



NEWS RELEASE

Arcus Biosciences and Strata Oncology Announce Clinical Development Collaboration for Anti-PD-1 Antibody AB122

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- Leverages Strata Oncology's Proprietary Biomarker Technology to Stratify Patients -

HAYWARD, Calif. and ANN ARBOR, Mich.--(BUSINESS WIRE)-- Arcus Biosciences, Inc. (NYSE:RCUS), a clinical-stage biopharmaceutical company focused on creating innovative cancer immunotherapies, and Strata Oncology, Inc. ("Strata"), a precision oncology company, today announced that the companies have entered into a clinical development collaboration utilizing Strata's precision drug development platform and proprietary biomarkers to evaluate AB122, Arcus's clinical-stage anti-PD-1 antibody, in a basket trial including tumor types that are generally not responsive to anti-PD-1 therapy.

As part of this partnership, Arcus will gain access to Strata's drug development platform, featuring leading capabilities to design and conduct transformative precision therapy studies. AB122 will be evaluated across the Strata Precision Oncology Network of trial-ready health systems that employ the StrataNGSTM test to pre-screen advanced cancer populations to enable rapid and predictable enrollment of precision therapy trials. The StrataNGS comprehensive tumor sequencing test is available to all advanced solid tumor patients through the Strata Trial (NCT03061305) to identify potential patients for precision therapy trials and to evaluate proprietary biomarkers that may predict response to therapies. Using observational study data, Strata has demonstrated the potential predictive power of their proprietary biomarkers in multiple settings in which anti-PD-1 therapies are known to be effective. Arcus and Strata hope to extend the use of some of these biomarkers to identify patients who may benefit from AB122 treatment in a basket trial including tumor types that are generally not responsive to anti-PD-1 therapy.

“We look forward to our clinical collaboration with Strata Oncology,” said Terry Rosen, Ph.D., Chief Executive Officer of Arcus. “The use of these proprietary biomarkers and access to the Precision Oncology Network provide a potential opportunity to identify patient populations underserved by existing PD-1 therapies. While Arcus’s primary focus is on developing anti-cancer combination therapies with its potentially best-in-class small molecule drug candidates, we intend to efficiently pursue targeted opportunities to bring cost-effective anti-PD-1 therapy to cancer patients otherwise not benefiting from this therapeutic class. Even with this new collaboration, combined with our novel pipeline programs, we continue to expect our existing cash and investments will be sufficient to fund operations into 2021.”

“Strata is committed to advancing the development of new precision cancer therapies and we are excited to bring together two talented teams for this collaboration,” commented Dan Rhodes, Ph.D., Co-founder and Chief Executive Officer of Strata Oncology. “This important effort leverages Strata’s unique ability to identify novel biomarker-driven treatment hypotheses using real-world data from the Strata Trial and rapidly translate those insights into prospective clinical trials across our Precision Oncology Network. Coupled with Arcus’s significant expertise in developing cancer immunotherapies, I am confident we will successfully identify and treat patients who may derive benefit from AB122 based upon specific biomarkers.”

AB122 is currently being evaluated in an ongoing Phase 1 monotherapy dose-escalation trial in patients with advanced tumors and ongoing Phase 1/1b combination trials evaluating AB122 in combination with AB928, a potentially best-in-class adenosine receptor antagonist, and AB122 in combination with AB154, a novel anti-TIGIT antibody, in patients with advanced solid tumors.

Under the terms of the agreement, the parties will share development costs for the clinical collaboration. Strata is eligible to receive \$2.5 million upon the achievement of a development milestone, as well as regulatory and commercial milestones and royalties on U.S. net sales of AB122 in the biomarker-identified indication. As further consideration, Arcus issued to Strata restricted shares of its common stock, which are subject to vesting based upon the achievement of regulatory milestones within certain timelines.

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 is being tested in combination with Arcus’s other product candidates. Arcus’s other programs include AB154, an anti-TIGIT antibody, which is being evaluated in a Phase 1 trial as monotherapy and in combination with AB122,

and AB680, a small-molecule inhibitor of CD73, which is in a Phase 1 healthy volunteer study. 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.

Arcus Forward-Looking Statements

This press release contains forward-looking statements about Arcus's drug development plans, the potential benefits of the collaboration between Arcus and Strata Oncology and Arcus's anticipated operating expenses and capital expenditure requirements. These forward-looking statements reflect the current beliefs and expectations of management and are 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, the emergence of adverse events or other undesirable side effects, delays in clinical trials due to difficulties or delays in the regulatory process, enrolling subjects or manufacturing or supplying product for such clinical trials, and changes in the competitive landscape for our programs. Risks and uncertainties facing Arcus are described more fully in Arcus's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission. 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.

About Strata Oncology

Strata Oncology is a precision medicine company dedicated to transforming cancer care by systematizing precision oncology across a network of health systems and pharma companies. We empower health systems to deliver a cost-effective, system-wide precision oncology program, one that integrates cutting-edge molecular profiling and precision therapy trials with routine care, so that all advanced cancer patients have the opportunity to benefit. This large network of trial-ready health systems provides a mechanism to rapidly and predictably enroll precision therapy trials. For more information, visit www.strataoncology.com.

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