

Merus closes EUR 21.7 million Series B financing and enters option agreement with the Novartis Option Fund

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Utrecht, The Netherlands, January 29, 2010 – Merus, a biopharmaceutical company located in Utrecht, The Netherlands, announced today that it has closed a €21.7 million (\$30.7 million) Series B financing round led by new investors the Novartis Option Fund, Pfizer Inc. (New York), Bay City Capital (San Francisco), and LSP (Life Sciences Partners; Amsterdam). Merus' seed investor Aglaia Oncology Fund (Bilthoven) also participated in this financing.

Using its proprietary technology platforms that include novel transgenic mice (MeMo™), Merus aims to produce new highly potent human antibody-based drugs whether as full-length bispecific antibodies or as Oligoclomics™, which are mixtures of therapeutic human monoclonal antibodies produced by a single cell. The Company plans to use the Series B proceeds to further advance its product pipeline in oncology, inflammation and infectious disease.

Concomitantly with this financing, the Company also entered into an option agreement with the Novartis Option Fund for an exclusive license to one of Merus' oncology programs. The agreement includes upfront and potential milestones payments totaling over \$200 million plus royalties.

“We are very pleased by the high quality of the new investor syndicate”, says Ton Logtenberg, Ph.D., Merus' CEO. “The mix of renowned financial and corporate US and European VCs is a validation of the perceived high value of Merus' technologies. The proceeds of this investment round enable us to continue to advance the products in our portfolio towards the clinic and to demonstrate that Oligoclomics™ and Merus' bispecific antibodies represent next generation, more potent antibody therapeutics that can target diseases unaddressable by a single monoclonal antibody. The agreement with Novartis Option Fund further underscores that big pharma recognizes the potential of our innovative antibody therapeutics.”

“Ton and his team have accomplished quite an astonishing technical feat” says Lionel Carnot, an investment partner with Bay City Capital. “We have searched hard and long for novel antibody technologies and Merus' Oligoclomics™ technology is a very ingenious solution to the key issues that have hindered the development of poly- and oligoclonal therapeutics. Combined with the ability to produce fully human bispecific antibodies and Merus' MeMo™ mice, this makes for a diversified all-in-one antibody platform. We are very excited by the Company's prospects.”

“Merus is set to succeed with its innovative and IP protected polyclonal and bi-specific antibodies” says Florent Gros, managing director, Novartis Venture Funds. “Merus will minimize production costs and regulatory hurdles, which until now has hampered pharmaceutical developments for combining monoclonal antibodies and make full-length bi-specific antibodies. Novel therapies can now be developed which makes Merus' enterprise very exciting”.

John de Koning, Ph.D., Partner at LSP commented: “Merus combines truly innovative antibody technologies with a team – that we at LSP know well from founding Crucell – with an impressive track record in the antibody area. We are excited to work with Ton again in building hopefully another successful company; at Merus, all the required ingredients seem to be in place.”