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Ono Enters into New Collaboration Agreement with Merus N.V.

Ono Pharmaceutical Co., Ltd. (Osaka, Japan; President, Representative Director and CEO, Gyo Sagara; “ONO”) announced today that it entered into a collaboration agreement with Merus N.V. (Utrecht, the Netherlands; Chief Executive Officer, Ton Logtenberg, Ph.D.; “Merus”) focused on the development of human bispecific antibodies that bind to a combination of targets designed for the treatment of autoimmune diseases.

In April 2014, ONO and Merus entered into a research and license agreement to jointly develop bispecific antibody therapies for autoimmune diseases. In 2016, ONO selected a lead bispecific antibody candidate that it intends to advance into clinical testing. In the meantime, ONO has exercised its option under the first collaboration agreement and entered into this new collaboration.

Under the new agreement, Merus will receive an undisclosed upfront payment and ONO will fund research activities at Merus for the new program. Merus is also eligible to receive milestone payments upon achievement of specified research and clinical development milestones. For products commercialized under this agreement, if any, Merus is also eligible to receive a mid-single digit royalty on net sales. ONO will have worldwide exclusive rights to develop, manufacture, and commercialize the resulting products developed through the collaboration.

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

Ton Logtenberg, Ph.D., Chief Executive Officer of Merus, stated, "As we continue to advance and expand Merus' proprietary pipeline of innovative therapeutics in oncology, we are very excited to work with a collaborator such as ONO to leverage our Biclomics® technology platform to develop therapeutics for other disease areas with significant unmet medical needs."

About Merus N.V.

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

Contact

ONO PHARMACEUTICAL CO., LTD.

Corporate Communications

public_relations@ono.co.jp