NEWS RELEASE

Taiho Pharmaceutical Exercises Option for an Exclusive License to Arcus Biosciences' Anti-TIGIT Program in Japan and Certain Territories in Asia

11/30/2021

HAYWARD, Calif.--(BUSINESS WIRE)-- Arcus Biosciences, Inc. (NYSE:RCUS), a clinical-stage, global biopharmaceutical company focused on developing differentiated molecules and combination therapies for people with cancer, and Taiho Pharmaceutical Co., Ltd., ("Taiho"), an R&D driven specialty pharma company with a focus on oncology, today announced that Taiho exercised its option for anti-TIGIT antibodies domvanalimab (development code: AB154) and AB308 from Arcus Biosciences ("Arcus"), in Japan and certain other territories in Asia (excluding China). This option exercise is based on an option and license agreement between Taiho and Arcus contracted in September 2017. Taiho has already obtained exclusive rights to etrumadenant (AB928), an adenosine A2a/A2b receptor antagonist, and zimberelimab (AB122), an anti-PD-1 monoclonal antibody. This is the third option exercise to an Arcus program.

In exchange for the exclusive license, Taiho will make an option exercise payment, as well as additional payments upon achievement of clinical, regulatory and commercialization milestones, and, if any products from the program are approved, will pay royalties on net sales of such products.

Domvanalimab is an Fc-silent anti-TIGIT antibody currently under development by Arcus. Similar to PD-1, TIGIT is an immune checkpoint receptor that is expressed on immune cells such as T cells and NK cells. By binding to its ligand CD155, expressed on tumor cells, TIGIT suppresses anti-tumor immune responses, which are thought to be involved with poor prognosis in various types of cancers. Domvanalimab is believed to activate anti-tumor immune responses by blocking CD155 from binding to TIGIT, making it possible for CD155 to bind to and trigger the activating receptor CD226.

Domvanalimab is being developed primarily as a combination therapy with anti-PDx checkpoint inhibitors. The Phase 2 (ARC-7) and Phase 3 (ARC-10) trials of domvanalimab in combination with zimberelimab are currently being conducted by Arcus in first-line metastatic PD-L1≥50% non-small cell lung cancer. A Phase 3 trial (PACIFIC-8) of domvanalimab in combination with durvalumab (Imfinzi®, AstraZeneca) is being initiated in Stage III non-small cell lung cancer. Development in other cancer types is also being planned.

Through this collaboration, Taiho will further support the development and commercialization of domvanalimab and will continue its mission to deliver innovative drugs to patients and medical professionals.

About AB308

AB308 is an Fc-enabled anti-TIGIT antibody currently under development by Arcus. In combination with zimberelimab, AB308 is being investigated in an ongoing Phase 1b trial in people with advanced solid and hematologic malignancies.

About Zimberelimab

Zimberelimab is an anti-PD-1 monoclonal antibody currently under development by Arcus. Preliminary data from clinical trials have suggested that zimberelimab has an efficacy and safety profile similar to that of other approved anti-PD-1 monoclonal antibodies.

In addition to combination studies with domvanalimab, Arcus is conducting Phase 1/2 clinical trials of zimberelimab in combination with other Arcus programs in various types of cancers. In Japan, Taiho is conducting a Phase 1 platform trial for zimberelimab in combination with other Taiho products.

About Taiho Pharmaceutical

Taiho Pharmaceutical, a subsidiary of Otsuka Holdings Co., Ltd., is an R&D-driven specialty pharma focusing on the three fields of oncology, allergy 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. In areas other than oncology, as well, the company creates and markets quality products that effectively treat medical conditions and can help improve people's quality of life. Always putting customers first, Taiho Pharmaceutical also aims to offer consumer healthcare products that support people's efforts to lead fulfilling and rewarding lives. For more information about Taiho Pharmaceutical, please visit: **https://www.taiho.co.jp/en/**.

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 biology 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 expedited the development of six investigational medicines into clinical studies, including new combination approaches that target TIGIT, PD-1, the adenosine axis (CD73 and dual A2a/A2b) and most recently, HIF-2alfa. For more information about Arcus Biosciences' clinical and pre-clinical programs, please visit **www.arcusbio.com** or follow us on Twitter.

Arcus Biosciences' Forward-Looking Statements

This press release contains forward-looking statements. All statements regarding events or results to occur in the future contained herein, including, but not limited to, Arcus's receipt of milestones or royalties, the planning and initiation of additional clinical development activities, and realization of any potential benefits from this transaction, 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 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: difficulties associated with the management of the collaboration activities or expanded clinical programs; risks associated with preliminary and interim data; the unexpected emergence of adverse events or other undesirable side effects; the inherent uncertainty associated with the COVID-19 pandemic, including the duration and/or severity of the pandemic and actions by government authorities to contain or slow the spread of the virus; the inherent uncertainty associated with pharmaceutical product development and clinical trials; delays in Arcus's 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's programs. Risks and uncertainties facing Arcus are described more fully in its quarterly report on Form 10-Q for the quarter ended September 30, 2021, filed on November 8, 2021, 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.

Source: Arcus Biosciences

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Investor and Media Inquiries:

Holli Kolkey
VP of Corporate Communications
(650) 922-1269
hkolkey@arcusbio.com

Taiho Pharmaceutical
Misato Okubo
Strategic Communications
th-koho@taiho.jp

Source: Arcus Biosciences, Inc.