NEWS RELEASE

Arcus Biosciences Announces Initiation of Phase 1 Trial for AB154, its Anti-TIGIT Antibody

7/30/2018

HAYWARD, Calif.--(BUSINESS WIRE)-- Arcus Biosciences, Inc. (NYSE:RCUS), a clinical-stage biopharmaceutical company focused on creating innovative cancer immunotherapies, today announced that it has received regulatory approval to initiate its Phase 1 trial for AB154, its anti-TIGIT antibody, and expects to start dosing patients shortly. AB154 is the Company's third product candidate to enter clinical development.

"The initiation of clinical testing for AB154 represents another significant milestone for the Company, as we believe that anti-TIGIT antibodies have the potential to be a new and important class of backbone therapy in immuno-oncology," said Terry Rosen, Ph.D., Chief Executive Officer at Arcus. "TIGIT is a unique immune checkpoint target, because it is involved in a pathway that plays both immune inhibitory and stimulatory roles in the tumor microenvironment. Our clinical program for AB154 will focus on tumor types associated with high levels of TIGIT or CD155, the primary ligand for TIGIT. We also look forward to advancing our fourth product candidate, AB680, our small molecule CD73 inhibitor, into a clinical trial later this year, particularly given the synergy that we have observed between AB154 and AB680 in our immune assays."

AB154 is a blocking antibody, distinguishing it from some of the other anti-TIGIT antibodies in clinical development, which have effector function and rely on a mechanism involving the depletion of regulatory T cells. The Company believes that the blocking mechanism may have both efficacy and safety advantages relative to one that is based upon regulatory T cell depletion.

The Phase 1, multi-center, open-label trial is designed to evaluate the safety, pharmacokinetics, pharmacodynamics and clinical activity of AB154 as a monotherapy and in combination with AB122, the Company's anti-PD-1 antibody. The dose-escalation portion will first evaluate increasing doses of AB154 as a monotherapy and subsequently in

combination with AB122. Once the recommended doses for AB154 as a monotherapy and in combination with AB122 have been identified, the Company plans to initiate expansion cohorts to evaluate AB154 as a monotherapy and in combination with AB122 in selected tumor types. The Company also plans to explore AB154 in combination with its other product candidates.

The trial is initially being conducted in Australia, and the Company is preparing to file an Investigational New Drug (IND) application with the U.S. Food and Drug Administration (FDA) in the fourth quarter of 2018 to initiate this trial in the United States. Preliminary data from the dose-escalation portion of the Phase 1 trial are expected to be presented in 2019.

About AB154

AB154 is a monoclonal antibody that potently and selectively blocks a novel immune checkpoint called TIGIT. As are the targets (e.g., PD-1 and CTLA-4) of some of the first-generation immune checkpoint inhibitors, TIGIT is expressed on exhausted effector T cells, which may reside within tumors but are unable to mount an effective attack against the cancer cells. TIGIT is also expressed on a wide range of other tumor-infiltrating immune cells, such as NK cells and regulatory T cells. AB154 blocks the interaction between TIGIT and CD155, which is highly expressed on many cancer cells, an interaction that results in an inhibitory signal in immune cells. CD155 can also bind to CD226 on T cells and NK cells, which results in a stimulatory signal. Therefore, by binding to TIGIT, AB154 not only blocks an inhibitory signal but also frees up CD155 to bind to CD226, thereby selectively activating the immune system against cancer cells. Based on results from the Company's preclinical assays, the Company believes this will result in a powerful anti-tumor effect.

About AB122

AB122 is a fully human IgG4 antibody that potently and selectively blocks PD-1. The biochemical, biological and preclinical properties of AB122 have been shown to be similar to those of the marketed anti-PD-1 antibodies nivolumab and pembrolizumab. In August 2017, Arcus entered into an agreement with WuXi Biologics for an exclusive license to develop, use, manufacture, and commercialize AB122 worldwide except for China and five other countries outside of the U.S., Europe and Japan. In November 2017, dosing was initiated in Australia for the Phase 1 trial of AB122 in cancer patients. The Company plans to report initial data from this trial in the second half of 2018. The Company expects AB122 to form the backbone of many of its intra-portfolio combination therapies.

About Arcus Biosciences

Arcus Biosciences is a clinical-stage biopharmaceutical company focused on creating innovative cancer immunotherapies. Arcus has several programs targeting important immuno-oncology pathways, including a dual

adenosine receptor antagonist AB928, which is in a Phase 1/1b program to evaluate AB928 in combination with other agents in multiple tumor types, and an anti-PD-1 antibody AB122, which is being evaluated in a Phase 1 trial and will be tested in combination with Arcus's other product candidates. Arcus's other programs include AB154, an anti-TIGIT antibody, which is in a Phase 1 trial to evaluate AB154 as monotherapy and in combination with AB122, and AB680, a small molecule inhibitor of CD73, which is in IND-enabling studies. Arcus has extensive in-house expertise in medicinal chemistry, immunology, biochemistry, pharmacology and structural biology. For more information about Arcus Biosciences, please visit **www.arcusbio.com**.

Forward-Looking Statements

This press release contains forward-looking statements. All statements other than statements of historical facts contained herein, including, but not limited to, Arcus's regulatory and development timelines and the potential for synergistic activity when Arcus's product candidates are tested in combination, are forward-looking statements reflecting the current beliefs and expectations of management made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause Arcus's actual results, performance or achievements to differ significantly from those expressed or implied. Factors that could cause or contribute to such differences include, but are not limited to, the inherent uncertainty associated with pharmaceutical product development and clinical trials, delays in our clinical trials due to difficulties or delays in the regulatory process, enrolling subjects or manufacturing or supplying product for such clinical trials, and the applicability of the studies described herein to Arcus's current and future clinical trials. Risks and uncertainties facing Arcus are described more fully in Arcus's quarterly report on Form 10-Q for the quarter ended March 31, 2018 filed on May 9, 2018 with the SEC. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this press release. Arcus disclaims any obligation or undertaking to update, supplement or revise any forward-looking statements contained in this press release.

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