not settle or compromise any Claim without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld, delayed or conditioned. The Indemnifying Party shall not settle or compromise any Claim or consent to any judgment in respect thereof that does not include a complete and unconditional release of the Indemnified Party from all liability with respect thereto or that imposes any liability or obligation on the Indemnified Party for which the Indemnified Party is not indemnified under this Agreement, without the prior written consent of the Indemnified Party. The Party controlling the defense of a Claim under this Section 10.2 shall keep the other Party advised of the status of such Claim and the defense thereof and shall reasonably consider recommendations made by the other Party with respect thereto. Each Party shall cooperate fully with the Party controlling such defense and shall make available all pertinent information under its control, which information shall be subject to Article 8, and cause its employees to be available in a deposition, hearing or trial.

10.3Insurance. Each Party shall acquire and maintain, at its own expense, insurance or self-insurance, as required by Applicable Law or as reasonably necessary to cover potential liabilities and risk arising out of activities to be performed under this Agreement. Without limiting the foregoing, each Party shall maintain in full force and effect during the Term either reasonable self-insurance with the ability to cover the liabilities of such Party that could reasonably occur in

view of the activities of such Party under this Agreement, or insurance policies with the following coverages, with limits of liability not less than those specified below:

(a) [***].

(b) [***].

(c) [***].

(d) [***].

All insurance programs required to be maintained hereunder shall be [***]. To the extent requested by the other Party, each Party shall provide the other with an original certificate of insurance evidencing that (i) all such insurance coverages are in effect, and (ii) none of the required policies of insurance shall be terminated or cancelled by insurers except upon at least [***] written notice to the other Party. Nothing contained in this Section 10.3 is intended to shall be construed, to limit either Party's indemnity obligations under this Agreement.

10.4Limitation of Liability. EXCEPT WITH RESPECT TO [***], IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY, UNDER ANY LEGAL THEORY, INCLUDING CONTRACT, TORT, NEGLIGENCE BREACH OF STATUTORY DUTY OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, OR INCIDENTAL DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT, INCLUDING LOSS OF PROFITS OR ANTICIPATED SALES, HOWEVER CAUSED, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

ARTICLE 11
TERM; TERMINATION

11.1Term. The term of this Agreement (the "**Term**") shall commence on the Effective Date, and, unless terminated earlier as provided in the remainder of this Article 11, shall continue in full force and effect, on a Program-by-Program basis:

(a) if Gilead fails to timely exercise the License Option for such Program, until the expiration of the applicable License Option Term;

(b) if Gilead timely exercises the License Option for such Program and the License Option Effective Date has occurred, then for the Program Candidates and Products of such Program, on a country-by-country and Product-by-Product basis, until the expiration of the Royalty Term for each such Product in such country; except that, for Program #3, if Merus exercises its Opt-In Option, then, for Program #3, until the Parties have permanently ceased the Exploitation of all Products under Program #3.

(c) For clarity, if Gilead timely exercises the License Option for a Program and the License Option Effective Date has occurred, then upon the expiration (but not early termination) of this Agreement for a Product of such Program in a country as set forth in clause

(b) above, the licenses granted by Merus to Gilead under Section 4.3(a) for such Product in such country shall become fully paid-up, royalty-free, perpetual, and irrevocable.

11.2Termination for Convenience. Gilead may terminate this Agreement in its entirety or in relation to one or more Programs for any reason at any time upon [***] prior written notice to Merus.

11.3Termination for Material Breach or Futility; Remedy in Lieu of Termination.

(a) **Termination for Material Breach**. If a Party is in Material Breach of this Agreement, the other Party may give written notice to the breaching Party specifying the claimed particulars of such breach, and in the event such Material Breach is not cured within [***] after such notice, the notifying Party shall have the right thereafter to terminate this Agreement immediately by giving written notice to the breaching Party to such effect; provided, that if such breach is capable of being cured but cannot be cured within such [***] period and the breaching Party initiates actions to cure such breach within such period and thereafter diligently pursues such actions, the breaching Party shall have such additional period as is reasonable in the circumstances to cure such breach. Any dispute regarding (i) the existence or materiality of a breach specified in a notice provided by a Party in accordance with this Section 11.3(a); or (ii) whether a Material Breach has been cured within the applicable cure period described in this Section 11.3(a) will be resolved in accordance with the dispute resolution procedures (including litigation) described in Article 12. No purported termination of this Agreement pursuant to this Section 11.3(a) shall take effect until the resolution of such dispute, and the period for cure of such alleged breach shall be tolled during the pendency of any dispute with respect to an alleged breach. If it is ultimately determined that the breaching Party committed such material breach and such Material Breach is curable, then the breaching Party will have the right to cure such Material Breach after such determination within the applicable [***] cure period which will commence as of the date of such determination. Any termination by any Party under this Section 11.3(a) and the effects of termination provided herein shall be without prejudice to any damages or other legal or equitable remedies to which it may be entitled.

(b) **Termination for Futility**. Gilead may terminate this Agreement in relation to one or more Programs if the JSC has determined that further performance of the Research Plan for a particular Program is Futile upon [***] prior written notice to Merus. For purposes of this Section 11.3(b), "**Futile**" (and other correlative terms) means a determination by the JSC that the conduct of research and Development activities with respect to the applicable Program is not likely to result in a therapeutic candidate with meaningful biological activity or an adequate therapeutic index, based on preclinical studies.

(c) [***], for this Agreement to continue in full force and effect, subject to this Section 11.3(c), and, upon written notice from Gilead, any and all amounts thereafter payable by Gilead to Merus hereunder with respect to the Products (including Development Milestone Payments, Commercialization Milestone Payments, and royalties) shall, [***]. Notwithstanding the foregoing, if with respect to a Material Breach [***].

11.4Termination for Insolvency.

(a) If, at any time during the Term, (i) a case is commenced by or against either Party under Title 11, United States Code, as amended, or analogous provisions of Applicable Law outside the United States (the "**Bankruptcy Code**") and, in the event of an involuntary case under the Bankruptcy Code, such case is not dismissed within [***] after the commencement thereof; (ii) either Party files for or is subject to the institution of bankruptcy, liquidation or receivership proceedings (other than a case under the Bankruptcy Code), (iii) either Party assigns all or a substantial portion of its assets for the benefit of creditors, (iv) a receiver or custodian is appointed for either Party's business, or (v) a substantial portion of either Party's business is subject to attachment or similar process (each of ((i) through (v)), a "**Bankruptcy Event**"); then, in any case of ((i) through (v)), the other Party may terminate this Agreement in its entirety upon written notice to the extent permitted under Applicable Law.

(b) All rights and licenses granted under or pursuant to this Agreement by each Party to the other Party, as applicable, are and shall otherwise be deemed to be, for purposes of Section 365(n) of the Bankruptcy Code, licenses of rights to "intellectual property" as defined under Article 101(35A) of the Bankruptcy Code. The Parties agree that each Party, as a licensee of such Intellectual Property Rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the Bankruptcy Code or analogous provisions of Applicable Law outside the United States, the other Party will be entitled to a complete duplicate of (or complete access to, as appropriate) any Intellectual Property Rights licensed to such Party and all embodiments of such Intellectual Property Rights, which, if not already in such Party's possession, will be promptly delivered to it (i) upon any such commencement of a bankruptcy proceeding upon such Party's written request therefor, unless the Party in the bankruptcy proceeding elects to continue to perform all of its obligations under this Agreement; or (ii) if not delivered under clause (i), following the rejection of this Agreement in the bankruptcy proceeding, upon written request therefor by the other Party. The Parties further agree that, upon the occurrence of a Bankruptcy Event with respect to a Party, each Party shall have the right to retain and enforce their rights under this Agreement.

Termination for Patent Challenge. Except to the extent the following is unenforceable under the laws of a particular jurisdiction, Merus shall have the right to terminate this Agreement in its entirety if Gilead or its Affiliates or Sublicensees, directly or indirectly, individually or in association with any other Person, commences a legal action challenging the validity, enforceability or scope of any Merus Patents anywhere in the world ("**Patent Challenge**"), and Gilead or its applicable Affiliates or Sublicensees do not withdraw such Patent Challenge within [***] after Merus provides written notice to Gilead of such Patent Challenge. For clarity, the foregoing right of termination shall not apply with respect to any Patent Challenge where the Patent Challenge is [***]; [***]. For clarity, [***].

11.5Termination of Licenses. Upon termination of this Agreement for any reason (but for clarity, not expiration), all licenses, options, and other rights granted by either Party under Sections 4.1, 4.2 and 4.3 shall terminate [***].

11.6Termination of Program Exclusivity. Merus's exclusivity obligations under Section 4.3 and Section 4.6 shall immediately terminate if [***] with respect to all Candidates and Products arising from any Program for a continuous period of [***], and such [***]. In each case of subclauses (a) and (b), Gilead shall provide notice to Merus of such decision promptly, and in any case no later than in the next Development report provided by Gilead to Merus pursuant to Section 5.1(d) following such decision, or, as applicable, shall confirm any such decision in response to any good faith written request from Merus inquiring about the development status of such Program.

11.7Reversion Products. The following shall apply upon any termination of this Agreement pursuant to Section 11.3(a), Section 11.3(b), or Section 11.4 (for clarity, if this Agreement is terminated for a Program-by-Program basis, then the following shall apply only to the terminated Program):

(a) **Reversion License**. Upon Merus's request within [***] of the effective date of termination of this Agreement as provided herein, Gilead [***]. If the Parties are unable to agree on [***], then the dispute shall be submitted to [***]. Further, upon Merus's request within [***] of the effective date of termination of this Agreement as provided herein, the Parties shall negotiate in good faith regarding a royalty-bearing license under the [***] to Exploit Reversion Products in the Field in the Territory, [***]. Notwithstanding anything to the contrary herein, [***].

(b) **Regulatory Documentations and Information**. Gilead shall (and shall cause its Affiliates and Sublicensees to), as instructed by Merus, promptly transfer and assign to Merus or its designee all right title and interest in all Regulatory Documentation and Regulatory Approvals for the Reversion Product Controlled by Gilead with respect to the terminated Program that [***]. Gilead shall provide to Merus [***]. Upon Merus's request, Gilead shall provide Merus with reasonable assistance and cooperation regarding any inquiries and correspondence with Regulatory Authorities relating to the Reversion Product. Gilead shall notify the applicable Regulatory Authorities and take any other action reasonably necessary to effect the transfer set forth herein. [***].

(c) **Data**. Gilead shall (and shall cause its [***]) [***]. Merus shall promptly [***].

(d) **Trademarks**. Gilead shall (and shall cause its Affiliates and Sublicensees to) promptly transfer and assign to Merus all Product Trademarks used for the Reversion Product (excluding any such mark that includes, in whole or in part, any corporate name or logo of Gilead or its Affiliates or Sublicensees).

(e) **Prosecution and Maintenance and Enforcement.** To the extent set forth in a transition plan to be agreed in writing by the Parties, Gilead shall provide reasonable assistance to Merus and cooperation in connection with the transition of Gilead's applicable prosecution, maintenance, and enforcement responsibilities relating to the Reversion Products to Merus, in each case at Merus's expense, including execution of such documents as may be necessary to effect such transition.

(f) **Transition Assistance**. To the extent set forth in a transition plan to be agreed in writing by the Parties, Gilead shall (and shall cause its Affiliates and Sublicensees to) reasonably cooperate with Merus, at Merus's expense, to [***].

(g) **Ongoing Clinical Trials**. If at the time of such termination, any Clinical Trials for the Reversion Product are being conducted by or on behalf of Gilead, its Affiliates or Sublicensees, then, on a trial-by-trial basis, subject to a transition plan to be agreed in writing by the Parties,: (i) Gilead shall (and shall cause its Affiliates and Sublicensees to) reasonably cooperate with Merus to transfer the conduct of all such Clinical Trials to Merus, and Merus shall assume any and all liability and costs for such Clinical Trials after the effective date of such termination; (ii) Gilead shall continue to conduct such Clinical Trials for up to [***] following notice of termination, at Merus's cost, to enable such transfer to be completed without interruption of any such Clinical Trial; or (iii) Gilead shall (and shall cause its Affiliates and Sublicensees to) at its own cost and expense, orderly wind down in compliance with Applicable Laws the conduct of any such Clinical Trial which is not assumed by Merus under clause (i).

(h) **Inventory**. Merus may, within [***] following the effective date of such termination, [***] inventory of Reversion Product. Merus shall pay Gilead [***] of Gilead's fully-burdened costs (including FTE costs associated with the transfer thereof) for such inventory of Reversion Product.

11.8Accrued Obligations; Survival. Any expiration or termination of this Agreement for any reason shall not release either Party of any obligation or liability which, at the time of such expiration or termination, has already accrued to such Party or which is attributable to a period prior to such expiration or termination. Without limiting the generality of the foregoing, the following provisions shall survive any termination or expiration of this Agreement: Article 1 (to the extent applicable to other surviving provisions); Section 3.7(a), Section 4.5, Sections 6.5 through 6.10 (solely with respect to amounts owed as of the effective date of termination or expiration), Section 6.11, Section 6.12 (solely with respect to amounts owed as of the effective date of termination or expiration), Section 6.13 (for a period of [***] following expiration or termination), Section 7.1, Section 7.2(b), Section 7.2(c), Sections 7.3 through 7.7 (in each case solely in the case of expiration, and not termination), Article 8 (for the time periods set forth therein, as applicable, or where no time period is provided, indefinitely, unless otherwise agreed by the Parties in writing); Section 10.1; Section 10.2; Section 10.4; Section 11.8; this Section 11.9; Section 11.10; Article 12; and Article 13 (excluding Sections13.3 and 13.6).

11.9Non-Exclusive Remedy. Notwithstanding anything herein to the contrary, termination of this Agreement under this Article 11 shall be without prejudice to other remedies each Party may have at law or in equity.

ARTICLE 12
DISPUTE RESOLUTION

12.1Disputes. Except as otherwise provided under Section 2.1(d), if the Parties, in consultation with each Party's Alliance Managers, are unable to resolve any dispute arising out of or in connection with this Agreement, either Party may, by written notice to the other, have such dispute referred to the Executive Officers of each of Merus and Gilead, or their respective

equivalents or designees, for attempted resolution by good faith negotiations within [***] after such notice is received. In such event, the Parties shall cause their Executive Officers or their designees to meet and be available to attempt to resolve such issue. If the Parties are unable to resolve any dispute under this Section 12.1, or if the JSC is unable to resolve any dispute pursuant to Section 2.1(d), such remaining dispute shall be resolved pursuant to Section 12.2.

12.2Arbitration.

(a) If the Parties fail to resolve the dispute through escalation to the Executive Officers under Section 12.1, and a Party desires to pursue resolution of the dispute, then, subject to Section 12.3, the dispute may be submitted by either Party for resolution by final and binding arbitration administered by the International Chamber of Commerce ("**ICC**") pursuant to its arbitration rules and procedures then in effect. For clarity, for any dispute arising under Section 13.6(c), out of or relating to the Assumption Notice, the Parties agree the ICC's Expedited Procedure Rules shall apply, irrespective of the amount in dispute.

(b) The arbitration shall be conducted by a panel of three arbitrators experienced in the pharmaceutical business: within [***] after initiation of arbitration, each Party shall select one person to act as arbitrator and the two Party-selected arbitrators shall select a third arbitrator (who shall be the chairperson of the arbitration panel) within [***] of their appointment. If the arbitrators selected by the Parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be appointed by ICC. The Parties shall maintain confidentiality as to the existence of the arbitration proceedings and as to all submissions, correspondence, and evidence relating to the arbitration proceedings.

(c) The seat and location of the arbitration shall be New York City, New York, U.S. and the language of the proceedings shall be English. The arbitral tribunal shall determine the dispute by applying the provisions of this Agreement and the governing law set forth in Section 13.1. The Parties agree that any award or decision made by the arbitral tribunal shall be final and binding upon them except in the case of manifest error or fraud and may be enforced in the same manner as a judgment or order of a court of competent jurisdiction.

(d) By agreeing to arbitration, the Parties do not intend to deprive any court of its jurisdiction to issue, at the request of a Party, a pre-arbitral injunction, pre-arbitral attachment or other order to avoid irreparable harm, maintain the status quo, preserve the subject matter of the dispute, or aid the arbitration proceedings and the enforcement of any award, nor to enforce any decision of the arbitral tribunal.

(e) The arbitrator shall have the right to award the prevailing Party in the arbitration some or all of its attorneys' fees and costs arising out of the arbitration. Except as may be so determined by the arbitrator, each Party shall bear its own attorneys' fees, costs, and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the administrator and the arbitrator.

12.3Excluded Disputes. Any dispute, controversy, or claim between the Parties relating to (a) the scope, validity, enforceability, or Infringement of any Patents covering the manufacture, use, or sale of any Product or of any Trademark relating to any Product or (b) any

antitrust, anti-monopoly or competition law or regulation; which in the case of (a) shall be determined in accordance with the Applicable Law of the country or other jurisdiction in which the particular Patent or Trademark has been filed or granted, as the case may be; and in the case of (b) be determined in accordance with the Applicable Law of the country or other jurisdiction in which the alleged anti-competitive conduct or infraction is alleged to have occurred; provided that, all questions concerning inventorship of Patents under this Agreement shall be determined in accordance with Section 7.1(b).

ARTICLE 13
MISCELLANEOUS

13.1Governing Law. This Agreement shall be governed in all respects by the laws of the State of New York exclusively, without regard to any conflict of law rule that would result in the application of the laws of any jurisdiction other than the State of New York; *provided*, *however*, that any dispute relating to the scope, validity, enforceability or infringement of any Patents shall be governed by, and construed and enforced in accordance with, the substantive laws of the jurisdiction in which such Patents apply. The Parties agree to exclude the application to this Agreement of the United Nations Convention on Contracts for the International Sale of Goods.

13.2Entire Agreement. This Agreement with its Exhibits and Schedules (a) constitutes the entire agreement and supersedes, as of the Effective Date, all prior and contemporaneous agreements, negotiations, arrangements and understandings, both written and oral, between the Parties with respect to the subject matter hereof, and (b) is not intended to confer upon any Person, other than the Parties, any rights, benefits, or remedies of any nature whatsoever. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the respective authorized officers of the Parties.

13.3Force Majeure. Except with respect to payment of money, neither Party shall be liable to the other for failure or delay in the performance of any of its obligations under this Agreement for the time and to the extent such failure or delay is caused by earthquake, riot, civil commotion, war, terrorist acts, strike, flood, or governmental acts or restriction, or other cause that is beyond the reasonable control of the respective Party (but in each case not due to such Party's fault or negligence); provided that the Party affected by such force majeure shall provide the other Party with prompt written notice of such circumstance, with full particulars thereof as soon as it becomes aware of the same (including its best estimate of the likely extent and duration of the interference with its activities), uses commercially reasonable efforts to overcome the difficulties created thereby and to resume performance of its obligations as soon as practicable. If the performance of any such obligation under this Agreement is delayed owing to such a force majeure for any continuous period of more than [***], the Parties shall consult with respect to an equitable solution, including the possibility of the mutual termination of this Agreement.

13.4Independent Contractors. The Parties agree that the relationship of Merus and Gilead established by this Agreement is that of independent contractors. Furthermore, the Parties agree that this Agreement does not, is not intended to, and shall not be construed to, establish an employment, agency or any other relationship. Except as may be specifically provided herein, neither Party shall have any right, power or authority, nor shall they represent themselves as having

any authority to assume, create or incur any expense, liability or obligation, express or implied, on behalf of the other Party, or otherwise act as an agent for the other Party for any purpose.

13.5Assignment.

(a) Except as express permitted herein, this Agreement may not be assigned or otherwise transferred, nor may any right or obligation hereunder be assigned or transferred, by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed. Any attempted assignment not in accordance with this Section 13.5 shall be null and void and of no legal effect. Any permitted assignee shall assume all assigned obligations of its assignor under this Agreement. The terms and conditions of this Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respected successors and permitted assigns.

(b) [***].

(c) Notwithstanding the foregoing, [***]. If Merus sells or assigns to any Third Party [***], then [***]. For the avoidance of doubt, [***]. For the purposes of this Section 13.5(c), a "**Specified Entity**" shall mean [***].

13.6Change of Control of Merus. If there is a Change of Control of Merus in which Merus is acquired by a Third Party, then Merus shall promptly notify Gilead in writing of such Change of Control within [***] following the consummation of such Change of Control, and upon consummation of such Change of Control of Merus, the following provisions shall apply:

(a) If Gilead has not yet exercised the Program #3 Option, then Merus may elect, at its sole discretion by written notice to Gilead delivered within thirty (30) days following the consummation of such Change of Control transaction, to [***].

(b) If (i) at the time Merus notifies Gilead of such Change of Control Merus is [***], then Gilead may elect, upon written notice to Merus, [***], or (ii) at the time Merus notifies Gilead of such Change of Control, [***], then [***] may elect, upon written notice to the other Party [***]. If [***], Merus shall pay to Gilead, within [***] following the closing of such Change of Control, a one-time cash payment of [***], and shall [***] prior to the date of Merus's notice to Gilead within [***] following delivery by Gilead of an invoice therefor.

(c) If there is a Change of Control of Merus during the Collaboration Period, Merus shall continue to conduct each Program in accordance with the terms of this Agreement and the applicable Research Plan, with [***]. Without limiting any remedies available to Gilead that are associated with a failure to comply with the foregoing obligation, where Merus fails to perform the activities under the Research Plan for an applicable Program as a result of [***], Gilead may elect, by written notice to Merus, to assume responsibility for the conduct of the remaining activities pursuant to each Research Plan (an "**Assumption Notice**") provided that such Assumption Notice shall be required to be delivered to Merus, if at all, within [***] following [***]. If Gilead delivers an Assumption Notice to Merus, and Merus disputes the basis for the Assumption Notice in good faith (and refers such dispute for resolution under Article 12), then the Assumption Notice shall not be effective until an arbitrator finally determines that Gilead has the

right to issue such Assumption Notice. If Merus does not dispute the Assumption Notice (or if an arbitrator determines that the Assumption Notice is valid following expedited arbitration pursuant to Section 12.2), Merus shall disclose or deliver to Gilead, to the extent not previously provided, [***]. In addition, upon Gilead's reasonable request and expense, Merus will provide reasonable technical assistance to Gilead during such disclosure or delivery set forth in the preceding sentence for a period no longer than [***] (the "**Research Transfer**"). The Research Transfer shall be overseen by a working group established for such purposes, which working group may put in place a technology transfer plan expressly identifying the applicable Merus Know-How to be transferred and the reasonable timing for such transfer. For clarity the Research Transfer is [***], and to enable Gilead with respect to the licenses granted in Section 4.3(a), provided that in no event will Merus be required to transfer to Gilead (A) any Merus Platform Technology, or (B) more than [***] Candidates that have met the success criteria. With respect to any Program that has been the subject of a Research Transfer, Gilead shall have a period of time equal to the original duration of the License Option Term (but in any case no less than [***] following completion of the Research Transfer) to exercise the License Option for such Program, provided that if Gilead does not elect to exercise the License Option within such time period, Gilead shall promptly return to Merus all Candidates and other components of the Research Transfer (in each case, solely to the extent such materials would not have otherwise constituted part of the deliverables that Merus would have delivered to Gilead pursuant to such Research Plan) and on Merus's request, certify such complete return in writing. If Gilead timely exercises the License Option following a Research Transfer, then [***].

(d) All Merus IP Controlled by Merus or any of its Affiliates immediately before such Change of Control shall continue to be Merus IP (or Merus Platform Patents), for purposes of this Agreement. The Intellectual Property Rights and Know-How of such Third Party acquirer and its Affiliates (then or subsequently existing) that existed immediately prior to the Change of Control transaction or during the Term shall not be included within the Merus IP (or Merus Platform Patents) licensed to Gilead hereunder and shall not otherwise become subject to this Agreement, except to the extent such Intellectual Property Rights or Know-How were so included in or subject to this Agreement prior to the consummation of such Change of Control or are used or disclosed to Gilead by such acquirer or Merus after the consummation of such Change of Control in performing activities under the Research Plan for a Program pursuant to this Agreement.

(e) If Merus has exercised its opt-in to share Net Profit/Loss under Section 5.3 prior to such Change of Control, then none of Merus, its Affiliates, or the Third Party acquirer or any of its affiliates, shall have access to any information regarding Gilead's Development or Commercialization activities under such Program, including the calculation of Net Sales or Net Profit/Loss (but subject to audit pursuant to Section 6.13).

13.7Representation by Legal Counsel. Each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption shall exist or be implied against the Party that drafted such terms and provisions.

13.8Waiver. No waiver or release of any of a Party's rights or interests in this Agreement shall be enforceable against such Party except if such waiver or release is made in writing and signed by an authorized representative of such Party. The failure of either Party to assert a right hereunder, or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition. No waiver by either Party of any condition or term in any one or more instances shall be construed as a continuing waiver of such condition or term or of another condition or term.

13.9Notices. Any notice required or permitted to be given under this Agreement shall be in writing, shall make specific reference to this Agreement, and shall be addressed to the appropriate Party at the address specified below or such other address as may be specified by such Party in writing in accordance with this Section 13.9, and shall be deemed to have been given for all purposes (a) when received, if hand-delivered or sent by a reputable overnight delivery service, (b) on the day of sending by email (with documented confirmation of receipt), if followed by mailing by first class certified or registered mail, postage prepaid, return receipt requested or sent by a reputable overnight delivery service, or (c) five (5) days after mailing, if mailed by first class certified or registered mail, postage prepaid, return receipt requested.

If to Merus, addressed to: Merus N.V.
Uppsalalaan, 3584 CT Utrecht
The Netherlands
Attention: Chief Operating Officer and General Counsel
Peter Silverman
Email: [ ]
With copy to: [ ]

With a copy to: Cooley LLP
3175 Hanover St.
Palo Alto, CA 94304
Attention: [ ]
Email: [ ]

If to Gilead, addressed to: Gilead Sciences, Inc.
333 Lakeside Drive
Foster City, CA 94404
USA
Attention: VP, Alliance Management
Email: [ ]

With a copy to: Gilead Sciences, Inc.
333 Lakeside Drive
Foster City, CA 94404
United States
Attention: General Counsel
Email: [ ]

13.10Severability. Any term or provision of this Agreement that is held to be invalid, void, or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the invalid, void, or unenforceable term or provision in any other situation or in any other jurisdiction. If any term or provision of this Agreement is declared invalid, void, or unenforceable, the Parties agree that the authority making such determination will have the power to and shall, subject to the discretion of such authority, reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, void, or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the original intention of the invalid or unenforceable term or provision.

13.11Interpretation. The captions and headings to this Agreement, including the nomenclature (i.e. the titles) of defined terms, are for convenience only, and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement. Unless specified to the contrary, references to Articles, Sections, Schedules or Exhibits mean the particular Articles, Sections, Schedules or Exhibits to this Agreement and references to this Agreement include all Exhibits and Schedules hereto. Unless context otherwise clearly requires, whenever used in this Agreement: (a) the words "include" or "including" shall be construed as incorporating, also, "but not limited to" or "without limitation;" (b) the word "day" or "year" means a calendar day or year unless otherwise specified; (c) the word "notice" means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement; (d) the words "hereof," "herein," "hereby" and derivative or similar words refer to this Agreement (including any Exhibits and Schedules); (e) the word "or" shall be construed as the inclusive meaning identified with the phrase "and/or"; (f) provisions that require that a Party, the Parties or a committee hereunder "agree," "consent" or "approve" or the like shall require that such agreement, consent or approval be in writing, whether by written agreement, letter, approved minutes or otherwise; (g) words of any gender include the other gender; (h) words using the singular or plural number also include the plural or singular number, respectively; (i) references to any Applicable Law, or article, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement Applicable Law thereto; and (j) neither Party or its Affiliates shall be deemed to be acting "on behalf of" or "under authority of" the other Party under this Agreement.

13.12Cumulative Remedies. All rights and remedies of the Parties hereunder shall be cumulative and in addition to all other rights and remedies provided hereunder or available by agreement, at law or otherwise.

13.13Extension to Affiliates. Gilead will have the right to extend the rights, licenses, immunities, and obligations granted in this Agreement to one (1) or more of its Affiliates. All applicable terms and provisions of this Agreement will apply to any such Affiliate to which this Agreement has been extended to the same extent as such terms and provisions apply to Gilead. Gilead will remain fully liable for any acts or omissions of such Affiliates.

13.14Counterparts. This Agreement may be executed in two or more counterparts (whether delivered by email via .pdf format, facsimile or otherwise), each of which will be considered one and the same agreement and will become effective when counterparts have been signed by each of the Parties and delivered to the other Party.

{Signature Page Follows}

IN WITNESS WHEREOF, the Parties have caused this Collaboration, Option and License Agreement to be duly executed by their authorized representatives as of the Effective Date.

Merus N.V.

By: /s/ Bill Lundberg

Name: Sven (Bill) Ante Lundberg, M.D.

Title: President and Chief Executive Officer

IN WITNESS WHEREOF, the Parties have caused this Collaboration, Option and License Agreement to be duly executed by their authorized representatives as of the Effective Date.

Gilead Sciences, Inc.

By:/s/ Andrew Dickinson

Name: Andrew Dickinson

Title: Chief Financial Officer

List of Schedules and Exhibits

Schedule 6.8

[***]

[***]:

(a) [***];

(b) [***];

(c) [***];

(d) [***].

(e) [***];

(f) [***];

(g) [***];

(h) [***];

(i) [***]; and

(j) [***].

Exhibit 10.2

CONSULTANCY AGREEMENT

This Consultancy Agreement ("**Agreement**") is effective as of April 15, 2024 (the "**Effective Date**") and is entered into by and between:

(1) **Merus US, Inc.**, a Delaware corporation ("**Merus**");

and

(2) Victor Sandor, M.D. ("**Consultant**");

(Each of Merus and Consultant may hereinafter be referred to as a "**Party**" or collectively referred to as the "**Parties**.")

WHEREAS:

(A) Consultant is an independent contractor and serves on the board of directors of Merus N.V. (the "Board"); and

(B) In addition to Consultant's service on the Board, Merus wishes to engage Consultant to provide services to Merus and its affiliates for a limited term, and for the limited purpose of providing professional advice and guidance to Merus and its affiliates with respect to the matters set out in this Agreement, and Consultant is willing to provide such services subject to the terms and conditions of this Agreement.

NOW THEREFORE, for mutual consideration, the receipt and adequacy of which are acknowledged by the Parties, the Parties agree as follows**:**

1. **THE SERVICES**

1.1 In addition to any services that Consultant may provide as a member of the Board, Merus engages Consultant to provide, and Consultant agrees to provide, professional advice and guidance to Merus and its affiliates in the oversight of petosemtamab development program and other research and development topics, and such other consulting services as directed by the Chief Executive Officer and Chief Operating Officer from time to time (the "**Services**"). Consultant shall provide Services only upon the written instruction of the Chief Executive Officer or the Chief Operating Officer. For the avoidance of doubt, the Services do not include services that Consultant may perform as a member of the Board.

1.2 Consultant is capable of providing the Services and shall be reasonably available to provide the Services. Consultant shall carry out the Services in an expert and diligent manner and shall, to the best of his ability, promptly comply with and observe all lawful and reasonable requests given to Consultant by Merus or any of its affiliates pursuant to this Agreement.

1.3 Consultant represents and warrants to Merus that he is under no contractual or other restrictions or obligations that are inconsistent with the execution of this Agreement, or that will interfere with the performance of the Services. Consultant represents and warrants that the execution and performance of this Agreement will not violate any policies or procedures of any other person or entity for which he performs services concurrently with those performed herein.

1.4 Consultant shall comply with all applicable laws and regulations in the performance of the Services.

1.5 Consultant shall not subcontract any work in connection with this Agreement without the prior written consent of Merus.

2. **CONSIDERATION & EXPENSES**

2.1 In full consideration of Consultant's full, prompt, and faithful performance of the Services, Merus agrees to pay to Consultant a monthly fee of $35,000 for up to twenty (20) hours of Services rendered per month.

2.2 In addition to the sum referred to in Clause 2.1, Merus shall reimburse Consultant for reasonable expenses pre-approved by Merus, such as travel, hotel and meal expenses in connection with the Services. Merus shall pay Consultant the amounts due pursuant to Merus's receipt of the written invoices including receipts relating to the expenses. For any expense greater than $1,000, Consultant must seek prior approval from Merus to secure reimbursement.

2.3 Provided there is no reasonable dispute concerning the invoice raised by Merus, each payment to Consultant shall be made by Merus within thirty (30) days of the date of invoicing.

2.4 Invoices shall contain a specification of hours/days during which the Services are performed and, in reasonable detail, the reasonable expenses pre-approved by Merus and incurred by Consultant.

2.5 The consideration and reimbursement referred to in Clauses 2.1 and 2.2 shall be the sole consideration due to Consultant in connection with the Services and this Agreement. For the avoidance of doubt, such consideration and reimbursement shall be in addition to any compensation Consultant receives for his service as a member of the Board.

2.6 It is Consultant's responsibility to comply with any obligations towards tax and social security authorities that may result from this Agreement. Consultant indemnifies Merus and its affiliates and holds Merus and its affiliates harmless against any taxes,

social security premiums, costs, penalties, interest or other liabilities regarding the potential tax and social security consequences resulting from this Agreement.

2.7 The Consultant shall be indemnified by Merus to the fullest extent permitted by applicable law and the organizational documents of Merus, against any losses, damages, liabilities, claims, actions, judgments, costs and expenses (including without limitation, attorneys' fees and expenses) that may be incurred by him in the course of, or in connection with, the performance of the Services. Without limiting the foregoing, for purposes of the Indemnification Agreement, dated as of June 25, 2019, between Merus N.V. and the Consultant, "Corporate Status" shall include the Consultant's service under this Agreement.

3. TERM

3.1 This Agreement shall commence on the Effective Date and shall continue for one (1) year from the Effective Date, subject to earlier termination pursuant to clause 3.2.

3.2 This Agreement may be terminated at any time by either Party, and for any reason, upon written notice to the other Party.

3.3 All rights granted to Merus in respect of work performed and services rendered by Consultant and the products of such work and services, and all rights granted to Consultant for payments to be received under this Agreement, which arise prior to the date of termination of this Agreement, shall not be prejudiced or affected by such termination. Termination or expiry of this Agreement under clause 3.1 or 3.2 above shall not affect the accrued rights of the Parties that arose in any way out of this Agreement as at the date of termination or expiry. In particular, but without limitation, the provisions of clauses 3, 4.3, 5, 6 and 7 shall survive this Agreement and shall remain in full force and effect.

3.4 Except as may be required for the performance of Consultant's duties as a member of the Board, Consultant agrees to promptly return, following the termination of this Agreement or upon earlier request by Merus, all drawings, tracings, and written materials in Consultant's possession and supplied by Merus in conjunction with the performance of the Services under this Agreement or generated by Consultant in the performance of the Services under this Agreement.

3.5 For the avoidance of doubt, Consultant shall serve as a member of the Board until Consultant resigns or is no longer a member of the Board pursuant to the terms of the applicable governing documents of Merus N.V. and its affiliates, whether or not Consultant continues to perform Services pursuant to this Agreement.

4. INDEPENDENT CONTRACTOR

4.1 This Agreement is a contract for the provision of services. Nothing in this Agreement shall be deemed to make Consultant an employee of Merus or any of its affiliates. Nothing herein shall be construed to create an employer-employee relationship

between Merus and Consultant or to entitle Consultant to any benefits provided by Merus to its employees. If Consultant is reclassified by a state or federal agency or court as an employee, Consultant will become a reclassified employee and will receive no benefits except those mandated by state or federal law, even if by the terms of the benefit plans of Merus or its affiliates in effect at the time of such reclassification Consultant would otherwise be eligible for such benefits.

4.2 Except with respect to Consultant's service as a member of the Board, Consultant shall not have any express or implied right or authority to assume or create any obligations on behalf of, or in the name of, Merus or any of its affiliates, or to bind Merus or any of its affiliates to any contract, agreement or undertaking with any third party. Nothing contained in this Agreement shall be construed or applied to create a partnership, agency, or joint venture relationship between Consultant and Merus or any of its affiliates. Similarly, Consultant shall not state or imply, directly or indirectly, that Consultant is empowered to bind Merus or any of its affiliates without Merus' prior written consent.

4.3 Consultant shall not use the name, trade name, trade mark or logo of Merus or any abbreviation or adaptation thereof, in any advertising, trade display, public statement or for any other purposes, without the prior written consent of Merus.

4.4 Consultant agrees that while acting as a consultant for Merus (the "**Merus Consultancy**"), neither Consultant nor anyone assisting Consultant will engage in any activities that are adverse to the interests of Merus or any of its affiliates. Reports and other documents generated, or obtained by Consultant in the course of the Merus Consultancy (the "**Consulting Materials**") will be the property of Merus. If authored by Consultant, they will be considered "Works Made For Hire" and all right, title and interest in such works is hereby assigned by Consultant to Merus.

5. **CONFIDENTIALITY**

5.1 Consultant shall not during the term of this Agreement or at any time after its termination, without the prior written consent of Merus, disclose to any third party any information, data, inventions, methods, know-how, trade secrets or materials concerning the research and development, products, finances, strategy, business or other affairs of Merus or any of its affiliates or of any client, customer or collaborator thereof, which Consultant learns or obtains in the course of his Services hereunder, including Consultant's work, opinions, conclusions and communications with Merus with respect to this Agreement including any Consulting Materials (the "**Confidential Information**"). Consultant shall keep the Confidential Information confidential and in a secured place. Consultant agrees that the Confidential Information will be covered by the utmost confidentiality to the full extent provided by law and Consultant agrees to do all things necessary to preserve the confidentiality of the Confidential Information, using at least the same degree of care and discretion, but no less than a reasonable degree of care and discretion, in maintaining the confidentiality of the Confidential Information as he uses with his own confidential information. Consultant shall notify Merus immediately upon Consultant's discovery of any

unauthorized disclosure, loss, or compromise of the Confidential Information.

5.2 Information disclosed by Merus for which Consultant can establish the following shall not constitute Confidential Information:

a. at the time of disclosure by Merus, the information is generally available in the public domain;

b. after disclosure by Merus, the information becomes generally available in the public domain by publication or otherwise, except by breach of this Agreement by Consultant or breach by any other party under an agreement of confidentiality with Merus;

c. by contemporaneous and competent written records, the information was in his possession at the time of disclosure by Merus and was not acquired directly or indirectly from Merus or from any other party under an agreement of confidentiality with Merus;

d. by contemporaneous and competent written records, the information was received from an independent source who has a lawful right to disclose the Confidential Information; or

e. the information is permitted to be disclosed by prior written approval of Merus.

5.3 Consultant shall not during the term of this Agreement use any of the Confidential Information other than as is strictly necessary in performing the Services. Consultant shall not disclose the Confidential Information, or any part thereof, to his affiliates, agents, or employees, except those who need to know the information to perform in accordance with this Agreement and on signed terms of confidentiality at least as restrictive as those set forth herein. Consultant agrees that all documentary material provided to the Consultant by Merus together with all copies thereof must be returned immediately upon request. In addition, any activities that Consultant performs under this Agreement and any conclusions or judgments that Consultant reaches or has reached must be maintained as confidential in the same way. Consultant understands that these confidentiality and non-use restrictions will continue even upon the termination of the consulting work for Merus.

5.4 After completion of the Services or termination of this Agreement, whichever occurs earlier, and except as may be required for the performance of Consultant's duties as a member of the Board, Consultant shall have no right to use any Confidential Information and shall promptly return or destroy all Confidential Information, including all documents, correspondence and records containing or developed using Confidential Information. Consultant shall certify he has complied with this Section 5.4 within ten (10) calendar days of Merus' request.

5.5 Nothing contained herein shall be deemed to imply or otherwise constitute the grant of any right or license regarding any Confidential Information. The Confidential Information and any intellectual property rights relating to the Confidential Information shall remain the exclusive property of Merus. Merus makes no

representation or warranty as to the Confidential Information, including to the accuracy or completeness thereof. Merus shall have no liability to Consultant arising from the use of the Confidential Information for the Services.

5.6 Notwithstanding anything to the contrary herein, nothing in this Agreement is intended to or will be used by Merus in any way to prohibit Consultant from reporting possible violations of U.S. federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the U.S. Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (A) Consultant shall not be in breach of this Agreement and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (B) if Consultant files a lawsuit for retaliation by Merus or any of its affiliates for reporting a suspected violation of law, Consultant may disclose the trade secret to Consultant's attorney, and may use the trade secret information in the court proceeding, if Consultant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

6. ASSIGNMENT OF INTELLECTUAL PROPERTY

6.1 Consultant agrees that all ideas, inventions, discoveries, creations, manuscripts, properties, innovations, improvements, know how, inventions, designs, developments, apparatus, techniques, methods, and formulae that Consultant conceives, makes, develops or improves as a result of performing the Services, whether or not reduced to practice and whether or not patentable, alone or in conjunction with any other party and whether or not at the request or upon the suggestion of Merus (all of the foregoing being hereinafter collectively referred to as the "Inventions"), shall be the sole and exclusive property of Merus. Consultant hereby assigns all right, title and interest in such Inventions.

6.2 Consultant shall promptly disclose and deliver to Merus all Inventions or Consulting Materials, including any reports and other documents generated, or obtained by Consultant in the course of the Merus Consultancy, as well as any data, methods, reports, materials, inventions, discoveries, trade secrets, works of authorship and other information, whether or not patentable, that are discovered or developed by Consultant in connection with the performance of the Services. Merus shall be entitled to make such use of the Consulting Materials during the term of this

Agreement and thereafter in whatsoever manner Merus chooses and, without limitation, shall be entitled to incorporate such Consulting Materials or any part of them in any publication or document that may be published by Merus from time to time.

6.3 Consultant hereby irrevocably assigns to Merus, free from all encumbrances, all rights, title, and interest, including all intellectual property rights, in or relating to the Consulting Materials, and any ideas, inventions and improvements related thereto. Consultant further represents that all of Consultant's personnel performing any part of the Services are obligated to assign to Consultant all Inventions, Consulting Materials, and intellectual property rights that are necessary to enable Consultant to grant Merus all rights Consultant grants under this Agreement. Consultant agrees to provide Merus the right to inspect Consultant's assignment forms used with its personnel for conformance with United States and ex-United States law.

6.4 Consultant hereby appoints Merus as his attorney for the purpose of executing in the name and on behalf of Consultant all such deeds and documents as may be required to fully vest in Merus the rights assigned pursuant to this Section 6.

6.5 The assignments contained in this Section 6 shall not be affected by reason of the termination of this Agreement for whatever reason.

6.6 Merus shall be under no obligation to apply for or seek to obtain patent, design or other protection in relation to any of the Consulting Materials or Inventions, or in any way to use, exploit or seek to benefit from any of the Consulting Materials or Inventions.

6.7 Consultant shall provide such assistance as Merus may reasonably request in any proceedings and/or actions relating to the intellectual property rights in the Consulting Materials or Inventions, which will be at Merus' cost.

6.8 Merus acknowledges that any rights assigned to it pursuant to this Section 6 are assigned on an "as is" basis.

7. DATA PROTECTION

7.1 Merus and its affiliates may process personal data relating to Consultant for the purposes of and within the framework of this Agreement and the performance of Services thereunder. The personal data collected may include a copy of an identification document, contact details and bank account number. All such personal data shall be handled in a proper and careful manner in accordance with applicable law, including the General Data Protection Regulation (GDPR) and the Dutch Implementation Act GDPR (*Uitvoeringswet Algemene Verordening Gegevensbescherming*).

7.2 This encompasses, among other things, that Merus has implemented sufficient technical and organisational measures to ensure the protection of personal data. Personnel or third parties that have access to personal data will be bound by confidentiality obligations. Further, Consultant has several rights regarding its

personal data collected and/or processed by Merus, including the right to access, correction, deletion and portability of Consultant's personal data. For the purpose of the performance of this Agreement, Merus may transfer Consultant's personal data to third parties, provided that there is a legitimate interest in doing so. Where such third parties are located outside the European Economic Area in countries that are not deemed to have an adequate level of data protection, Merus will ensure that sufficient safeguards are in place or that the explicit consent for such transfer is obtained from Consultant. The Workforce Privacy Policy of Merus provides further information on data protection and applies to the processing of the personal data of Consultant by Merus.

7.3 Consultant shall comply with Merus' rules and policies regarding the processing of personal data should it process any personal data on behalf of Merus in performing the Services.

8. MISCELLANEOUS

8.1 Consultant hereby agrees in consideration of Merus' agreement to engage Consultant and pay compensation for the Services rendered to Merus and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, that Consultant shall not, without the prior written consent of Merus, directly or indirectly, consult for, or become an employee of, any company which conducts business in the Field of Interest anywhere in the world. As used herein, the term "Field of Interest" shall mean any business or enterprise that develops, manufactures, applies, designs, markets, licenses, sells, uses or provides any therapeutic drug relating to LGR5 or EGFR or to the treatment of head and neck squamous cell carcinoma in a Pivotal Clinical Trial or trial commenced after marketing authorization. The limitations on competition contained in this Section 8.1 shall continue during the time that Consultant performs any services for Merus (whether pursuant to this Agreement or otherwise and including services performed on the Board of Directors of Merus N.V.), and during the period beginning on the date Consultant no longer performs services for Merus or any of its affiliates and ending on the date twelve (12) months thereafter. If any part of this section should be determined by a court of competent jurisdiction to be unreasonable in duration, geographic area, or scope, then this Section 8.1 is intended to and shall extend only for such period of time, in such area and with respect to such activity as is determined to be reasonable.

8.2 This Agreement constitutes the entire agreement between the Parties with regard to the subject matter hereof, and replaces and supersedes all other agreements or understandings relating to the subject matter hereof, whether written or oral. No modification, amendment, supplement to, or extension of this Agreement shall have any force or effect unless reduced to writing and signed by each Party.

8.3 Consultant warrants to Merus that he is entitled and authorized to enter into this Agreement and perform his obligations hereunder, without breaching any other existing contractual obligations he may have.

8.4 Consultant warrants to Merus that he shall conduct his Services in accordance with uncompromising honesty and integrity and that it shall comply with the *Code of Business Conduct and Ethics*, as published on Merus N.V.'s website (http://www.merus.nl → Investors & Media → Corporate Governance → Governance Documents → Code of Business Conduct and Ethics).

8.5 All notices, documentation and communications shall be in English and sent by personal delivery, pre-paid registered mail, or overnight courier, to the relevant address set out below and shall be deemed to have been given on the date of receipt. Parties shall also send each other notice through email at the email addresses set out below.

If to Consultant at the last known email address of Consultant	If to Merus
	Legal@merus.nl (or to another officer at Merus N.V.

8.6 This Agreement, and all claims and/or causes of action (whether in contract, tort, or statute) that may be based upon, arise out of, or relate to this Agreement, or the negotiation, execution, or performance of this Agreement (including any claim or cause of action based upon, arising out of, or related to any representation or warranty made in or in connection with this Agreement), shall be governed by, and enforced in accordance with, the laws of the State of Delaware without giving effect to any laws, rules, or provisions that would cause the application of the laws, rules, or provisions of any other jurisdiction. If any dispute arises out of or in connection with this Agreement, the Parties will themselves endeavor to settle such dispute amicably. If the Parties fail to reach an amicable settlement of the dispute within a reasonable period of time, such dispute shall, to the exclusion of all others, be referred exclusively to a court of applicable jurisdiction in the Commonwealth of Massachusetts and the Parties agree that judgments of the Massachusetts courts of applicable jurisdiction are enforceable in any court having jurisdiction over the Parties.

8.7 This Agreement has been prepared in the English language and the English language shall control its interpretation.

8.8 No claim, right or remedy of a Party under this Agreement shall be deemed to be waived in whole or in part unless such waiver is in writing and signed. No relaxation, forbearance, delay or indulgence by a Party in enforcing any of the provisions of this

Agreement shall prejudice, affect or restrict the rights of that party under this Agreement, nor shall any waiver by a Party of a violation of this Agreement operate as a waiver of any subsequent or continuing violation.

8.9 If any provision of this Agreement is held to be illegal, invalid or unenforceable, (a) that provision shall be deemed amended to achieve as nearly as possible the same effect as the original provision, and (b) the legality, validity, and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

8.10 This Agreement may be executed electronically (by PDF) and/or in counterparts, each of which shall be deemed an original, and all of which together, shall constitute one and the same instrument.

8.11 All rights attaching to Merus and Consultant under this Agreement will bind and inure to the benefit of their respective successors, heirs, executors and administrators and permitted assigns. Consultant shall not assign or delegate his obligations under this Agreement either in whole or in part without the prior written consent of Merus.

8.12 The section headings herein are intended for convenience of reference only and are not intended to affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this document to be executed by their duly authorized representatives as of the Effective Date.

Merus US, Inc.	**Victor Sandor, M.D.**
/s/ Peter B Silverman	/s/ Victor Sandor
Name: Peter B Silverman	Name: Victor Sandor
Title: Chief Operating Officer	Title:
Date: April 15, 2024	Date: April 15, 2024

Exhibit 31.1

CERTIFICATION

I, Sven (Bill) Ante Lundberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Merus N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

By: /s/ Sven A. Lundberg

Sven (Bill) Ante Lundberg
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Gregory D. Perry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Merus N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

By: /s/ Gregory D. Perry

Gregory D. Perry
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Merus N.V. (the "Company") for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2024

By: /s/ Sven A. Lundberg

Sven (Bill) Ante Lundberg
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2024

By: /s/ Gregory D. Perry

Gregory D. Perry
Chief Financial Officer
(Principal Financial Officer)