



NEWS RELEASE

Arcus Biosciences Announces Option and License Agreement with Taiho Pharmaceutical Co. Ltd.

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HAYWARD, Calif.--(**BUSINESS WIRE**)--Arcus Biosciences, a US-based biotechnology company focused on the discovery and development of innovative cancer immunotherapies, announced today that it has entered into an option and license agreement with Taiho Pharmaceutical Co. Ltd., for the potential development and commercialization of product candidates in Arcus's portfolio in Japan and certain other territories in Asia (excluding China).

"We founded Arcus in 2015 to create a broad portfolio of novel molecules that target the most prevalent mechanisms of tumor-induced immuno-suppression," said Terry Rosen, Arcus's CEO. "Our relationship with TAIHO began with the inaugural investment of Taiho Ventures in Arcus in 2016, and since that time, we have come to recognize an alignment in vision with TAIHO. We are thrilled to collaborate with TAIHO on the advancement of our rapidly growing pipeline for the benefit of patients in Japan and other important territories in Asia. Given its significant expertise in the oncology area, we are confident that TAIHO will maximize the value of our programs in these regions. We look forward to advancing at least four immuno-oncology product candidates into clinical development by the end of 2018."

Based on the terms of the agreement, Arcus will receive \$35mm in payments during the first three years of the agreement. In return for these payments, TAIHO will receive an option to in-license the development and commercialization rights in its region to clinical stage product candidates from Arcus's portfolio over a five-year term. For any product candidate for which TAIHO exercises a license, Arcus will receive an option payment and is eligible to receive up to \$275mm in development, regulatory and commercial milestone payments per molecule. Arcus is also eligible to receive royalties on the net sales of each product candidate that TAIHO commercializes in its

region ranging from the high single digits to mid-double digits.

About Arcus Biosciences

Arcus Biosciences (“Arcus”) is a biotechnology company focused on the discovery and development of innovative cancer immunotherapies. Arcus was founded in 2015 by Terry Rosen and Juan Jaen, the co-founders of Flexus Biosciences, which in February 2015 was acquired by Bristol-Myers Squibb to access Flexus’s IDO inhibitor, which was in preclinical development at the time and is now referred to as BMS-986205. Arcus has several programs targeting important immuno-oncology pathways, including a first-in-class dual adenosine receptor antagonist and a PD-1 antibody, both of which are about to enter phase 1 studies, as well as a first-in-class small molecule inhibitor of CD73 and a TIGIT antibody, which are in IND-enabling studies. Arcus has over 70 employees with extensive expertise in medicinal chemistry, immunology, biochemistry, pharmacology, and structural biology. To date, Arcus has raised \$120mm in funding from investors including GV (previously known as Google Ventures), Foresite Capital, The Column Group, Invus LP, Novartis, Celgene, Taiho Ventures, Stanford University, and DROIA, as well as from senior management. The company is based in Hayward, CA.

For more information about Arcus Biosciences, please visit www.arcusbio.com.

About Taiho Pharmaceutical Co., Ltd. (Japan)

Taiho Pharmaceutical, a subsidiary of Otsuka Holdings Co., Ltd., is an R&D-driven specialty pharma focusing on the three fields of oncology, allergies and immunology, and urology. Its corporate philosophy takes the form of a pledge: “We strive to improve human health and contribute to a society enriched by smiles.” In the field of oncology in particular, Taiho Pharmaceutical is known as a leading company in Japan for developing innovative medicines for the treatment of cancer, a reputation that is rapidly expanding through their extensive global R&D efforts and more recently the establishment of commercial operations in the US and parts of Asia. In areas other than oncology, as well, the company creates quality products that effectively treat medical conditions. Always putting customers first, Taiho Pharmaceutical also aims to offer over-the-counter medicinal products that support people's efforts to lead fulfilling and rewarding lives.

For more information about Taiho Pharmaceutical, please visit www.taiho.co.jp/en/

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