

Creating Innovative Cancer Immunotherapies by Leveraging Underexploited Biological Opportunities

ARCUS BIOSCIENCES

Corporate Presentation

NYSE: RCUS

Forward-Looking Statements/Safe Harbor

This presentation contains forward-looking statements about Arcus Biosciences, Inc. ("we," "Arcus" or the "Company") made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this presentation are forward-looking statements, including statements about our strategy, advantages, potential of our product candidates and development strategies, clinical and biomarker development plans, milestones, timelines and anticipated operating expenses and capital expenditure requirements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those contained in any forward-looking statements we may make, including, but not limited to: the inherent uncertainty associated with pharmaceutical product development and clinical trials; the applicability of the data and results described herein to our clinical development plans 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; difficulties or delays in developing and validating biomarkers and related assays; the emergence of adverse events or other undesirable side effects; differences in interpretation of our clinical trial results; our limited operating history and our ability to manage our growth; changes in the competitive landscape; and risks regarding our license agreements and our ability to obtain and maintain intellectual property protection for our product candidates.

We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially and adversely from those anticipated or implied in the forward-looking statements. Further information on these and other factors that could affect the forward-looking statements made herein are described in reports we file from time to time with the Securities and Exchange Commission.

You should not rely upon forward-looking statements as predictions of future events. Except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations.

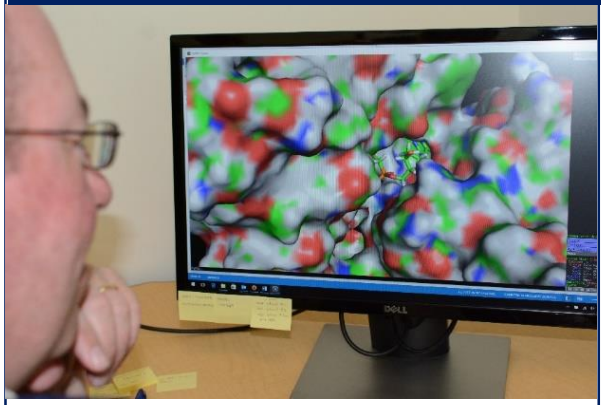
The Arcus name and logo are the property of Arcus. All other trademarks included herein are the property of their respective owners and are used for reference purposes only. Such use should not be construed as an endorsement of Arcus.

CREATING INNOVATIVE CANCER IMMUNOTHERAPIES

Leverage *Underexploited Biological Targets* in Promising Pathways	Initial focus on ***ATP-adenosine pathway***
Broad, *Clinical Stage* Pipeline	Four clinical compounds with ***multiple data readouts in 2019***
World-class *Drug Discovery Engine*	***Small-molecule discovery engine*** to enable pipeline expansion
Proven Track Record	*Successful management team with **10+ years working together in multiple companies***
Well Capitalized	***$243.1 million in cash** and investments at 3/31/19*

Our Competitive Advantages

Best-in-Class Chemistry



Rationally designed, potentially best-in-class small molecules for oncology

Portfolio Breadth

AB928 ($A_{2a}R/A_{2b}R$ Antagonist)

- AB928 + Chemo — Advanced solid tumors
- AB928 + AB122 — Advanced solid tumors

AB680 (Small Molecule CD73i)

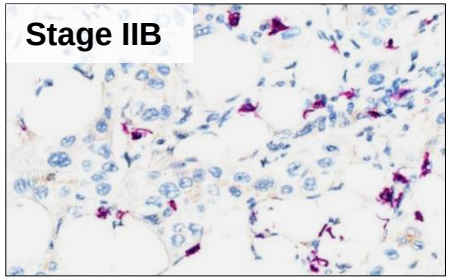
- AB680 (IV) — Phase 1 in HVs
- AB680 (oral) — IND-enabling

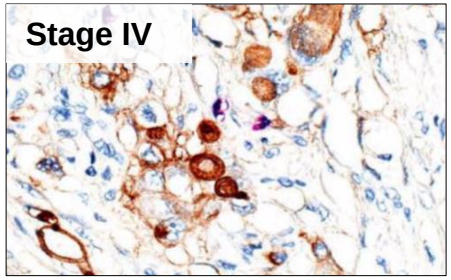
Antibodies

- AB122 (anti-PD-1) — Advanced solid tumors
- AB154 (TIGIT) — Advanced solid tumors

Enables development of multiple intra-portfolio combinations

Translational Medicine





Extensive biomarker analysis planned to enrich clinical trials/inform clinical decisions

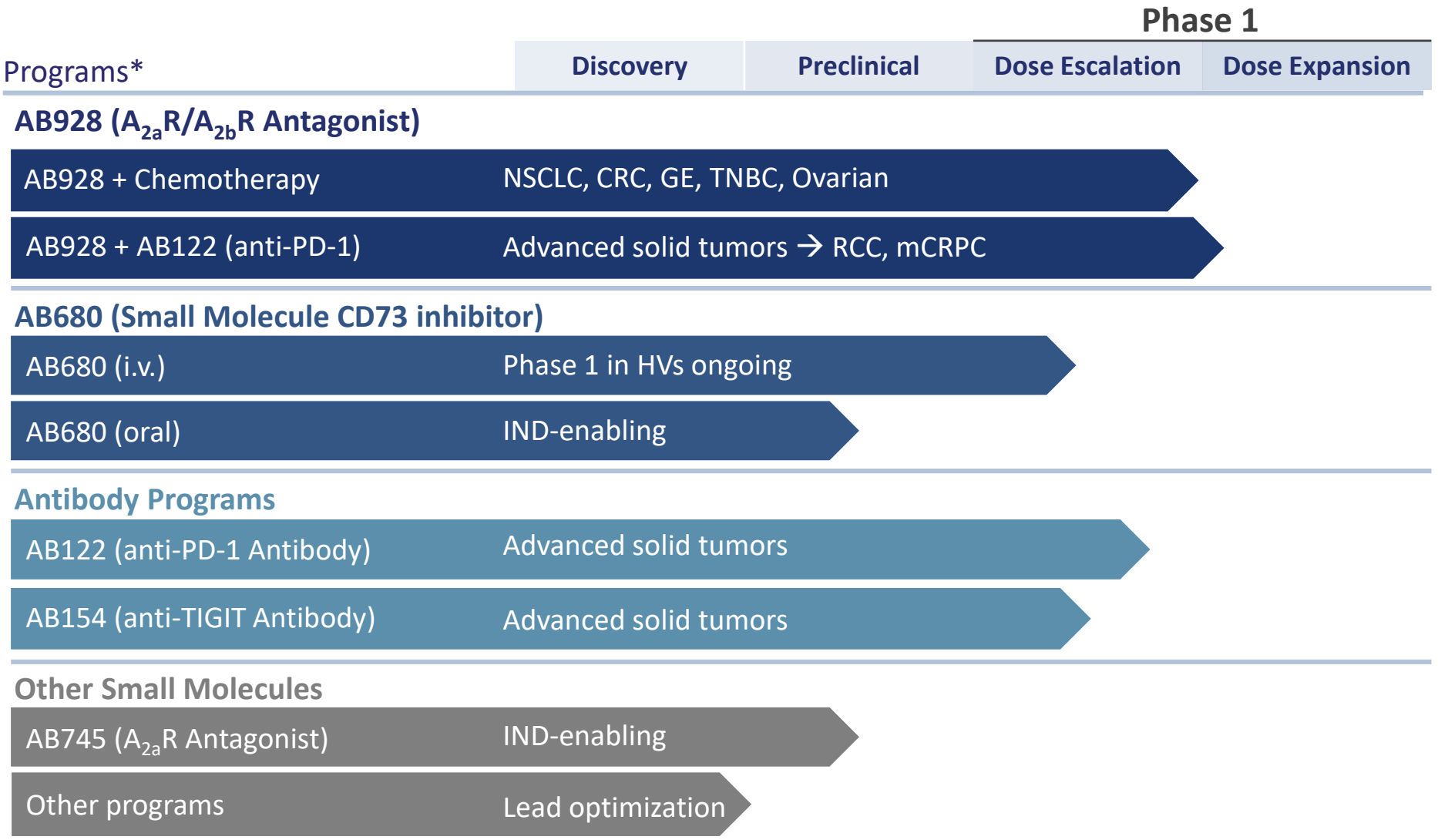
EARLY CLINICAL STRATEGY DESIGNED TO SUPPORT LONG TERM SUCCESS

ARCUS BIOSCIENCES

HEALTHY VOLUNTEER	FLEXIBLE TRIAL DESIGN	DOSE ESCALATION/ EXPANSION	BIOMARKERS
"Rapidly identify therapeutically relevant doses and achieve efficiency in oncology patient trials"	*"Ability to easily incorporate and investigate new clinical trial arms including standard of care (for randomization)"*	*"Robust early dataset in tumor-specific populations to inform late-stage design"*	*"Understand differences between responders and non-responders prior to registrational studies"*

Unique multi-tiered approach increases overall probability of success

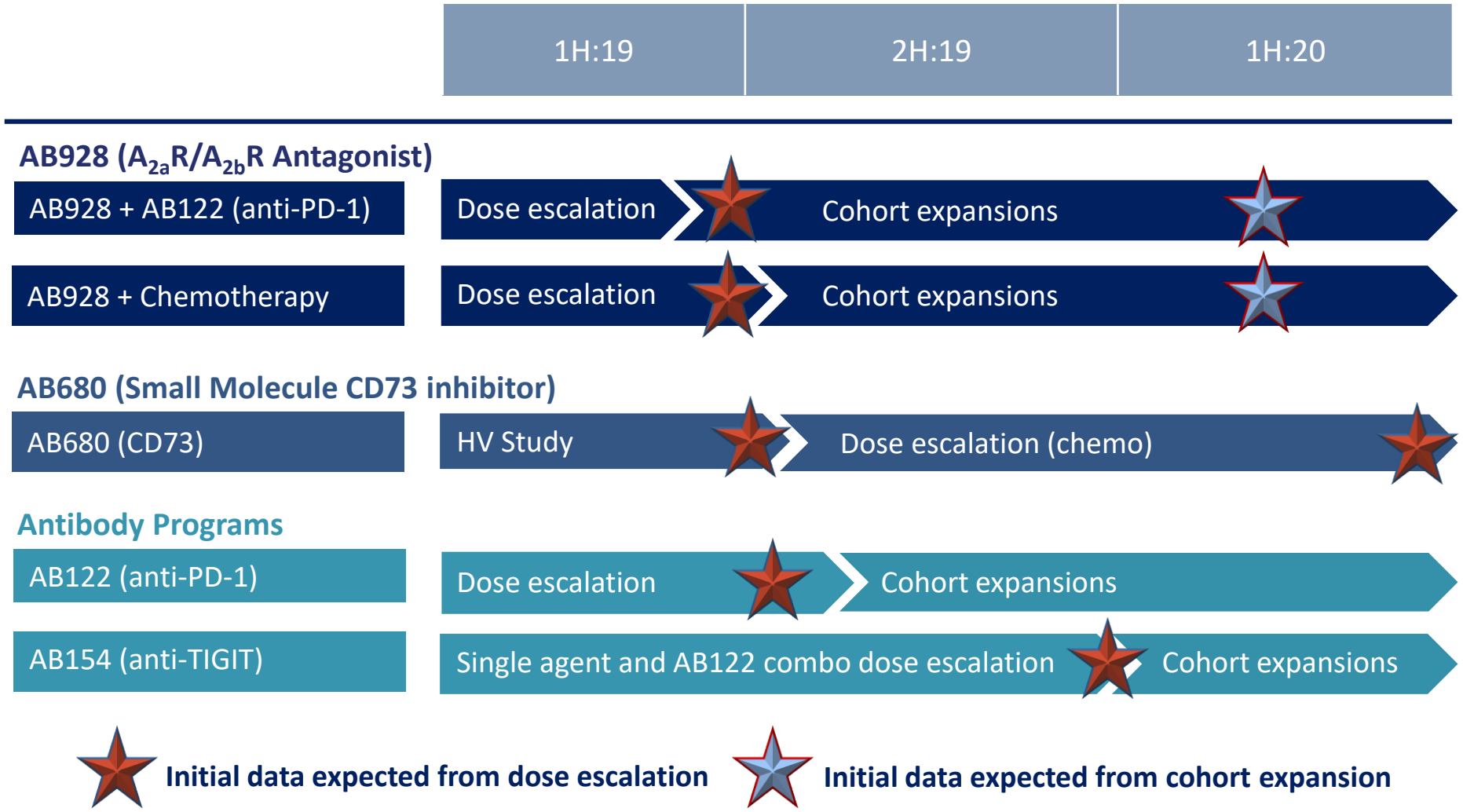
Broad Portfolio of Oncology Programs



* Taiho has an option to Arcus's programs in Japan and certain other Asian territories (excluding China) over a 5-year term. Taiho partnership generates $35M guaranteed payments over 3 years, additional opt-in payments and milestones, tiered-royalties. AB928 option exercised July 2018.

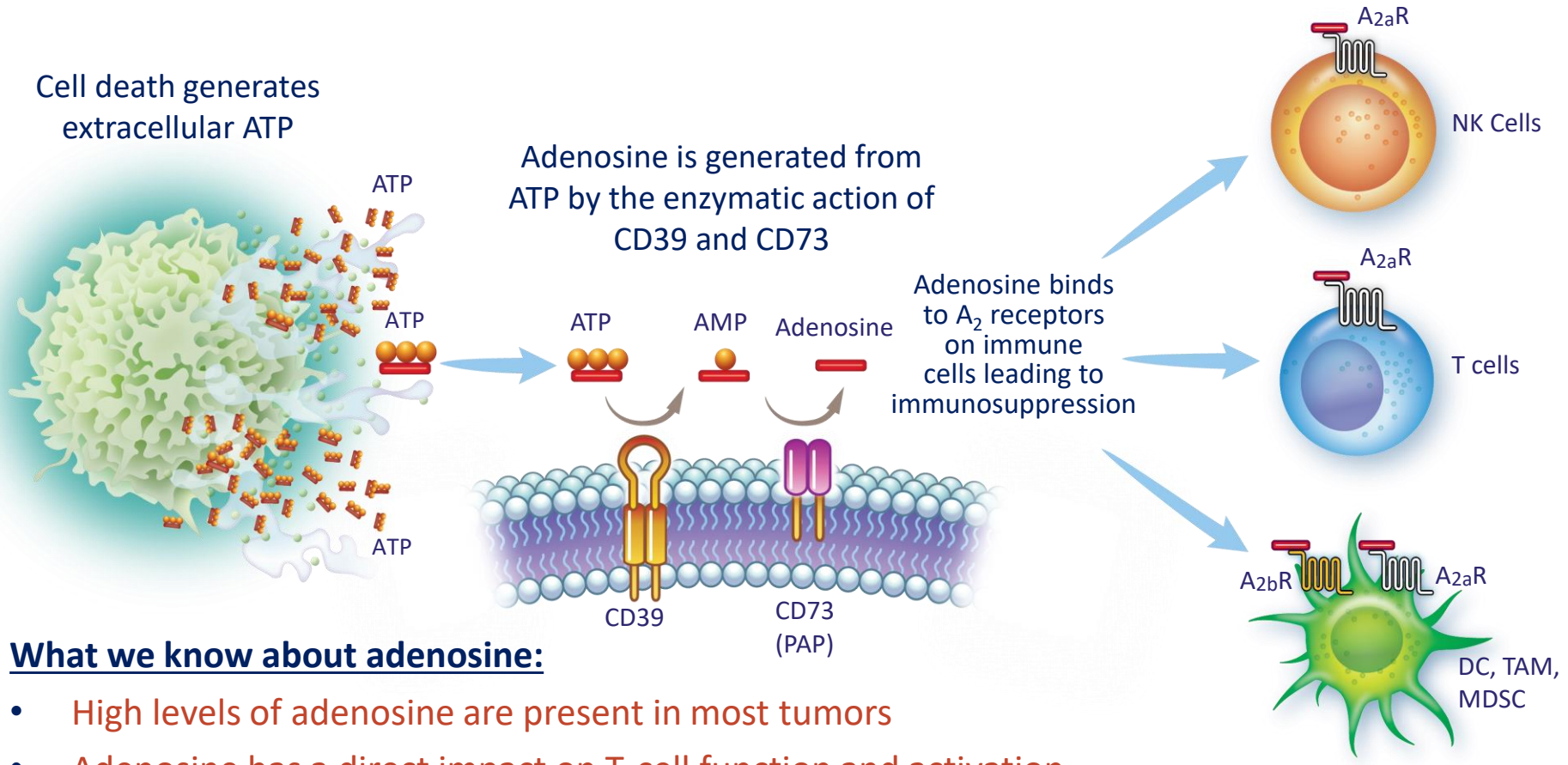
ARCUS BIOSCIENCES

Multiple Data Readouts in the Next 12 Months



ARCUS BIOSCIENCES

The ATP-Adenosine Pathway Plays a Well Established, Critical Role in Immune Suppression



What we know about adenosine:

- High levels of adenosine are present in most tumors
- Adenosine has a direct impact on T-cell function and activation
- T cells cannot become activated in the presence of adenosine
- CD73, the enzyme that generates adenosine, could serve as a target for therapeutic intervention as well as a biomarker for patient screening

ARCUS BIOSCIENCES

Companies Are Expanding Their CD73-Adenosine Efforts

AstraZeneca

- A_2R antagonist **(n=276)**
  - NSCLC, CRPC & CRC
  - Combinations with PD-L1, abiraterone or enzalutamide
  - Study expanded multiple times
- CD73 + various combinations
  - Multiple solid tumors **(n=310)**
  - mutEGFR NSCLC **(n=98)**
  - Pancreatic **(n=204)**
  - TNBC **(n=100)**
- NSCLC: Platform studies with several other compounds **(n=920)**

NOVARTIS

- A_2R
  - Solid tumors and DLBCL (**n=260**)
- CD73 + A_2R (+ PD-L1)
  - Advanced solid tumors **(n=344)**
- A_2R + PD-L1 + LAG3
  - TNBC: Platform study with several other compounds **(n=220)**

Bristol-Myers Squibb

- CD73
  - Multiple solid tumors (**n=221**)

ARCUS BIOSCIENCES

Source: https://www.clinicaltrials.gov/

AB928 Represents a Potentially Best-in-Class Adenosine Receptor Antagonist



- First A_2R antagonist to enter clinical development that:
  - Was specifically designed for the oncology setting
  - Inhibits both the A_{2a} and A_{2b} receptors
- Multiple advantages over other $A_{2a}R$ antagonists in clinical development:
  - Minimal shift in potency due to decreased non-specific protein binding
  - Minimal penetration of blood brain barrier
  - Ideal drug properties (PK, etc.)
- Differentiated, highly efficient clinical development plan – Phase 1/1b underway
  - Believed to be first clinical program to evaluate an A_2R antagonist with chemotherapy

ARCUS BIOSCIENCES

AB928 Has Unique Attributes Ideal for the Tumor Microenvironment

High potency against both the $A_{2a}R$ and $A_{2b}R$ receptors allows for potentially broader activity

Compound	$A_{2a}R$ (K_B, nM)[c]	$A_{2b}R$ (K_B, nM)[c]
AB928	**1.4**	**2.4**
CPI-444 [a,b]	5.4	493
AZD 4635 [a,b]	1.7	64
NIR178 [a,b]	58	189
Preladenant [a,b]	3.3	3,121

Ideal pharmacological properties for an oncology therapeutic

Attribute	AB928 Value
Retains potency in physiologically relevant conditions	**IC_{50} = 80 nM**
High tumor penetration	**Tumor : Plasma ratio: >60%**
Low CNS permeability (in mouse model)	**~ 1% of the concentration found in blood**

[a] Arcus data generated with compound samples synthesized or purchased by Arcus.

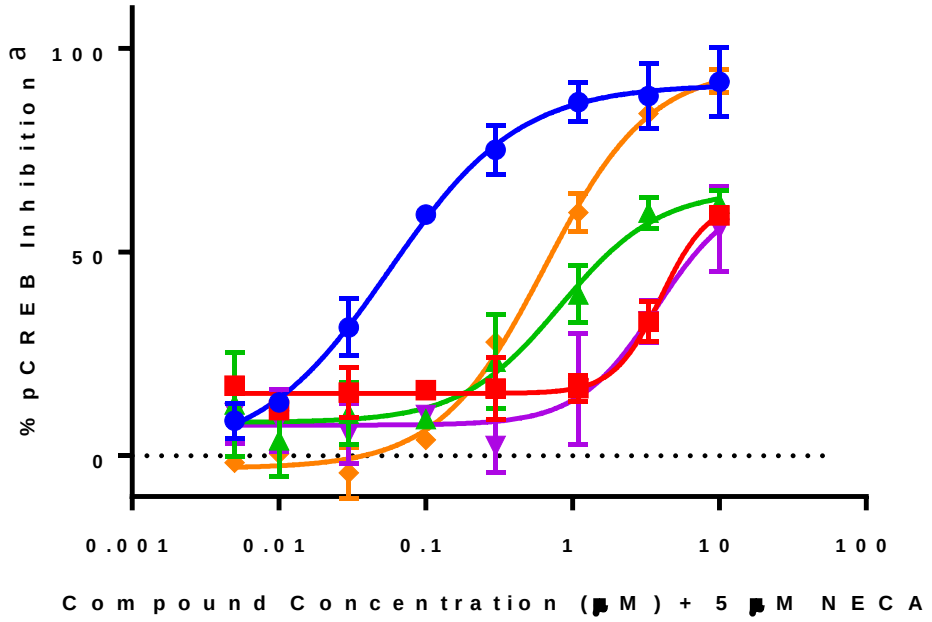
[b] CPI-444: Structure from AACR, April 2017 (#CT119), synthesized by Arcus; AZD4635: Structure from AACR, April 2017 (#2641), synthesized by Arcus; PBF509: Believed to be NIR178 (based on Pat Appl WO2017025918 and WO2018146612), synthesized by Arcus; Preladenant: was purchased from Ark Pharma (AK-43905).

[c] K_B is a measure of a compound's thermodynamic ability to bind/block its target receptor; lower K_B values reflect greater potency for a given receptor.

ARCUS BIOSCIENCES

AB928 is the Most Potent Antagonist of $A_{2a}R$ Receptors When Tested in a Whole Blood Assay

$A_{2a}R$ antagonists tested in a whole blood assay in the presence of NECA (conditions that resemble the tumor microenvironment)



Compound	IC_{50} (nM)
AB928	80
CPI-444[b]	~10,000
AZD 4635[b]	2,600
NIR178[b]	~10,000
Preladenant[b]	785

[a] Measured in human blood CD8+ T cells; CREB is a transcription factor that becomes phosphorylated when $A_{2a}R$ is activated; thus, the level of pCREB inhibition is a measure of the ability of an $A_{2a}R$ antagonist to inhibit $A_{2a}R$.

[b] CPI-444: Structure from AACR, April 2017 (#CT119), synthesized by Arcus; AZD4635: Structure from AACR, April 2017 (#2641), synthesized by Arcus; NIR178 (PBF509): Molecule synthesized by Arcus and believed to be NIR178 (based on Pat Appl WO2017025918 and WO2018146612); Preladenant: purchased from Ark Pharma (AK-43905) and was run on a different donor and date than the other compounds.

ARCUS BIOSCIENCES

Phase 1 Trial in Healthy Volunteers Demonstrated an Excellent Safety Profile

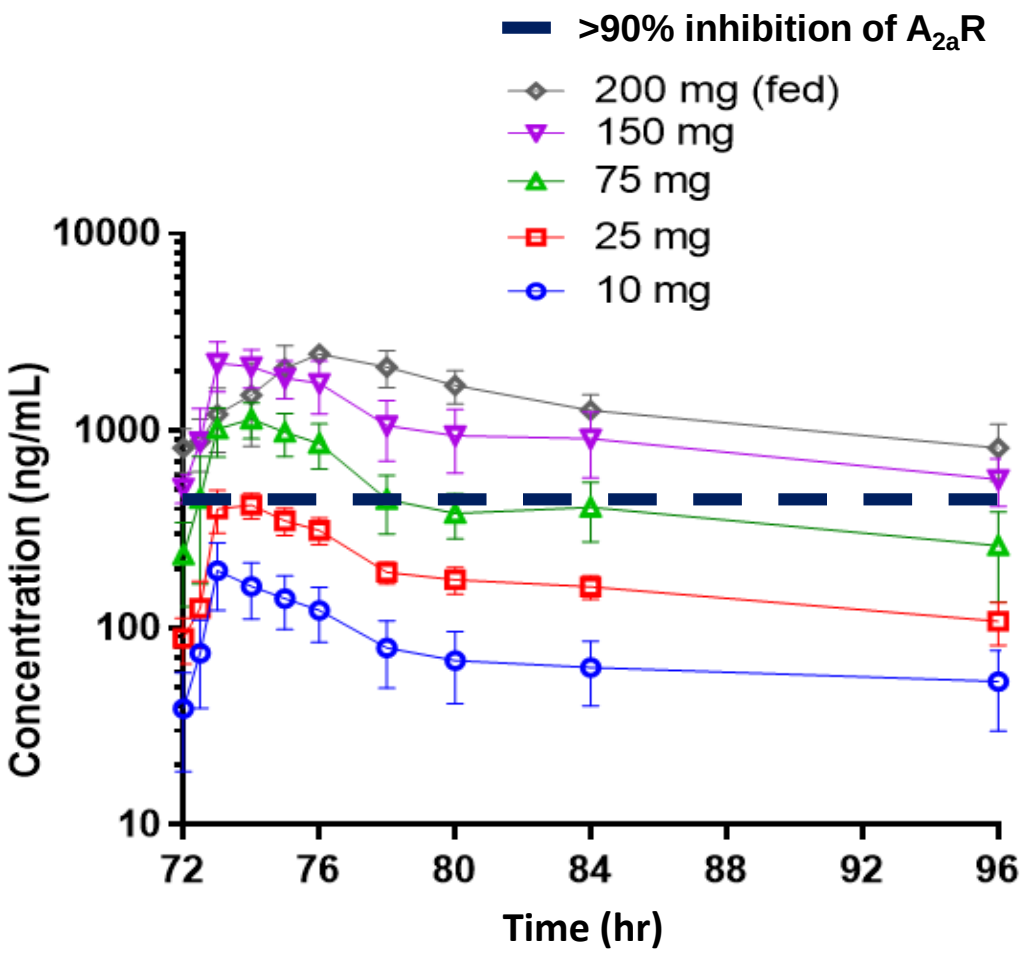
Design:

- Double-blinded, randomized, placebo-controlled trial
- n=80 randomized 3:1 to AB928 or placebo
- Included single ascending dose and multiple ascending dose (MAD) portions
- MAD portion evaluated 4 consecutive days of dosing

Safety Results:

- AB928 was well tolerated at all doses tested
- All reported AEs were characterized as low-grade, with the majority being Grade 1 events
- There were no trends in treatment-related AEs regardless of causality or severity that were dose related

Multiple Ascending Dose Pharmacokinetics



Safety, tolerability, and pharmacology of AB928 in a randomized, phase 1 study in healthy volunteers: Seitz et al., *Invest. New Drugs* (2018). https://doi.org/10.1007/s10637-018-0706-6

Based on the HV Data, Maximal Inhibition of $A_{2a}R$ Should be Achieved at Doses Between 75-150 mg QD

	2-hr Post-Dose		24-hr Post-Dose	
	AB928 Plasma Conc. (ng/mL)	% Inhibition of 5 µM NECA	AB928 Plasma Conc. (ng/mL)	% Inhibition of 5 µM NECA
10 mg QD	163	51 %	53	(12%)*
25 mg QD	420	82 %	108	51 %
75 mg QD	**1,148**	**100 %**	**261**	**76 %**
150 mg QD	**2,113**	**100 %**	**566**	**≥ 90%**
200 mg QD fed	**1,517**	**≥ 90 %**	**819**	**≥ 90%**

Starting dose for the AB928 combination dose-escalation trials

*Some or all dosed subjects were within the range of variation observed in placebo subjects (-39 to 30%).

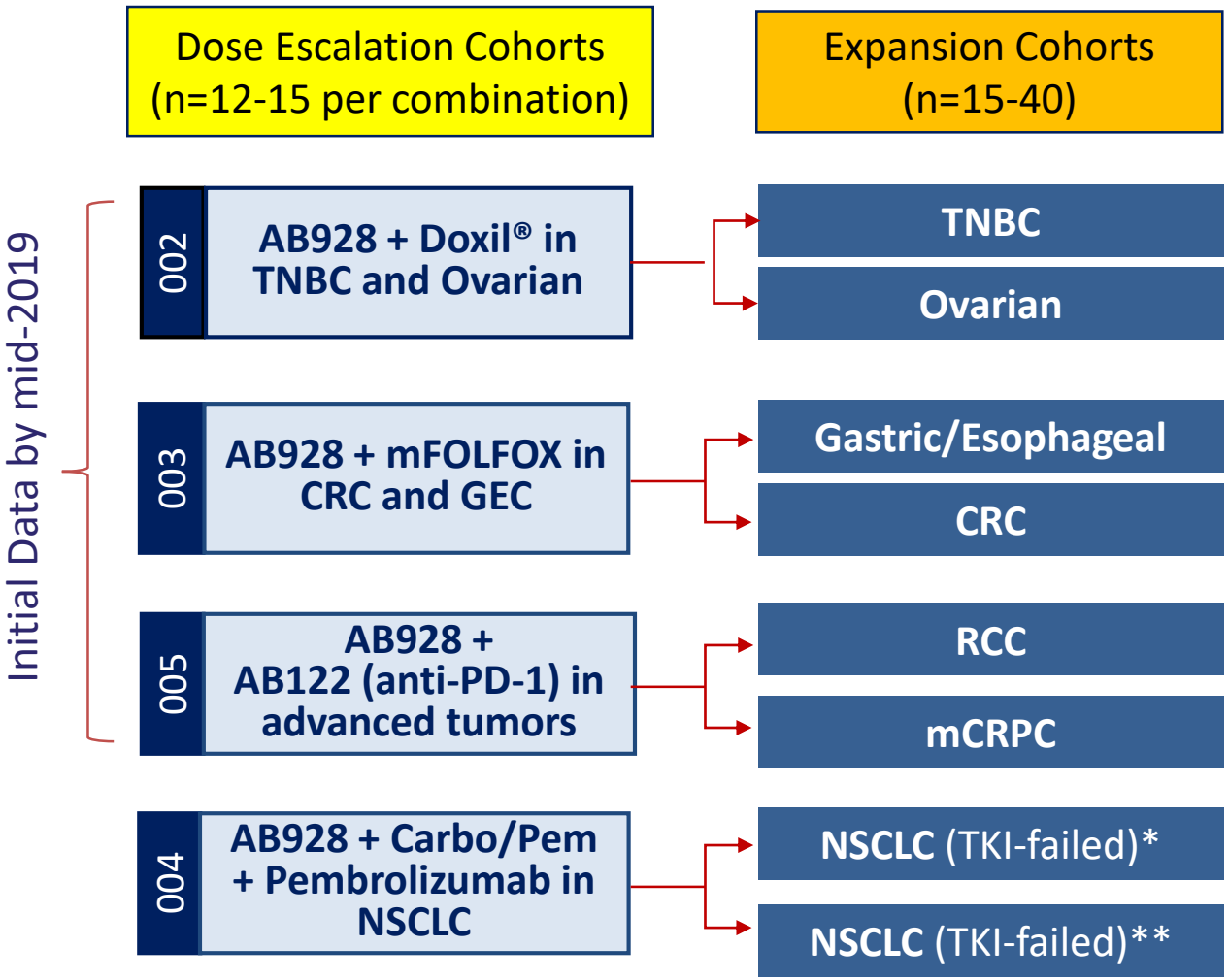
ARCUS BIOSCIENCES

Rationally-Selected Combinations and Settings for Early Clinical Trials

Areas of Focus
Tumor types selected based on high levels of CD73, extent of T-cell infiltration
Combinations with immunogenic cell death (ICD)-inducing chemotherapy
Tumor types/settings that are generally non-responsive to anti-PD1 therapy
Tumor types where current Standard of Care has low efficacy rates / significant unmet medical need

ARCUS BIOSCIENCES

Initial Data for 3 Dose-Escalation Trials by Mid-2019 & Dose Expansion Cohorts in 1H-2020



Flexible Trial Design

- Dose escalation cohorts will assess safety, PK, PD
- Expansion cohorts will assess ORR in first 15 patients
- Expand up to 40 patients if threshold response rate achieved
- Flexibility to add control arms to the protocols

ARCUS BIOSCIENCES

* AB928 + Carbo/Pem

** AB928 + Carbo/Pem + anti-PD-1

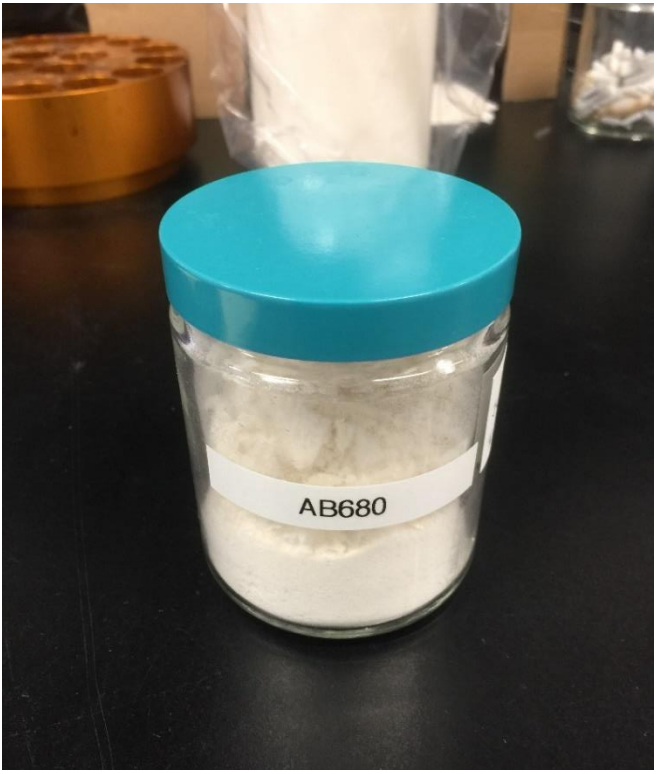
Extensive Biomarker Plan in Ongoing AB928 Cancer Trials

	Biomarker Readout	Key Objective(s)
Potential predictive biomarkers	CD73 status • Tumor (IHC & mRNA) • Blood (ELISA & Enzymatic Assay)	✓ Determine relationship between CD73 expression (tumor, soluble) and clinical activity ✓ Assess potential of CD73 biomarker as a patient selection tool
	Tumor expression (mRNA) of *Adenosine Fingerprint** genes	✓ Assess relationship between clinical activity and various elements of this gene expression profile
Immune markers	T cell clonality (tumor & blood) • neoantigen-specific T cell clonal expansion	✓ Determine if tumor responses correlate with increases in (neoantigen-specific) T cells
	Immunophenotyping (blood) and serum cytokines	✓ Quantify activation of immune pathways ✓ Assess effects on immune cell activity/function

* Collection of 9 proteins involved in the generation, degradation and signaling of adenosine in the tumor

ARCUS BIOSCIENCES

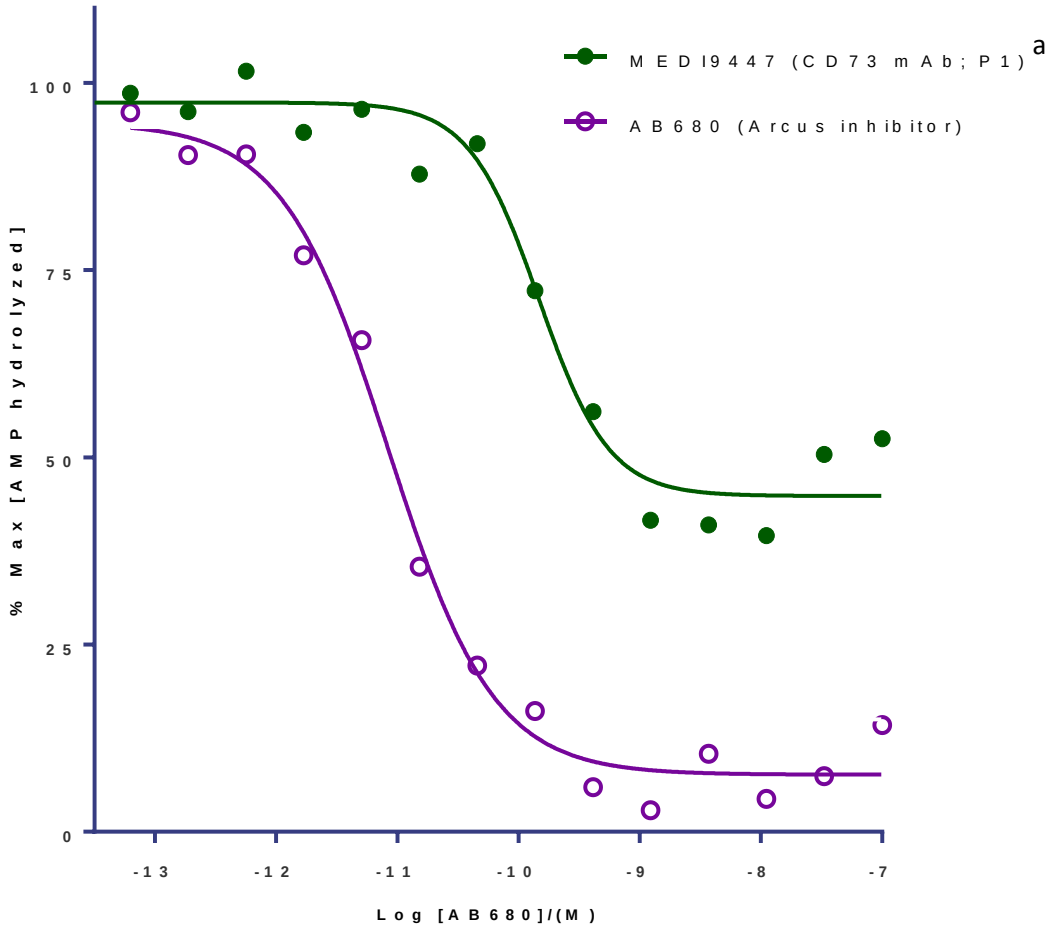
AB680: First Small-Molecule CD73 Inhibitor to Enter Clinical Development



- CD73 catalyzes the last step in the conversion of extracellular ATP to adenosine
- AB680 potentially offers advantages over the anti-CD73 antibodies in development:
  - Greater inhibition of CD73 enzymatic activity
  - Deeper tumor penetration
  - IV + oral formulation
- Unique small molecule properties
  - Extraordinarily potent: IC_{50} = 0.008 nM (human T cells)
  - Low clearance, long half-life molecule (>4 days)
  - IV formulation could be administered on the same schedule as PD-1 antibodies or chemo
- Initiated Phase 1 for IV formulation in healthy volunteers – data in mid:2019
- Oral formulation in IND-enabling studies

ARCUS BIOSCIENCES

AB680 Potently Inhibits CD73 Enzymatic Activity on CD8$^+$ T Cells



[a] Molecule synthesized by Arcus based on the following publication and patent application: Hay et al., OncoImmunology (2016) 5, e1208875; Patent Appl. US 2016/0129108.

Healthy Volunteer (HV) Trial for AB680 is Enrolling

Trial Design

- ✓ Single ascending dose design
- ✓ Cohorts (n=8) randomized (3:1) to AB680 or placebo

Key objectives

- ✓ Determine safety and tolerability
- ✓ Assess pharmacokinetics and pharmacodynamics (CD73 inhibition)
- ✓ Enable initiation of clinical trials in cancer patients at a higher starting dose than otherwise possible

Next Steps

- ✓ HV data expected in mid-2019
- ✓ Initiation of clinical trials in cancer patients expected in 2H:19

AB122: Anti-PD-1 Antibody with Properties Similar to Those of Approved Agents



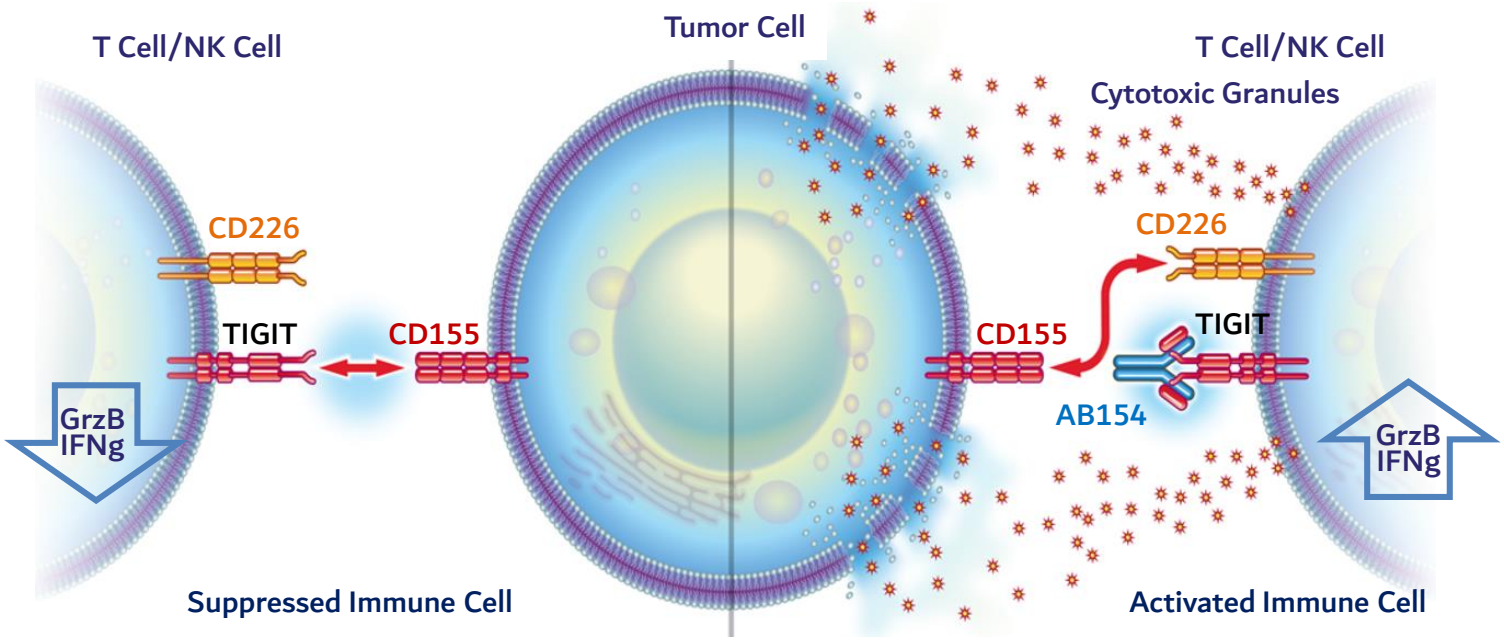
- Fully human antibody with similar binding affinity and other characteristics to pembrolizumab and nivolumab
- In-licensed from WuXi, a leading biologics manufacturer
  - Full development and commercialization rights in the US, Europe, Japan and certain other territories
  - Complete flexibility to develop as single agent and in combination; Provides flexibility on combination pricing
- Ongoing Phase 1 monotherapy dose-escalation trial in Australia nearing completion
  - Identified 240 mg Q2W and 360 mg Q3W as dosing regimen; Q4W schedule under evaluation
  - Full receptor occupancy on peripheral T cells observed at these doses at all time points
- Ongoing Ph 1 combination trial with AB928 (005 trial)
- Evaluating additional AB122 monotherapy development strategies
  - In 2H:19 initiate a basket trial to evaluate AB122 in molecularly defined patient populations that are generally not responsive to anti-PD-1 therapy

ARCUS BIOSCIENCES

AB154: The Next Potential I-O Backbone (TIGIT)

Dual Mechanism of Action that Reflects the uniqueness of TIGIT Pathway

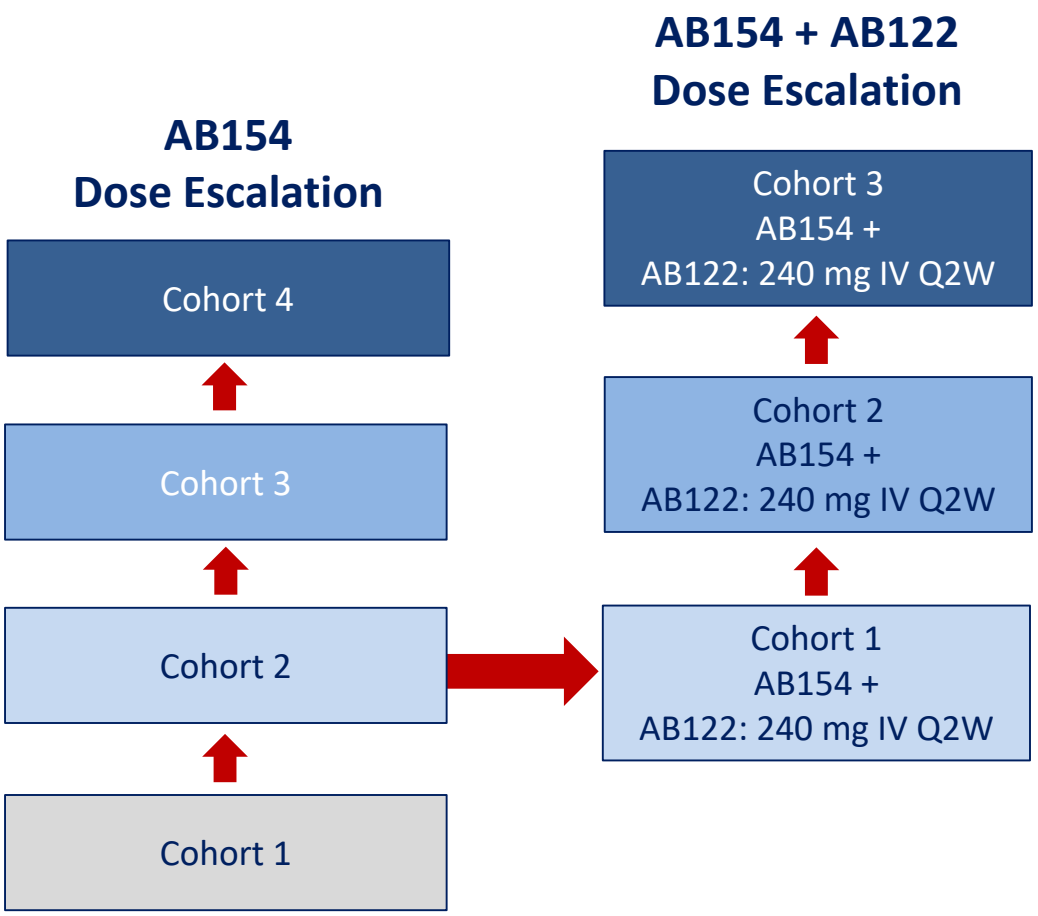
Blocking TIGIT inhibits an immuno-suppressive pathway while freeing up CD155 to bind to CD226,which is an immune-activating pathway



- AB154 is a humanized anti-TIGIT antibody designed to lack effector function
  - Binds to a different epitope than other TIGIT antibodies
- AB154 reverses immune inhibition *and* provides tumor-selective immune stimulation
- Experiments in immune assays demonstrate synergy with AB680 (CD73) and AB122 (PD-1)
- Phase 1 trial initiated to evaluate AB154 as monotherapy and in combination with AB122
  - Dose-escalation portion to be followed by expansion cohorts in tumor types with high levels of TIGIT and/or CD155 (TIGIT's ligand)

ARCUS BIOSCIENCES

Phase 1/1b Dose Escalation Trial of AB154 + AB122



Key objectives

- ✓ Evaluate safety and tolerability
- ✓ Determine pharmacokinetic and pharmacodynamic profile
- ✓ Identify RP2D for AB154 as monotherapy and in combination with AB122
- ✓ Assess preliminary clinical activity of AB154 and AB154 + AB122

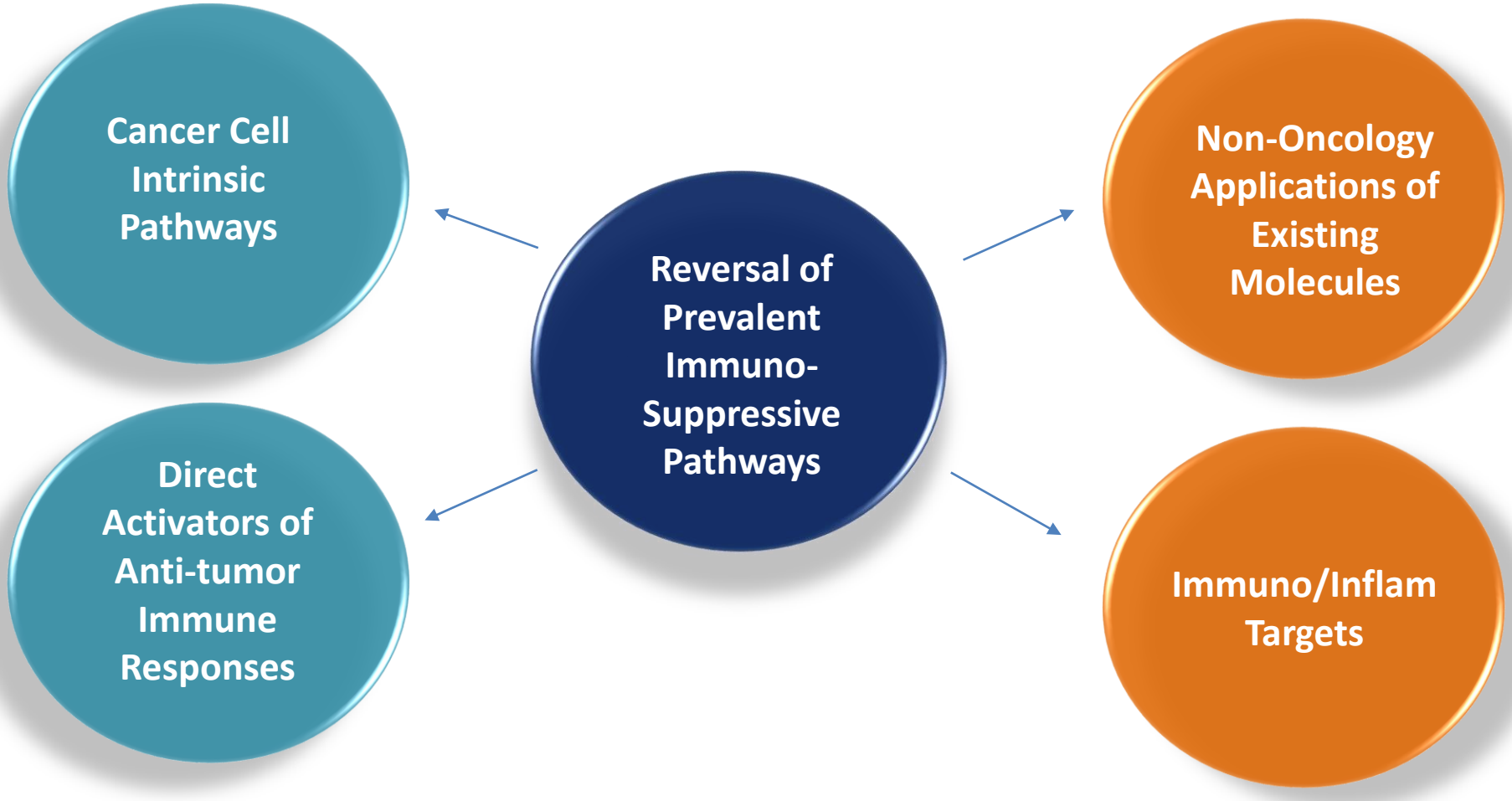
Next steps

- ✓ Present preliminary data for the monotherapy dose-escalation in 2H:19
- ✓ Initiate expansion cohorts in tumor types with high levels of TIGIT and/or CD155

ARCUS BIOSCIENCES

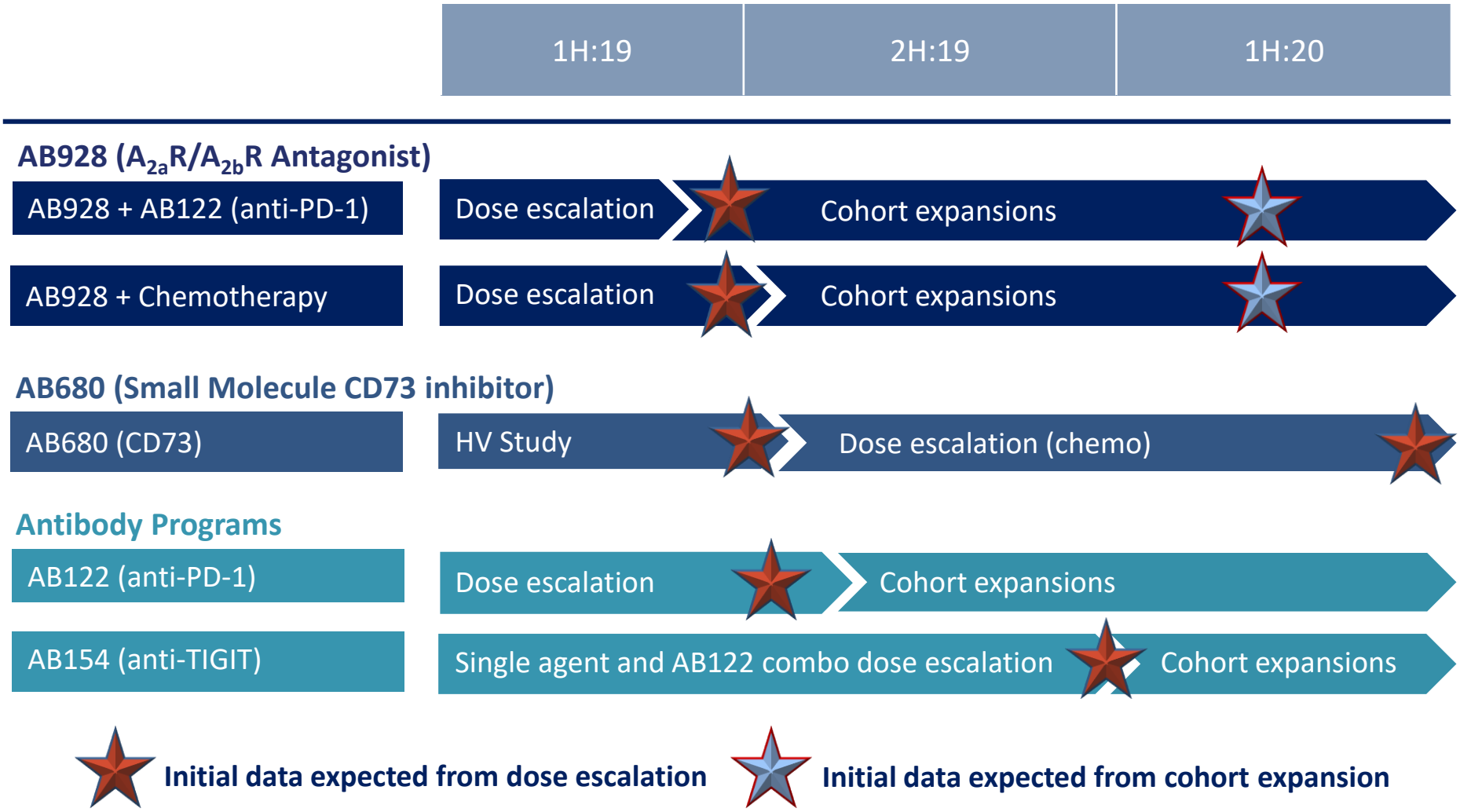
Active Early Stage Discovery Effort Focused on Small-Molecule Pipeline Expansion

Arcus is leveraging its small-molecule expertise to continue creating potentially best-in-class and/or first-in-class product candidates



ARCUS BIOSCIENCES

Multiple Data Readouts in the Next 12 Months



ARCUS BIOSCIENCES