



NEWS RELEASE

# Gilead Sciences and Arcus Biosciences Expand Partnership to Include Research Programs in Inflammation

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- Gilead to Have Early Option to Exclusively License Drug Candidates Against up to Four Targets for Inflammatory Diseases -
- Expanded Research Collaboration May Result in up to \$1 Billion in Option Fees and Milestone Payments by Gilead to Arcus -

FOSTER CITY, Calif., & HAYWARD, Calif.--(BUSINESS WIRE)-- Gilead Sciences, Inc. (Nasdaq:GILD) and Arcus Biosciences, Inc. (NYSE:RCUS) today announced that the companies have expanded the **previously announced** research collaboration focused on oncology to include therapies for the treatment of inflammatory diseases. The expanded collaboration builds upon Gilead's growing presence in inflammatory disease and serves as a step towards broadening Arcus' capabilities and portfolio beyond oncology and into inflammation.

"We are pleased to build upon Gilead's efforts in inflammation with the expansion of our strategic collaboration with Arcus," said Flavius Martin, M.D., Executive Vice President, Research, Gilead Sciences. "Gilead is committed to accessing innovative approaches to address the significant unmet medical needs across a range of inflammatory conditions, and this expanded collaboration with Arcus underscores that commitment. Arcus is an excellent partner with clear strengths in discovery and development, and we believe this partnership will significantly accelerate our progress in developing transformative new therapies for inflammatory diseases."

"Since its founding, Arcus has been creating and developing therapeutic interventions that can modulate the

immune system to treat cancer. Through this expansion of our partnership with Gilead, we can combine our research expertise in immunology and small molecule drug discovery with Gilead's strong clinical experience in inflammation," said Terry Rosen, Ph.D., Chief Executive Officer, Arcus. "Our two companies have a strong, broad and productive relationship and together, we aspire to advance innovative new therapies for patients in need. The research collaboration facilitates much earlier alignment between Gilead and Arcus on our discovery and development activities, while enabling Arcus to expand into inflammation in a capital-efficient manner."

Under the terms of the expanded collaboration, Arcus will receive an upfront payment of \$35 million and will initiate research programs against up to four targets jointly selected by the parties that are applicable to inflammatory diseases. Gilead may exercise an option to license each program at two separate, prespecified time points. If Gilead exercises its option at the earlier time point for the first two target programs, Arcus would be eligible to receive up to \$420 million in option and milestone payments and tiered royalties for each optioned program. For any other option exercise by Gilead for the four target programs, the parties would have rights to co-develop and share global development costs and to co-commercialize and share profits in the United States for optioned programs.

Beginning in the first quarter of 2022, consistent with recent industry communications from the U.S. Securities and Exchange Commission (SEC), Gilead no longer excludes acquired IPR&D expenses from its non-GAAP financial measures. This transaction with Arcus is expected to reduce Gilead's GAAP and non-GAAP 2023 EPS by \$0.02.

## About Arcus Biosciences

Arcus Biosciences is a clinical-stage, global biopharmaceutical company developing differentiated molecules and combination medicines for people with cancer. In partnership with industry partners, patients and physicians around the world, Arcus is expediting the development of first- or best-in-class medicines against well-characterized biological targets and pathways and studying novel, biology-driven combinations that have the potential to help people with cancer live longer. Founded in 2015, the company has advanced multiple investigational medicines into clinical studies, including new combination approaches that target TIGIT, PD-1, the adenosine axis (CD73 and A2a/A2b receptors) and HIF-2a. For more information about Arcus Biosciences' clinical and preclinical programs, please visit [www.arcusbio.com](http://www.arcusbio.com).

## About Gilead Sciences

Gilead Sciences, Inc. is a biopharmaceutical company that has pursued and achieved breakthroughs in medicine for more than three decades, with the goal of creating a healthier world for all people. The company is committed to advancing innovative medicines to prevent and treat life-threatening diseases, including HIV, viral hepatitis and cancer. Gilead operates in more than 35 countries worldwide, with headquarters in Foster City, California.

## Arcus Forward-Looking Statements

This press release contains forward-looking statements. All statements regarding events or results to occur in the future contained herein 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, including, but not limited to, statements regarding: the development of current and future programs, including programs with targets applicable to inflammatory diseases; future option fees, milestone and royalty payments under the expanded partnership; and Arcus' election to equally share global development costs and U.S. profits for any program optioned by Gilead. All forward-looking statements involve known and unknown risks and uncertainties and other important factors that may cause our actual results, performance or achievements to differ significantly from those expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: dependence on the collaboration with Gilead for the successful development and commercialization of Arcus' investigational products; difficulties associated with the management of the collaboration activities or expanded clinical programs; Arcus' ability to scale its operations to successfully develop inflammation programs; the inherent uncertainty associated with pharmaceutical product development and clinical trials; delays in Arcus' 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 Arcus' programs. Risks and uncertainties facing Arcus are described more fully in its quarterly report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 28, 2023. 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.

## Gilead Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks, uncertainties, and other factors, including the risk that Gilead may not realize the potential benefits of this expanded research collaboration with Arcus, including advancing new therapies for inflammatory diseases; difficulties or unanticipated expenses in connection with the collaboration and the potential effects on Gilead's revenues and earnings; the ability of the parties to initiate, progress or complete clinical trials within currently anticipated timelines or at all, and the possibility of unfavorable results from ongoing or additional trials; uncertainties relating to regulatory applications and related filing and approval timelines, including the risk that regulatory authorities may not approve such applications in the anticipated timelines or at all; the possibility that the parties may make a strategic decision to terminate the collaboration, including the research programs in inflammatory diseases, at any time; and any assumptions underlying any of the foregoing.

These and other risks, uncertainties and other factors are described in detail in Gilead's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, as filed with the U.S. Securities and Exchange Commission. These risks, uncertainties and other factors could cause actual results to differ materially from those referred to in the forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The reader is cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and is cautioned not to place undue reliance on these forward-looking statements. All forward-looking statements are based on information currently available to Gilead, and Gilead assumes no obligation and disclaims any intent to update any such forward-looking statements.

The Arcus name and logo are trademarks of Arcus Biosciences, Inc., and Gilead and the Gilead logo are trademarks of Gilead Sciences, Inc., or its related companies.

For more information about Gilead, please visit the company's website at [www.gilead.com](http://www.gilead.com), follow Gilead on Twitter (@GileadSciences) or call Gilead Public Affairs at 1-800-GILEAD-5 or 1-650-574-3000.

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