NEWS RELEASE

Arcus Biosciences, in Collaboration with Genentech, Announces Two Randomized Clinical Studies to Advance AB928, a Dual Adenosine Receptor Antagonist, into Novel Combinations for Colorectal and Pancreatic Cancers

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Collaboration leverages Genentech's MORPHEUS studies to accelerate development of AB928, a potential best-in-class therapy targeting the adenosine axis to stimulate immune responses against cancer

HAYWARD, Calif.--(BUSINESS WIRE)-- Arcus Biosciences, Inc. (NYSE:RCUS), an oncology-focused biopharmaceutical company discovering and developing highly-differentiated therapies, today announced a clinical collaboration with Genentech, a member of the Roche group, for the evaluation of novel combinations with AB928, Arcus's dual antagonist of adenosine receptors A2aR and A2bR, for colorectal (CRC) and pancreatic (PDAC) cancers. The collaboration will utilize the MORPHEUS Phase 1b/2 platform for rapid and efficient combination development, with upfront randomization versus control groups, in two studies:

- Third-line metastatic CRC: two combination arms, (1) AB928 plus atezolizumab (TECENTRIQ®) and regorafenib, and (2) atezolizumab plus regorafenib, will be randomized versus regorafenib monotherapy.
- First-line metastatic PDAC: the combination of AB928 plus atezolizumab and gemcitabine/nab-paclitaxel will be randomized versus gemcitabine/nab-paclitaxel.

These new studies further broaden Arcus's portfolio of ongoing trials with AB928, which include prostate, colorectal, lung and breast cancers – all settings in which adenosine has been shown to play a central role in mediating an immunosuppressive tumor micro-environment, inhibiting the ability of both the body's immune

system and anti-cancer treatments to effectively detect and kill cancer cells.

“We are thrilled to collaborate with Genentech to expeditiously develop the broad potential of AB928 across settings and combinations where blocking the immunosuppressive role of adenosine may be critical,” said Bill Grossman, M.D., Ph.D., Chief Medical Officer of Arcus. “This collaboration represents a shared commitment from Arcus and Genentech to maximize the potential of innovative combination treatment approaches, based on a deep knowledge of the underlying cancer biology, to address significant unmet needs.”

Under the agreement, each company is supplying its respective anti-cancer agent to support the trial and jointly funding the studies. Additional financial terms were not disclosed.

About AB928

AB928, the first and only dual adenosine A2aR/A2bR receptor antagonist in the clinic, is designed to maximally inhibit the adenosine-driven impairment of tumor-infiltrating lymphocytes (mainly CD8+ T cells and NK cells) and myeloid cells (dendritic cells, macrophages), mediated by A2aR and A2bR, respectively. A2bR is also upregulated by certain cancer cells, such as in prostate cancer and KRAS-mutated cancers. As a result, AB928 may uniquely block adenosine’s immunosuppressive and cancer cell-intrinsic effects. Developed specifically for the oncology setting, AB928 achieves high penetration of tumor tissue, robust potency in the presence of high adenosine concentrations, and minimal shift in potency from non-specific protein binding. AB928 has demonstrated a favorable safety profile with a variety of combination regimens and exhibits pharmacokinetics / pharmacodynamics consistent with once-daily dosing. AB928 is currently being evaluated in several Phase 1b/2 studies across multiple indications.

About Arcus Biosciences

Arcus Biosciences is an oncology-focused biopharmaceutical company leveraging its deep cross-discipline expertise to both discover highly-differentiated therapies and to develop a broad portfolio of novel combinations addressing significant unmet needs. AB928, the first and only dual adenosine receptor antagonist in the clinic, is being evaluated in several Phase 1b/2 studies across multiple indications, including prostate, lung, breast, colon, and pancreatic cancers. AB680, the first CD73 small-molecule inhibitor in the clinic, is in Phase 1/1b development for the treatment of first-line metastatic pancreatic cancer. AB154, an anti-TIGIT monoclonal antibody, is entering Phase 2 development for the treatment of first-line metastatic non-small cell lung cancer in combination with anti-PD-1 (AB122) and AB928. AB122, Arcus’s anti-PD1 monoclonal antibody, is being evaluated as monotherapy for cancers with no approved anti-PD1 treatment options, as well as in combinations across the portfolio. 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 expectations and any potential benefits from this clinical collaboration, 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 clinical trials due to difficulties or delays in the regulatory process, enrolling subjects or manufacturing or supplying product for such clinical trials, the emergence of adverse events or other undesirable side effects, and changes in the competitive landscape for our programs. Risks and uncertainties facing Arcus are described more fully in Arcus's quarterly report on Form 10-Q for the quarter ended September 30, 2019 filed on November 5, 2019 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.

Tecentriq® is a registered trademark of Genentech, Inc., a member of the Roche Group.

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