

| OMB APPROVAL                                 |           |
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

|  |  |  |
|--|--|--|
| 1. Name and Address of Reporting Person*<br><u>Watanabe Todd Franklin</u><br><br>(Last) (First) (Middle)<br>C/O ARCUTIS BIOTHERAPEUTICS, INC.<br>3027 TOWNSGATE ROAD, SUITE 300<br><br>(Street)<br>WESTLAKE CA 91361<br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>Arcutis Biotherapeutics, Inc. [ ARQT ]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable)<br><br><input checked="" type="checkbox"/> Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br>President and CEO |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br>03/03/2022                               |  |
| 4. If Amendment, Date of Original Filed (Month/Day/Year)   |  |  |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) |   | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) |            |                          | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|--------------------------|---|--|---|
|                                 |                                      |  | Code                           | V | Amount  | (A) or (D) | Price                    |   |  |   |
| Common Stock                    | 03/03/2022                           |  | A                              |   | 70,900 <sup>(1)</sup>   | A          | \$0                      | 663,526   | D  |   |
| Common Stock                    | 03/04/2022                           |  | s <sup>(2)</sup>               |   | 2,489   | D          | \$16.8591 <sup>(3)</sup> | 661,037   | D  |   |
| Common Stock                    | 03/07/2022                           |  | s <sup>(2)</sup>               |   | 70  | D          | \$16.4449 <sup>(4)</sup> | 660,967   | D  |   |
| Common Stock                    | 03/07/2022                           |  | M <sup>(5)</sup>               |   | 700   | A          | \$1.6806                 | 661,667   | D  |   |
| Common Stock                    | 03/07/2022                           |  | s <sup>(5)</sup>               |   | 700   | D          | \$17.1058 <sup>(6)</sup> | 660,967 <sup>(7)</sup>  | D  |   |
| Common Stock                    |                                      |  |                                |   |   |            |                          | 57,358  | I  | By LLC <sup>(8)</sup>                                 |
| Common Stock                    |                                      |  |                                |   |   |            |                          | 17,850  | I  | By Trust <sup>(9)</sup>                               |
| Common Stock                    |                                      |  |                                |   |   |            |                          | 17,850  | I  | By Trust <sup>(10)</sup>                              |
| Common Stock                    |                                      |  |                                |   |   |            |                          | 124,956   | I  | By Trust <sup>(11)</sup>                              |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) |     | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|--|--|--|---|--|----------------------------|
|  |  |                                      |  | Code                           | V | (A)  | (D) | Date Exercisable   | Expiration Date |  |  |  |   |  | Amount or Number of Shares |
| Stock Option (Right to Buy)                | \$17.67  | 03/03/2022                           |  | A                              |   | 188,100  |     | (12)   | 03/03/2032      | Common Stock   | 188,100                                    | \$0.00   | 188,100   | D  |                            |
| Stock Option (Right to Buy)                | \$1.6806   | 03/07/2022                           |  | M <sup>(5)</sup>               |   | 700  |     | (13)   | 03/13/2029      | Common Stock   | 700  | \$0.00   | 118,935   | D  |                            |

Explanation of Responses:

- Constitute restricted stock units ("RSUs") for which the Reporting Person is entitled to receive one (1) share of common stock for each one (1) RSU upon vesting. 25% of the RSUs vest annually on March 3 of each year, beginning March 3, 2023, subject to the Reporting Person's continued service to the Issuer.
- The sale was effected pursuant to the Reporting Person's Rule 10b5-1 trading plan to satisfy tax withholding obligations in connection with the vesting of Restricted Stock Units ("RSUs").
- The transaction was executed in multiple trades in prices ranging from \$16.63 to \$17.19, inclusive. The price reported in Column 4 above reflects the weighted average sale price. The Reporting Person hereby undertakes to provide to the Securities and Exchange Commission staff, the Issuer, or a security holder of the Issuer, upon request, full information regarding the number of shares sold at each respective price within the range set forth in this footnote.
- The transaction was executed in multiple trades in prices ranging from \$16.44 to \$16.45, inclusive. The price reported in Column 4 above reflects the weighted average sale price. The Reporting Person hereby undertakes to provide to the Securities and Exchange Commission staff, the Issuer, or a security holder of the Issuer, upon request, full information regarding the number of shares sold at each respective price within the range set forth in this footnote.
- Transaction made pursuant to a 10b5-1 trading plan adopted by the Reporting Person.
- The transaction was executed in multiple trades in prices ranging from \$17.02 to \$17.18, inclusive. The price reported in Column 4 above reflects the weighted average sale price. The Reporting Person hereby undertakes to provide to the Securities and Exchange Commission staff, the Issuer, or a security holder of the Issuer, upon request, full information regarding the number of shares sold at each respective price within the range set forth in this footnote.
- Includes 109,925 restricted stock units.
- The securities are held of record by Watanabe Ventures, LLC, of which the Reporting Person is the Chief Operating Officer. The Reporting Person disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of such securities for purposes of Section 16 or for any other purposes.
- The securities are held of record by The Anderson Prest Watanabe Irrevocable Trust, of which the Reporting Person is the trustee. The Reporting Person disclaims beneficial ownership of such securities except to

the extent of his pecuniary interest therein, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of such securities for purposes of Section 16 or for any other purposes.

10. The securities are held of record by The John Franklin Watanabe Trust, of which the Reporting Person is the trustee. The Reporting Person disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of such securities for purposes of Section 16 or for any other purposes.

11. The securities are held of record by The Watanabe 2016 Irrevocable Trust, of which the Reporting Person's children are beneficiaries. The Reporting Person disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein, and the inclusion of these securities in this report shall not be deemed an admission of beneficial ownership of such securities for purposes of Section 16 or for any other purposes.

12. 1/48th of the shares subject to the option vest on each monthly anniversary measured from March 3, 2022 (the "Vesting Commencement Date"), such that 100% of the shares subject to the option will be fully vested and exercisable on the fourth anniversary of the Vesting Commencement Date, subject to the Reporting Person's continued service to the Issuer.

13. The option began vesting monthly over a four year period beginning upon the achievement of certain company milestones, subject to the Reporting Person's continuous provision of services to the Issuer on each vesting date. The option contains an early-exercise provision and is exercisable as to unvested shares, subject to the Issuer's right of repurchase.

/s/ Scott Burrows, as Attorney-  
in-Fact for Todd Franklin      03/07/2022  
Watanabe

\*\* Signature of Reporting Person      Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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