

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended June 28, 2024  
or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from to

**Commission File Number:** 000-30235



**EXELIXIS, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**04-3257395**

(I.R.S. Employer Identification Number)

**1851 Harbor Bay Parkway  
Alameda, CA 94502  
(650) 837-7000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
<b>Common Stock, \$0.001 Par Value per Share</b>	<b>EXEL</b>	<b>The Nasdaq Stock Market LLC</b>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days). Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of July 29, 2024, there were 285,251,725 shares of the registrant's common stock outstanding.

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EXELIXIS, INC.  
QUARTERLY REPORT ON FORM 10-Q  
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**PART I—FINANCIAL INFORMATION**
**Item 1. Financial Statements.**

EXELIXIS, INC.  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share data)  
(unaudited)

	June 30, 2024	December 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 198,459	\$ 262,994
Short-term investments	803,540	732,308
Trade receivables, net	396,584	237,407
Inventory	20,614	17,323
Prepaid expenses and other current assets	58,247	67,926
Total current assets	1,477,444	1,317,958
Long-term investments	432,305	728,717
Property and equipment, net	130,210	128,731
Deferred tax assets, net	361,561	361,145
Goodwill	63,684	63,684
Right-of-use assets and other non-current assets	307,917	342,122
Total assets	\$ 2,773,121	\$ 2,942,357
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 28,676	\$ 33,768
Accrued compensation and benefits	71,806	93,325
Accrued clinical trial liabilities	64,829	71,615
Rebates and fees due to customers	58,468	59,619
Accrued collaboration liabilities	18,683	27,533
Other current liabilities	103,241	108,417
Total current liabilities	345,703	394,277
Long-term portion of operating lease liabilities	198,017	189,944
Other long-term liabilities	109,667	94,224
Total liabilities	653,387	678,445
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized and no shares issued	—	—
Common stock, \$0.001 par value; 400,000 shares authorized; issued and outstanding: 285,222 and 302,793 at June 30, 2024, and December 31, 2023, respectively	285	303
Additional paid-in capital	2,324,570	2,440,710
Accumulated other comprehensive loss	(5,149)	(3,750)
Accumulated deficit	(199,972)	(173,351)
Total stockholders' equity	2,119,734	2,263,912
Total liabilities and stockholders' equity	\$ 2,773,121	\$ 2,942,357

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**EXELIXIS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share data)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Revenues:</b>				
Net product revenues	\$ 437,581	\$ 409,646	\$ 816,104	\$ 773,046
License revenues	194,986	52,747	239,662	91,039
Collaboration services revenues	4,611	7,455	6,638	14,551
Total revenues	637,178	469,848	1,062,404	878,636
<b>Operating expenses:</b>				
Cost of goods sold	17,667	17,705	38,923	32,020
Research and development	211,147	232,570	438,836	466,816
Selling, general and administrative	132,015	141,723	245,999	273,120
Restructuring	475	—	33,310	—
Total operating expenses	361,304	391,998	757,068	771,956
Income from operations	275,874	77,850	305,336	106,680
Interest income	17,258	22,541	37,152	42,043
Other expense, net	(287)	(5)	(376)	(59)
Income before income taxes	292,845	100,386	342,112	148,664
Provision for income taxes	66,729	19,208	78,679	27,458
Net income	\$ 226,116	\$ 81,178	\$ 263,433	\$ 121,206
<b>Net income per share:</b>				
Basic	\$ 0.78	\$ 0.25	\$ 0.89	\$ 0.37
Diluted	\$ 0.77	\$ 0.25	\$ 0.88	\$ 0.37
<b>Weighted-average common shares outstanding:</b>				
Basic	289,216	324,205	294,986	324,312
Diluted	293,974	327,305	299,752	326,792

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**EXELIXIS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in thousands)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 226,116	\$ 81,178	\$ 263,433	\$ 121,206
<b>Other comprehensive income (loss):</b>				
Net unrealized gains (losses) on available-for-sale debt securities, net of tax impact of \$(17), \$1,512, \$416 and \$5, respectively	55	(5,148)	(1,399)	84
Comprehensive income	\$ 226,171	\$ 76,030	\$ 262,034	\$ 121,290

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**EXELIXIS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)  
(unaudited)

	<b>Three Months Ended June 30, 2024</b>					
	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
Balance at March 31, 2024	295,032	\$ 295	\$ 2,391,865	\$ (5,204)	\$ (258,948)	\$ 2,128,008
Net income	—	—	—	—	226,116	226,116
Other comprehensive income	—	—	—	55	—	55
Issuance of common stock under the equity incentive plan and stock purchase plan	1,852	1	14,658	—	—	14,659
Stock transactions associated with taxes withheld on equity awards	—	—	(13,015)	—	—	(13,015)
Repurchases of common stock	(11,662)	(11)	(94,533)	—	(167,140)	(261,684)
Stock-based compensation	—	—	25,595	—	—	25,595
Balance at June 30, 2024	<u>285,222</u>	<u>\$ 285</u>	<u>\$ 2,324,570</u>	<u>\$ (5,149)</u>	<u>\$ (199,972)</u>	<u>\$ 2,119,734</u>

  

	<b>Three Months Ended June 30, 2023</b>					
	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Retained Earnings</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
Balance at March 31, 2023	324,985	\$ 325	\$ 2,558,297	\$ (9,289)	\$ 5,803	\$ 2,555,136
Net income	—	—	—	—	81,178	81,178
Other comprehensive loss	—	—	—	(5,148)	—	(5,148)
Issuance of common stock under the equity incentive plan and stock purchase plan	1,876	2	10,245	—	—	10,247
Stock transactions associated with taxes withheld on equity awards	—	—	(10,822)	—	—	(10,822)
Repurchases of common stock	(6,608)	(7)	(52,012)	—	(75,795)	(127,814)
Stock-based compensation	—	—	25,161	—	—	25,161
Balance at June 30, 2023	<u>320,253</u>	<u>\$ 320</u>	<u>\$ 2,530,869</u>	<u>\$ (14,437)</u>	<u>\$ 11,186</u>	<u>\$ 2,527,938</u>

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**EXELIXIS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)  
(unaudited)

	Six Months Ended June 30, 2024					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2023	302,793	\$ 303	\$ 2,440,710	\$ (3,750)	\$ (173,351)	\$ 2,263,912
Net income	—	—	—	—	263,433	263,433
Other comprehensive loss	—	—	—	(1,399)	—	(1,399)
Issuance of common stock under the equity incentive plan and stock purchase plan	2,729	2	23,095	—	—	23,097
Stock transactions associated with taxes withheld on equity awards	—	—	(20,009)	—	—	(20,009)
Repurchases of common stock	(20,300)	(20)	(164,151)	—	(290,054)	(454,225)
Stock-based compensation	—	—	44,925	—	—	44,925
Balance at June 30, 2024	285,222	\$ 285	\$ 2,324,570	\$ (5,149)	\$ (199,972)	\$ 2,119,734

  

	Six Months Ended June 30, 2023					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2022	323,951	\$ 324	\$ 2,536,849	\$ (14,521)	\$ (34,225)	\$ 2,488,427
Net income	—	—	—	—	121,206	121,206
Other comprehensive income	—	—	—	84	—	84
Issuance of common stock under the equity incentive plan and stock purchase plan	2,910	3	17,324	—	—	17,327
Stock transactions associated with taxes withheld on equity awards	—	—	(13,345)	—	—	(13,345)
Repurchases of common stock	(6,608)	(7)	(52,012)	—	(75,795)	(127,814)
Stock-based compensation	—	—	42,053	—	—	42,053
Balance at June 30, 2023	320,253	\$ 320	\$ 2,530,869	\$ (14,437)	\$ 11,186	\$ 2,527,938

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**EXELIXIS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Six Months Ended June 30,	
	2024	2023
Net income	\$ 263,433	\$ 121,206
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	13,707	12,895
Stock-based compensation	44,467	41,561
Non-cash lease expense	13,943	13,980
Acquired in-process research and development technology	20,250	37,500
Other, net	7,924	(8,176)
Changes in operating assets and liabilities:		
Trade receivables, net	(159,217)	(18,317)
Inventory	3,075	(12,815)
Prepaid expenses and other assets	33,660	8,548
Accrued collaboration liabilities	(2,350)	3,272
Accounts payable and other liabilities	(50,522)	5,732
Net cash provided by operating activities	188,370	205,386
Cash flows from investing activities:		
Purchases of property, equipment and other, net	(16,261)	(17,961)
Acquired in-process research and development technology	(26,750)	(38,000)
Purchases of investments	(247,154)	(641,328)
Proceeds from maturities and sales of investments	483,730	573,912
Net cash provided by (used in) investing activities	193,565	(123,377)
Cash flows from financing activities:		
Payments for repurchases of common stock	(449,694)	(124,239)
Proceeds from issuance of common stock under the equity incentive plan and stock purchase plan	23,238	17,422
Taxes paid related to net share settlement of equity awards	(20,014)	(13,389)
Net cash used in financing activities	(446,470)	(120,206)
Net decrease in cash and cash equivalents	(64,535)	(38,197)
Cash and cash equivalents at beginning of period	262,994	502,677
Cash and cash equivalents at end of period	\$ 198,459	\$ 464,480
Supplemental cash flow disclosures:		
Non-cash operating activities:		
Right-of-use assets obtained in exchange for lease obligations	\$ 15,313	\$ 13,584

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

**EXELIXIS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Exelixis, Inc. (Exelixis, we, our or us) is an oncology company innovating next-generation medicines and combination regimens at the forefront of cancer care. Through the commitment of our drug discovery, development and commercialization resources, we have produced four marketed pharmaceutical products, two of which are formulations of our flagship molecule, cabozantinib. We continue to evolve our product portfolio, leveraging our investments, expertise and strategic partnerships, to target an expanding range of tumor types and indications with our clinically differentiated pipeline of small molecules and biotherapeutics, including antibody-drug conjugates (ADCs).

Sales related to cabozantinib account for the majority of our revenues. Cabozantinib is an inhibitor of multiple tyrosine kinases, including MET, AXL, VEGF receptors and RET and has been approved by the U.S. Food and Drug Administration (FDA) and in other countries: as CABOMETYX<sup>®</sup> (cabozantinib) tablets for advanced renal cell carcinoma (RCC) (both alone and in combination with Bristol-Myers Squibb Company's (BMS) nivolumab), for previously treated hepatocellular carcinoma (HCC) and for previously treated, radioactive iodine (RAI)-refractory differentiated thyroid cancer (DTC); and as COMETRIQ<sup>®</sup> (cabozantinib) capsules for progressive, metastatic medullary thyroid cancer. For physicians treating these types of cancer, cabozantinib has become or is becoming an important medicine in their selection of effective therapies.

The other two products resulting from our discovery efforts are: COTELLIC<sup>®</sup> (cobimetinib), an inhibitor of MEK approved as part of multiple combination regimens to treat specific forms of advanced melanoma and marketed under a collaboration with Genentech, Inc. (a member of the Roche Group) (Genentech); and MINNEBRO<sup>®</sup> (esaxerenone), an oral, non-steroidal, selective blocker of the mineralocorticoid receptor, approved for the treatment of hypertension in Japan and licensed to Daiichi Sankyo Company, Limited (Daiichi Sankyo).

**Basis of Presentation**

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of Exelixis and those of our wholly owned subsidiaries. These entities' functional currency is the U.S. dollar. All intercompany balances and transactions have been eliminated.

We have adopted a 52- or 53-week fiscal year policy that generally ends on the Friday closest to December 31. Fiscal year 2024, which is a 53-week fiscal year, will end on January 3, 2025 and fiscal year 2023, which was a 52-week fiscal year, ended on December 29, 2023. For convenience, references in this report as of and for the fiscal periods ended June 28, 2024, and as of and for the fiscal years ending January 3, 2025 and ended December 29, 2023 are indicated as being as of and for the periods ended June 30, 2024, and the years ending December 31, 2024 and ended December 31, 2023, respectively.

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information and pursuant to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In our opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of our financial statements for the periods presented have been included. Operating results for the six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024 or for any future period. The accompanying Condensed Consolidated Financial Statements and Notes thereto should be read in conjunction with our Consolidated Financial Statements and Notes thereto for the fiscal year ended December 31, 2023, included in Part II, Item 8 of our Annual Report on Form 10-K, filed with the SEC on February 6, 2024 (Fiscal 2023 Form 10-K).



## Segment Information

We operate in one business segment that focuses on the discovery, development and commercialization of new medicines for difficult-to-treat cancers. Our Chief Executive Officer, as the chief operating decision-maker, manages and allocates resources to our operations on a total consolidated basis. Consistent with this decision-making process, our Chief Executive Officer uses consolidated, single-segment financial information for purposes of evaluating performance, forecasting future period financial results, allocating resources and setting incentive targets.

All of our long-lived assets are located in the U.S. See “Note 2. Revenues” for enterprise-wide disclosures about product sales, revenues from major customers and revenues by geographic region.

## Use of Estimates

The preparation of the accompanying Condensed Consolidated Financial Statements conforms to accounting principles generally accepted in the U.S., which requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenues and expenses and related disclosures. On an ongoing basis, we evaluate our significant estimates. We base our estimates on historical experience and on various other market-specific and other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from those estimates.

## Reclassifications

Certain prior period amounts in the accompanying Condensed Consolidated Financial Statements have been reclassified to conform to the current period presentation. Such reclassifications did not impact previously reported total revenues, income from operations, net income, total assets, total liabilities or total stockholders’ equity.

## Significant Accounting Policies

There have been no material changes to our significant accounting policies during the six months ended June 30, 2024, as compared to the significant accounting policies disclosed in “Note 1. Organization and Summary of Significant Accounting Policies” of the “Notes to Consolidated Financial Statements” included in Part II, Item 8 of our Fiscal 2023 Form 10-K.

## Recently Adopted Accounting Pronouncements

There were no new accounting pronouncements adopted by us since our filing of the Fiscal 2023 Form 10-K, which could have a significant effect on our Condensed Consolidated Financial Statements.

## Recent Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (ASU 2023-07), which enhances the disclosures required for operating segments in our annual and interim consolidated financial statements. ASU 2023-07 is effective for us in our annual reporting for fiscal 2024 and for interim period reporting beginning in fiscal 2025 on a retrospective basis. Early adoption is permitted. We are currently evaluating the impact of ASU 2023-07 on our Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* (ASU 2023-09), which enhances the disclosures required for income taxes in our annual consolidated financial statements. ASU 2023-09 is effective for us in our annual reporting for fiscal 2025 on a prospective basis. Early adoption and retrospective reporting are permitted. We are currently evaluating the impact of ASU 2023-09 on our Consolidated Financial Statements.

**NOTE 2. REVENUES**

Revenues consisted of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Product revenues:</b>				
Gross product revenues	\$ 604,291	\$ 563,173	\$ 1,168,076	\$ 1,084,495
Discounts and allowances	(166,710)	(153,527)	(351,972)	(311,449)
Net product revenues	437,581	409,646	816,104	773,046
<b>Collaboration revenues:</b>				
License revenues	194,986	52,747	239,662	91,039
Collaboration services revenues	4,611	7,455	6,638	14,551
Total collaboration revenues	199,597	60,202	246,300	105,590
<b>Total revenues</b>	<b>\$ 637,178</b>	<b>\$ 469,848</b>	<b>\$ 1,062,404</b>	<b>\$ 878,636</b>

The percentage of total revenues by customer who individually accounted for 10% or more of our total revenues were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Ipsen Pharma SAS	30 %	8 %	21 %	8 %
Affiliates of Cencora, Inc. (formerly AmerisourceBergen Corporation)	14 %	16 %	16 %	16 %
Affiliates of McKesson Corporation	14 %	16 %	15 %	16 %
Affiliates of CVS Health Corporation	13 %	17 %	15 %	17 %
Accredo Health, Incorporated	9 %	12 %	10 %	12 %

The percentage of trade receivables by customer who individually accounted for 10% or more of our trade receivables were as follows:

	June 30, 2024	December 31, 2023
Ipsen Pharma SAS	50 %	19 %
Affiliates of Cencora, Inc. (formerly AmerisourceBergen Corporation)	14 %	17 %
Affiliates of McKesson Corporation	13 %	21 %
Affiliates of CVS Health Corporation	9 %	20 %
Cardinal Health, Inc.	7 %	11 %

Total revenues by geographic region were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
U.S.	\$ 440,476	\$ 416,043	\$ 822,413	\$ 783,484
Europe	190,559	36,731	226,262	70,265
Japan	6,143	17,074	13,729	24,887
<b>Total revenues</b>	<b>\$ 637,178</b>	<b>\$ 469,848</b>	<b>\$ 1,062,404</b>	<b>\$ 878,636</b>

Total revenues include net product revenues attributed to geographic regions based on the ship-to location and license and collaboration services revenues attributed to geographic regions based on the location of our collaboration partners' headquarters.

Net product revenues and license revenues are recorded in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606). License revenues include the recognition of the portion of milestone payments allocated to the transfer of intellectual property licenses for which it had become probable in the current period that the milestone would be achieved and a significant reversal of revenues would not occur, as well as royalty revenues and our share of profits under our collaboration agreement with Genentech. Collaboration services revenues are recorded in accordance with ASC Topic 808, *Collaborative Arrangements*. Collaboration services revenues include the recognition of deferred revenues for the portion of upfront and milestone payments allocated to our research and development services performance obligations, development cost reimbursements earned under our collaboration agreements, product supply revenues, net of product supply costs and the royalties we paid on sales of products containing cabozantinib by our collaboration partners.

Net product revenues by product were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
CABOMETYX	\$ 433,341	\$ 403,292	\$ 809,758	\$ 765,065
COMETRIQ	4,240	6,354	6,346	7,981
Net product revenues	\$ 437,581	\$ 409,646	\$ 816,104	\$ 773,046

### Product Sales Discounts and Allowances

The activities and ending reserve balances for each significant category of discounts and allowances (which constitute variable consideration) were as follows (in thousands):

	Chargebacks, Discounts for Prompt Payment and Other	Other Customer Credits/Fees and Co-pay Assistance	Rebates	Total
Balance at December 31, 2023	\$ 25,221	\$ 19,721	\$ 39,898	\$ 84,840
Provision related to sales made in:				
Current period	228,217	31,790	95,257	355,264
Prior periods	(1,088)	(2,043)	(161)	(3,292)
Payments and customer credits issued	(219,316)	(30,374)	(95,620)	(345,310)
Balance at June 30, 2024	\$ 33,034	\$ 19,094	\$ 39,374	\$ 91,502

The allowance for chargebacks, discounts for prompt payment and other are recorded as a reduction of trade receivables, net, and the remaining reserves are recorded as rebates and fees due to customers in the accompanying Condensed Consolidated Balance Sheets.

### Contract Assets and Liabilities

We receive payments from our collaboration partners based on billing schedules established in each contract. Amounts are recorded as accounts receivable when our right to consideration is unconditional. We may also recognize revenue in advance of the contractual billing schedule and such amounts are recorded as a contract asset when recognized. We may be required to defer recognition of revenue for upfront and milestone payments until we perform our obligations under these arrangements, and such amounts are recorded as deferred revenue upon receipt or when due. For those contracts that have multiple performance obligations, contract assets and liabilities are reported on a net basis at the contract level. Contract assets are primarily related to Ipsen Pharma SAS (Ipsen) and contract liabilities are primarily related to deferred revenues from Takeda Pharmaceutical Company Limited (Takeda).

Contract assets and liabilities were as follows (in thousands):

	June 30, 2024	December 31, 2023
Contract assets <sup>(1)</sup>	\$ 1,469	\$ 1,321
Contract liabilities:		
Current portion <sup>(2)</sup>	\$ 3,443	\$ 5,406
Long-term portion <sup>(3)</sup>	4,420	5,524
Total contract liabilities	\$ 7,863	\$ 10,930

<sup>(1)</sup> Presented in right-of-use assets and other non-current assets in the accompanying Condensed Consolidated Balance Sheets.

<sup>(2)</sup> Presented in other current liabilities in the accompanying Condensed Consolidated Balance Sheets.

<sup>(3)</sup> Presented in other long-term liabilities in the accompanying Condensed Consolidated Balance Sheets.

During the six months ended June 30, 2024 and 2023, we recognized \$3.0 million and \$3.6 million, respectively, in revenues that were included in the beginning deferred revenues balance for those periods.

During the three and six months ended June 30, 2024 and 2023, we recognized \$195.4 million and \$241.3 million, respectively, in revenues for performance obligations satisfied in previous periods, as compared to \$53.9 million and \$91.9 million, respectively, for the corresponding prior year periods. Such revenues were primarily related to milestone and royalty payments allocated to our license performance obligations for our collaborations with Ipsen, Takeda, Daiichi Sankyo and Genentech.

As of June 30, 2024, \$47.8 million of the combined transaction prices for our Ipsen and Takeda collaborations were allocated to research and development services performance obligations that had not yet been satisfied. See “Note 3. Collaboration Agreements and Business Development Activities” of the “Notes to Consolidated Financial Statements” included in Part II, Item 8 of our Fiscal 2023 Form 10-K for additional information about the expected timing to satisfy these performance obligations.

### NOTE 3. COLLABORATION AGREEMENTS AND BUSINESS DEVELOPMENT ACTIVITIES

We have established multiple collaborations with leading biopharmaceutical companies for the commercialization and further development of our cabozantinib franchise. Additionally, we have made considerable progress under our existing research collaboration and in-licensing arrangements to further enhance our early-stage pipeline and expand our ability to discover, develop and commercialize novel therapies with the goal of providing new treatment options for cancer patients and their physicians. Historically, we also entered into other collaborations with leading biopharmaceutical companies pursuant to which we out-licensed other compounds and programs in our portfolio.

See “Note 3. Collaboration Agreements and Business Development Activities” of the “Notes to Consolidated Financial Statements” included in Part II, Item 8 of our Fiscal 2023 Form 10-K, as further described below, for additional information on certain of our collaboration agreements and in-licensing arrangements.

#### Cabozantinib Commercial Collaborations

##### *Ipsen Collaboration*

In February 2016, we entered into a collaboration and license agreement with Ipsen, which was subsequently amended, for the commercialization and further development of cabozantinib. Under the collaboration agreement, as amended, Ipsen received exclusive commercialization rights for current and potential future cabozantinib indications outside of the U.S. and Japan. We have also agreed to collaborate with Ipsen on the development of cabozantinib for current and potential future indications. The parties’ efforts are governed through a joint steering committee and appropriate subcommittees established to guide and oversee the collaboration’s operation and strategic direction; provided, however, that we retain final decision-making authority with respect to cabozantinib’s ongoing development.

During the second quarter of 2024, Ipsen opted into and is now co-funding the development costs for CABINET, a phase 3 pivotal study that evaluated cabozantinib versus placebo in patients with either advanced pancreatic neuroendocrine tumors (pNET) or advanced extra-pancreatic neuroendocrine tumors (epNET) who experienced progression after prior systemic therapy. Under the terms of the agreement, Ipsen is now obligated to reimburse us for its share of the

CABINET global development costs. We determined that Ipsen’s decision to opt into and co-fund the development costs for CABINET represented a contract modification for additional distinct services at its standalone selling price and therefore was treated as a separate contract under Topic 606. Accordingly, collaboration services revenues for the three and six months ended June 30, 2024 includes a cumulative catch-up for Ipsen’s share of global development costs incurred since the beginning of the study and through the end of the periods.

Revenues under the collaboration agreement with Ipsen were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
License revenues	\$ 187,926	\$ 34,018	\$ 224,787	\$ 63,830
Collaboration services revenues	2,633	2,713	1,475	6,435
Total collaboration revenues	\$ 190,559	\$ 36,731	\$ 226,262	\$ 70,265

During the three and six months ended June 30, 2024, we recognized \$150.0 million in license revenues related to a commercial milestone from Ipsen upon its achievement of \$600.0 million in cumulative net sales of cabozantinib over four consecutive quarters in its related Ipsen license territory.

As of June 30, 2024, \$26.8 million of the transaction price for this collaboration agreement, as amended, was allocated to our research and development services performance obligation that has not yet been satisfied.

#### ***Takeda Collaboration***

In January 2017, we entered into a collaboration and license agreement with Takeda, which was subsequently amended, for the commercialization and further development of cabozantinib. Under the collaboration agreement, as amended, Takeda received exclusive commercialization rights for current and potential future cabozantinib indications in Japan, and the parties have agreed to collaborate on the clinical development of cabozantinib in Japan. The operation and strategic direction of the parties’ collaboration is governed through a joint executive committee and appropriate subcommittees.

Revenues under the collaboration agreement with Takeda were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
License revenues	\$ 3,294	\$ 11,362	\$ 6,004	\$ 14,211
Collaboration services revenues	1,978	4,742	5,163	8,116
Total collaboration revenues	\$ 5,272	\$ 16,104	\$ 11,167	\$ 22,327

As of June 30, 2024, \$21.0 million of the transaction price for this collaboration agreement, as amended, was allocated to our research and development services performance obligations that have not yet been satisfied.

#### ***Royalty Pharma***

In October 2002, we established a product development and commercialization collaboration agreement with GlaxoSmithKline (now GSK plc, or GSK), that required us to pay a 3% royalty to GSK on the worldwide net sales of any product containing cabozantinib sold by us and our collaboration partners. Effective January 1, 2021, Royalty Pharma plc (Royalty Pharma) acquired from GSK all rights, title and interest in royalties on net product sales containing cabozantinib for non-U.S. markets for the full term of the royalty and for the U.S. market through September 2026, after which time U.S. royalties will revert back to GSK. Royalty fees earned by Royalty Pharma in connection with our sales of cabozantinib are included in cost of goods sold and as a reduction of collaboration services revenues for sales by our collaboration partners. Such royalty fees earned by Royalty Pharma were \$18.4 million and \$35.1 million during the three and six months ended June 30, 2024, respectively, as compared to \$17.3 million and \$32.6 million, respectively, for the corresponding prior year periods.

## Research Collaborations, In-Licensing Arrangements and Other Business Development Activities

We enter into collaborative arrangements with other pharmaceutical or biotechnology companies to develop and commercialize oncology assets or other intellectual property. Our research collaborations and in-licensing arrangements are intended to enhance our early-stage pipeline and expand our ability to discover, develop and commercialize novel therapies with the goal of providing new treatment options for cancer patients and their physicians. Our research collaborations, in-licensing arrangements and other strategic transactions generally include upfront payments for the purchase or in-licensing of intellectual property, development, regulatory and commercial milestone payments and royalty payments, in each case contingent upon the occurrence of certain future events linked to the success of the asset in development. Certain of our research collaborations provide us exclusive options that give us the right to license programs developed under the research collaborations for further discovery and development. When we decide to exercise the options, we are required to pay an exercise fee and then assume the responsibilities for all subsequent development, manufacturing and commercialization.

As part of the 2024 Restructuring Plan, we have terminated certain of our in-licensing collaboration arrangements, including Aurigene Oncology, Ltd., BioInvent International AB, Cybexa Therapeutics LLC, NBE-Therapeutics AG and STORM Therapeutics LTD. The termination of these agreements was effective in April 2024. See “Note 11. Restructuring” for additional information.

During the three and six months ended June 30, 2024, we recognized \$5.8 million and \$28.6 million, respectively, within research and development expenses on the Condensed Consolidated Statements of Income, primarily related to development milestone payments and option exercise fee for the costs of intellectual property that have not yet achieved technological feasibility, research and development funding and other fees.

As of June 30, 2024, in conjunction with the active collaborative in-licensing arrangements and asset purchase agreements, we are subject to potential future development milestone payments of up to \$509.6 million, regulatory milestone payments of up to \$365.3 million and commercial milestone payments of up to \$2.5 billion, each in the aggregate per product or target, as well as royalties on future net sales of products.

## NOTE 4. CASH AND INVESTMENTS

### Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments consisted of the following (in thousands):

	June 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities available-for-sale:				
Commercial paper	\$ 189,302	\$ —	\$ —	\$ 189,302
Corporate bonds	766,321	362	(4,593)	762,090
U.S. Treasury and government-sponsored enterprises	319,939	1	(2,070)	317,870
Municipal bonds	7,880	—	(15)	7,865
Total debt securities available-for-sale	1,283,442	363	(6,678)	1,277,127
Money market funds	116,234	—	—	116,234
Certificates of deposit	40,943	—	—	40,943
Total cash, cash equivalents and investments	\$ 1,440,619	\$ 363	\$ (6,678)	\$ 1,434,304

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities available-for-sale:				
Commercial paper	\$ 214,016	\$ —	\$ —	\$ 214,016
Corporate bonds	870,870	1,652	(4,277)	868,245
U.S. Treasury and government-sponsored enterprises	409,157	414	(2,250)	407,321
Municipal bonds	7,880	10	(49)	7,841
Total debt securities available-for-sale	1,501,923	2,076	(6,576)	1,497,423
Money market funds	154,287	—	—	154,287
Certificates of deposit	72,309	—	—	72,309
Total cash, cash equivalents and investments	\$ 1,728,519	\$ 2,076	\$ (6,576)	\$ 1,724,019

Interest receivable was \$11.1 million and \$13.1 million as of June 30, 2024 and December 31, 2023, respectively, and is included in prepaid expenses and other current assets in the accompanying Condensed Consolidated Balance Sheets.

Realized gains and losses on the sales of investments were immaterial during the three and six months ended June 30, 2024 and 2023.

We manage credit risk associated with our investment portfolio through our investment policy, which limits purchases to high-quality issuers and the amount of our portfolio that can be invested in a single issuer. The fair value and gross unrealized losses on debt securities available-for-sale in an unrealized loss position were as follows (in thousands):

	June 30, 2024					
	In an Unrealized Loss Position Less than 12 Months		In an Unrealized Loss Position 12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate bonds	\$ 321,374	\$ (1,157)	\$ 306,630	\$ (3,436)	\$ 628,004	\$ (4,593)
U.S. Treasury and government-sponsored enterprises	136,614	(543)	178,290	(1,527)	314,904	(2,070)
Municipal bonds	1,869	(11)	5,996	(4)	7,865	(15)
Total	\$ 459,857	\$ (1,711)	\$ 490,916	\$ (4,967)	\$ 950,773	\$ (6,678)

	December 31, 2023					
	In an Unrealized Loss Position Less than 12 Months		In an Unrealized Loss Position 12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate bonds	\$ 255,958	\$ (847)	\$ 281,837	\$ (3,430)	\$ 537,795	\$ (4,277)
U.S. Treasury and government-sponsored enterprises	163,339	(406)	155,452	(1,844)	318,791	(2,250)
Municipal bonds	—	—	5,951	(49)	5,951	(49)
Total	\$ 419,297	\$ (1,253)	\$ 443,240	\$ (5,323)	\$ 862,537	\$ (6,576)

There were 286 and 230 debt securities available-for-sale in an unrealized loss position as of June 30, 2024 and December 31, 2023, respectively. During the six months ended June 30, 2024, we did not record an allowance for credit losses or other impairment charges on our investment securities. Based upon our quarterly impairment review, we determined that the unrealized losses were not attributed to credit risk but were primarily associated with changes in

interest rates and market liquidity. Based on the scheduled maturities of our investments, we determined that it was more likely than not that we will hold these investments for a period of time sufficient for a recovery of our cost basis.

The fair values of debt securities available-for-sale by contractual maturity were as follows (in thousands):

	June 30, 2024	December 31, 2023
Maturing in one year or less	\$ 844,822	\$ 768,706
Maturing after one year through five years	432,305	728,717
<b>Total debt securities available-for-sale</b>	<b>\$ 1,277,127</b>	<b>\$ 1,497,423</b>

#### NOTE 5. FAIR VALUE MEASUREMENTS

Fair value reflects the amounts that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy has the following three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 - inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices in active markets for similar instruments or on industry models using data inputs, such as interest rates and prices that can be directly observed or corroborated in active markets; and
- Level 3 - unobservable inputs that are supported by little or no market activity that are significant to the fair value measurement.

The classifications within the fair value hierarchy of our financial assets that were measured and recorded at fair value on a recurring basis were as follows (in thousands):

	June 30, 2024		
	Level 1	Level 2	Total
Commercial paper	\$ —	\$ 189,302	\$ 189,302
Corporate bonds	—	762,090	762,090
U.S. Treasury and government-sponsored enterprises	—	317,870	317,870
Municipal bonds	—	7,865	7,865
<b>Total debt securities available-for-sale</b>	<b>—</b>	<b>1,277,127</b>	<b>1,277,127</b>
Money market funds	116,234	—	116,234
Certificates of deposit	—	40,943	40,943
<b>Total financial assets carried at fair value</b>	<b>\$ 116,234</b>	<b>\$ 1,318,070</b>	<b>\$ 1,434,304</b>

  

	December 31, 2023		
	Level 1	Level 2	Total
Commercial paper	\$ —	\$ 214,016	\$ 214,016
Corporate bonds	—	868,245	868,245
U.S. Treasury and government-sponsored enterprises	—	407,321	407,321
Municipal bonds	—	7,841	7,841
<b>Total debt securities available-for-sale</b>	<b>—</b>	<b>1,497,423</b>	<b>1,497,423</b>
Money market funds	154,287	—	154,287
Certificates of deposit	—	72,309	72,309
<b>Total financial assets carried at fair value</b>	<b>\$ 154,287</b>	<b>\$ 1,569,732</b>	<b>\$ 1,724,019</b>

When available, we value investments based on quoted prices for those financial instruments, which is a Level 1 input. Our remaining investments are valued using third-party pricing sources, which use observable market prices, interest rates and yield curves observable at commonly quoted intervals for similar assets as observable inputs for pricing, which is a Level 2 input.



When necessary, we record impairments of long-lived assets for the amount by which the fair value is less than the carrying value of these assets. When an impairment indicator exists, we calculate the undiscounted value of the projected cash flows for the asset, or asset group, and compare this estimated amount to the carrying amount. If the carrying amount is greater, we record an impairment loss for the excess of carrying value over fair value. In addition, in all cases of an impairment review, we reevaluate the remaining useful lives of the assets and modify them, as appropriate. In connection with the 2024 Restructuring Plan, we determined certain long-lived assets were impaired. The fair value was determined using an income approach where certain Level 3 inputs were used, including estimates and assumptions on the timing and amount of discounted cash flows. See “Note 11. Restructuring” for additional information.

The carrying amount of our remaining financial assets and liabilities, which include receivables and payables, approximate their fair values due to their short-term nature.

#### Forward Foreign Currency Contracts

We have entered into forward foreign currency exchange contracts that are not designated as hedges for accounting purposes to hedge certain operational exposures for the changes in foreign currency exchange rates associated with assets or liabilities denominated in foreign currencies, primarily the Euro.

As of June 30, 2024, we had one forward contract outstanding to sell €1.8 million. The forward contract with a maturity of three months is recorded at fair value and is included in other current liabilities in the accompanying Condensed Consolidated Balance Sheets. The unrealized loss on the forward contract is immaterial as of June 30, 2024. The forward contract is considered a Level 2 in the fair value hierarchy of our fair value measurements. The net realized and unrealized gains (losses) we recognized on the maturity of forward contracts were immaterial for each of the three and six months ended June 30, 2024 and 2023 and are included in other expense, net on our Condensed Consolidated Statements of Income.

#### NOTE 6. INVENTORY

Inventory consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Raw materials	\$ 2,912	\$ 7,313
Work in process	58,468	59,422
Finished goods	12,319	9,581
Total	<u>\$ 73,699</u>	<u>\$ 76,316</u>
<i>Balance Sheet classification:</i>		
Current portion included in inventory	\$ 20,614	\$ 17,323
Non-current portion included in other non-current assets	53,085	58,993
Total	<u>\$ 73,699</u>	<u>\$ 76,316</u>

#### NOTE 7. STOCKHOLDERS' EQUITY

##### Stock-based Compensation

We have an equity incentive plan under which we granted stock options and restricted stock units (RSUs), including performance-based restricted stock units (PSUs), to employees and directors. As of June 30, 2024, 23.7 million shares were available for grant under the Exelixis, Inc. 2017 Equity Incentive Plan (as amended and restated, the 2017 Plan). The share reserve is reduced by 1 share for each share issued pursuant to a stock option and 2 shares for full value awards, including RSUs and PSUs.

On May 30, 2024, at the 2024 Annual Meeting of Stockholders, our stockholders approved the amendment and restatement of the Exelixis, Inc. 2000 Employee Stock Purchase Plan (as amended and restated, the Amended ESPP). The amendment and restatement increased the share reserve under the Amended ESPP by 6.0 million shares. As of June 30, 2024, 7.2 million shares were available for grant under the Amended ESPP.

We allocated the stock-based compensation expense for our equity incentive plans and our Amended ESPP as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Research and development	\$ 9,178	\$ 9,589	\$ 13,070	\$ 12,841
Selling, general and administrative	16,176	15,311	31,397	28,720
Total stock-based compensation expense	\$ 25,354	\$ 24,900	\$ 44,467	\$ 41,561

Stock-based compensation expense for each type of award under our equity incentive plans and Amended ESPP were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Stock options	\$ 1,524	\$ 1,877	\$ 3,262	\$ 4,084
Restricted stock units	22,164	19,757	37,598	32,364
Performance stock units	1,097	1,872	1,824	2,666
Employee stock purchase plan	569	1,394	1,783	2,447
Total stock-based compensation expense	\$ 25,354	\$ 24,900	\$ 44,467	\$ 41,561

During the six months ended June 30, 2024, we granted 0.1 million stock options with a weighted-average exercise price of \$22.46 per share and a weighted-average grant date fair value of \$9.79 per share. Stock options granted during the six months ended June 30, 2024 have vesting conditions and contractual lives of a similar nature to those described in “Note 8. Stockholders’ Equity” of the “Notes to Consolidated Financial Statements” included in Part II, Item 8 of our Fiscal 2023 Form 10-K. As of June 30, 2024, there were 7.2 million stock options outstanding and \$6.8 million of related unrecognized compensation expense.

In February 2024, we awarded to certain employees an aggregate of 1.3 million RSUs (the target number) that are subject to a total shareholder return (TSR) market condition (the 2024 TSR-based RSUs). The TSR market condition is based on our relative TSR percentile rank compared to companies in the Nasdaq Biotechnology Index during the performance period, which is December 30, 2023 through January 1, 2027. Depending on the results relative to the TSR market condition, the holders of the 2024 TSR-based RSUs may earn up to 175% of the target number of shares. 50% of the shares earned pursuant to the 2024 TSR-based RSU awards will vest shortly after the end of the performance period, and the remainder will vest approximately one year later, subject to an employee’s continuous service. These 2024 TSR-based RSUs will be forfeited if the market condition at or above a threshold level is not achieved at the end of the performance period on January 1, 2027.

We used a Monte Carlo simulation model and the following weighted-average assumptions to determine the weighted-average grant date fair value of \$20.19 per share for the 2024 TSR-based RSUs:

Fair value of Exelixis common stock on grant date	\$ 21.71
Expected volatility	36.68 %
Risk-free interest rate	4.42 %
Dividend yield	— %

The Monte Carlo simulation model assumed correlations of returns of the stock prices of Exelixis common stock and the common stock of a peer group of companies and historical stock price volatility of the peer group of companies. The valuation model also used terms based on the length of the performance period and compound annual growth rate goals for TSR based on the provisions of the awards.

During the six months ended June 30, 2024, we granted 3.2 million service-based RSUs with a weighted- average grant date fair value of \$21.91 per share. As of June 30, 2024, there were 14.0 million RSUs outstanding, including RSUs that

are subject to a TSR market condition, and \$203.1 million of related unrecognized compensation expense. Service-based RSUs granted to employees during the six months ended June 30, 2024 have vesting conditions and contractual lives of a similar nature to those described in “Note 8. Stockholders’ Equity” of the “Notes to Consolidated Financial Statements” included in Part II, Item 8 of our Fiscal 2023 Form 10-K.

As of June 30, 2024, there were 2.5 million PSUs outstanding, of which 0.9 million PSUs relate to awards for which we either achieved the performance goal or determined that attainment of the performance goal was probable. Expense recognition for PSUs commences when it is determined that attainment of the performance goal is probable. As of June 30, 2024, the remaining unrecognized stock-based compensation expense for the PSUs that were either achieved or deemed probable of achievement was \$2.3 million. The total unrecognized compensation expense for the PSUs for which we have not yet determined that attainment of the performance goal is probable was \$37.7 million. For more information about our PSUs, see “Note 8. Stockholders’ Equity” of the “Notes to Consolidated Financial Statements” included in Part II, Item 8 of our Fiscal 2023 Form 10-K.

### Common Stock Repurchases

In January 2024, our Board of Directors authorized a stock repurchase program to acquire up to \$450.0 million of our outstanding common stock before the end of 2024. As of June 30, 2024, we completed the repurchase of 20.3 million shares of common stock for an aggregate purchase price of \$450.0 million pursuant to our stock repurchase program.

In August 2024, our Board of Directors authorized a stock repurchase program to acquire up to \$500.0 million of our outstanding common stock before the end of 2025. Stock repurchases under this program may be made from time to time through a variety of methods, which may include open market purchases, in block trades, 10b5-1 trading plans, accelerated share repurchase transactions, exchange transactions, or any combination of such methods. The timing and amount of any stock repurchases under the stock repurchase program will be based on a variety of factors, including ongoing assessments of the capital needs of the business, alternative investment opportunities, the market price of our common stock and general market conditions. The program does not obligate us to acquire any particular amount of our common stock, and the stock repurchase program may be modified, suspended or discontinued at any time without prior notice.

### NOTE 8. PROVISION FOR INCOME TAXES

The effective tax rates for the three and six months ended June 30, 2024, were 22.8% and 23.0%, respectively, as compared to 19.1% and 18.5%, respectively, for the corresponding periods in 2023. The effective tax rates for the three and six months ended June 30, 2024, differed from the U.S. federal statutory tax rate of 21% primarily due to state taxes, offset by the generation of federal tax credits. The effective tax rates for the three and six months ended June 30, 2023, differed from the U.S. federal statutory tax rate of 21%, primarily due to the generation of federal tax credits, partially offset by state taxes.

### NOTE 9. NET INCOME PER SHARE

Net income per share — basic and diluted, were computed as follows (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net income	\$ 226,116	\$ 81,178	\$ 263,433	\$ 121,206
<b>Denominator:</b>				
Weighted-average common shares outstanding — basic	289,216	324,205	294,986	324,312
Dilutive securities	4,758	3,100	4,766	2,480
Weighted-average common shares outstanding — diluted	293,974	327,305	299,752	326,792
Net income per share — basic	\$ 0.78	\$ 0.25	\$ 0.89	\$ 0.37
Net income per share — diluted	\$ 0.77	\$ 0.25	\$ 0.88	\$ 0.37

Basic net income per share is computed using the weighted-average number of common shares outstanding during the periods. The diluted net income per share is computed using the weighted-average number of shares and dilutive potential common shares outstanding during the periods. Dilutive shares outstanding includes the dilutive effect of in-the-money options, unvested RSUs (including TSR-based RSUs), unvested PSUs when the performance condition is met and ESPP contributions. The dilutive effect of such equity awards is calculated based on the average share price for each fiscal period using the treasury stock method.

Certain potential common shares were excluded from our calculation of weighted-average common shares outstanding — diluted because either they would have had an anti-dilutive effect on net income per share or they were related to shares from PSUs that were contingently issuable and the contingency had not been satisfied at the end of the reporting period.

The weighted-average potential common shares excluded from our calculation were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Anti-dilutive securities and contingently issuable shares excluded	8,788	13,757	8,840	14,674

## NOTE 10. COMMITMENTS AND CONTINGENCIES

### Legal Proceedings

#### *MSN I ANDA Litigation*

In September 2019, we received a notice letter regarding an Abbreviated New Drug Application (ANDA) submitted to the FDA by MSN Pharmaceuticals, Inc. (individually and collectively with certain of its affiliates, including MSN Laboratories Private Limited, referred to as MSN), requesting approval to market a generic version of CABOMETYX tablets. MSN's initial notice letter included a Paragraph IV certification with respect to our U.S. Patents No. 8,877,776 (salt and polymorphic forms), 9,724,342 (formulations), 10,034,873 (methods of treatment) and 10,039,757 (methods of treatment), which are listed in the Approved Drug Products with Therapeutic Equivalence Evaluations, also referred to as the Orange Book, for CABOMETYX. MSN's initial notice letter did not provide a Paragraph IV certification against U.S. Patents No. 7,579,473 (composition of matter) or 8,497,284 (methods of treatment), each of which is listed in the Orange Book. On October 29, 2019, we filed a complaint in the United States District Court for the District of Delaware (the Delaware District Court) for patent infringement against MSN asserting infringement of U.S. Patent No. 8,877,776 arising from MSN's ANDA filing with the FDA. On November 20, 2019, MSN filed its response to the complaint, alleging that the asserted claims of U.S. Patent No. 8,877,776 are invalid and not infringed. On May 5, 2020, we received notice from MSN that it had amended its ANDA to include additional Paragraph IV certifications. In particular, the May 5, 2020 amended ANDA requested approval to market a generic version of CABOMETYX tablets prior to expiration of two previously unasserted CABOMETYX patents: U.S. Patents No. 7,579,473 and 8,497,284. On May 11, 2020, we filed a complaint in the Delaware District Court for patent infringement against MSN asserting infringement of U.S. Patents No. 7,579,473 and 8,497,284 arising from MSN's amended ANDA filing with the FDA. Neither of our complaints have alleged infringement of U.S. Patents No. 9,724,342, 10,034,873 and 10,039,757. On May 22, 2020, MSN filed its response to the complaint, alleging that the asserted claims of U.S. Patents No. 7,579,473 and 8,497,284 are invalid and not infringed. On March 23, 2021, MSN filed its First Amended Answer and Counterclaims (amending its prior filing from May 22, 2020), seeking, among other things, a declaratory judgment that U.S. Patent No. 9,809,549 (salt and polymorphic forms) is invalid and would not be infringed by MSN if its generic version of CABOMETYX tablets were approved by the FDA. U.S. Patent No. 9,809,549 is not listed in the Orange Book. On April 7, 2021, we filed our response to MSN's First Amended Answer and Counterclaims, denying, among other things, that U.S. Patent No. 9,809,549 is invalid or would not be infringed. The two lawsuits comprising this litigation (collectively referred to as MSN I), numbered Civil Action Nos. 19-02017 and 20-00633, were consolidated in April 2021.

On October 1, 2021, pursuant to a stipulation between us and MSN, the Delaware District Court entered an order that (i) MSN's submission of its ANDA constitutes infringement of certain claims relating to U.S. Patents No. 7,579,473 and 8,497,284, if those claims are not found to be invalid, and (ii) upon approval, MSN's commercial manufacture, use, sale or offer for sale within the U.S., and importation into the U.S., of MSN's proposed ANDA product prior to the expiration of U.S. Patents No. 7,579,473 and 8,497,284 would also infringe certain claims of each patent, if those claims are not found to be invalid. Then, on October 12, 2021, pursuant to a separate stipulation between us and MSN, the Delaware District Court entered an order dismissing MSN's counterclaims with respect to U.S. Patent No. 9,809,549. In our MSN I complaints, we

sought, among other relief, an order that the effective date of any FDA approval of MSN's ANDA be a date no earlier than the expiration of all of U.S. Patents No. 7,579,473, 8,497,284 and 8,877,776, the latest of which expires on October 8, 2030, and equitable relief enjoining MSN from infringing these patents. In an effort to streamline the case, the parties narrowed their assertions. On April 8, 2022, MSN withdrew its validity challenge to U.S. Patent No. 8,877,776. On April 14, 2022, we agreed not to assert U.S. Patent No. 8,497,284 at trial and MSN, correspondingly, agreed to withdraw its validity challenges to U.S. Patent No. 8,497,284, as well as claims 1-4 and 6-7 of U.S. Patent No. 7,579,473. As a result of this narrowing, the trial addressed two issues: (1) infringement of claim 1 of the U.S. Patent No. 8,877,776; and (2) validity of claim 5 of the U.S. Patent No. 7,579,473. A bench trial for MSN I occurred in May 2022, and on January 19, 2023, the Delaware District Court issued a ruling rejecting MSN's invalidity challenge to U.S. Patent No. 7,579,473. The Delaware District Court also ruled that MSN's proposed ANDA product does not infringe U.S. Patent No. 8,877,776 and accordingly entered judgment that the effective date of any final FDA approval of MSN's ANDA shall not be a date earlier than August 14, 2026, the expiration date of U.S. Patent No. 7,579,473. Final judgment was entered on January 30, 2023. This ruling in MSN I does not impact our separate and ongoing MSN II lawsuit (as defined below).

### ***MSN II ANDA Litigation***

On January 11, 2022, we received notice from MSN that it had further amended its ANDA to assert additional Paragraph IV certifications. In particular, the January 11, 2022 amended ANDA requested approval to market a generic version of CABOMETYX tablets prior to expiration of three previously-unasserted CABOMETYX patents that are now listed in the Orange Book: U.S. Patents No. 11,091,439 (crystalline salt forms), 11,091,440 (pharmaceutical composition) and 11,098,015 (methods of treatment). On February 23, 2022, we filed a complaint in the Delaware District Court for patent infringement against MSN asserting infringement of U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015 arising from MSN's further amendment of its ANDA filing with the FDA. On February 25, 2022, MSN filed its response to the complaint, alleging that the asserted claims of U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015 are invalid and not infringed. On June 7, 2022, we received notice from MSN that it had further amended its ANDA to assert an additional Paragraph IV certification. As currently amended, MSN's ANDA now requests approval to market a generic version of CABOMETYX tablets prior to expiration of a previously-unasserted CABOMETYX patent that is now listed in the Orange Book: U.S. Patent No. 11,298,349 (pharmaceutical composition). On July 18, 2022, we filed a complaint in the Delaware District Court for patent infringement against MSN asserting infringement of U.S. Patent No. 11,298,349 arising from MSN's further amendment of its ANDA filing with the FDA. On August 9, 2022, MSN filed its response to the complaint, alleging that the asserted claims of U.S. Patent No. 11,298,349 are invalid and not infringed and amended its challenges to U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015 to allege that these patents are not enforceable based on equitable grounds. The two lawsuits comprising this litigation (collectively referred to as MSN II), numbered Civil Action Nos. 22-00228 and 22-00945, were consolidated in October 2022 and involve Exelixis patents that are different from those asserted in the MSN I litigation described above.

On June 21, 2022, pursuant to a stipulation between us and MSN, the Delaware District Court entered an order that (i) MSN's submission of its ANDA constitutes infringement of certain claims relating to U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015, if those claims are not found to be invalid, and (ii) upon approval, MSN's commercial manufacture, use, sale or offer for sale within the U.S., and importation into the U.S., of MSN's proposed ANDA product prior to the expiration of U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015 would also infringe certain claims of each patent, if those claims are not found to be invalid. In our MSN II complaints, we are seeking, among other relief, an order that the effective date of any FDA approval of MSN's ANDA would be a date no earlier than the expiration of all of U.S. Patents No. 11,091,439, 11,091,440, 11,098,015 and 11,298,349, the latest of which expires on February 10, 2032, and equitable relief enjoining MSN from infringing these patents. On September 28, 2023, the Delaware District Court granted the parties' stipulation of dismissal of MSN's equitable defenses and counterclaims. A bench trial occurred in October 2023, and a judgment is expected during the second half of 2024.

### ***Teva ANDA Litigation***

In May 2021, we received notice letters regarding an ANDA Teva submitted to the FDA by Teva Pharmaceutical Industries Limited, Teva Pharmaceuticals Development, Inc. and Teva Pharmaceuticals USA, Inc. (individually and collectively referred to as Teva), requesting approval to market a generic version of CABOMETYX tablets. Teva's notice letters included a Paragraph IV certification with respect to our U.S. Patents No. 9,724,342 (formulations), 10,034,873 (methods of treatment) and 10,039,757 (methods of treatment), which are listed in the Orange Book. Teva's notice letters did not provide a Paragraph IV certification against any additional CABOMETYX patents. On June 17, 2021, we filed a complaint in the Delaware District Court for patent infringement against Teva asserting infringement of U.S. Patents No. 9,724,342, 10,034,873 and 10,039,757 arising from Teva's ANDA filing with the FDA. On August 27, 2021, Teva filed its

answer and counterclaims to the complaint, alleging that the asserted claims of U.S. Patents No. 9,724,342, 10,034,873 and 10,039,757 are invalid and not infringed. On September 17, 2021, we filed an answer to Teva's counterclaims. On July 29, 2022, we received notice from Teva that it had amended its ANDA to assert an additional Paragraph IV certification. As amended, Teva's ANDA now requests approval to market a generic version of CABOMETYX tablets prior to expiration of a previously-unasserted CABOMETYX patent that is now listed in the Orange Book: U.S. Patent No. 11,298,349 (pharmaceutical composition). On September 2, 2022, we filed a complaint in the Delaware District Court for patent infringement against Teva, asserting infringement of U.S. Patent No. 11,298,349 arising from Teva's amended ANDA filing with the FDA. We sought, among other relief, an order that the effective date of any FDA approval of Teva's ANDA be a date no earlier than the expiration of all of U.S. Patents No. 9,724,342, 10,034,873, 10,039,757 and 11,298,349, the latest of which expires on July 9, 2033, and equitable relief enjoining Teva from infringing these patents. On September 30, 2022, the parties filed a stipulation to consolidate the two lawsuits, numbered Civil Action Nos. 21-00871 and 22-01168, and to stay all proceedings, which was granted by the Delaware District Court on October 3, 2022. Following a similar order granted by the Delaware District Court on February 9, 2022 to stay all proceedings with respect to Civil Action No. 21-00871, this case remained administratively closed, and Civil Action No. 22-01168 was administratively closed on October 3, 2022. In July 2023, we entered into a settlement and license agreement (the Teva Settlement Agreement) with Teva to end these litigations. Pursuant to the terms of the Teva Settlement Agreement, we will grant Teva a license to market its generic version of CABOMETYX in the U.S. beginning on January 1, 2031, if approved by the FDA and subject to conditions and exceptions common to agreements of this type. On September 15, 2023, the parties filed a joint stipulation of dismissal with the Delaware District Court, and on September 19, 2023, the Delaware District Court granted the parties' stipulation and dismissed the case without prejudice.

### ***Cipla ANDA Litigation***

On February 6, 2023, we received a notice letter regarding an ANDA submitted to the FDA by Cipla, Ltd. and Cipla USA, Inc. (individually and collectively referred to as Cipla), including a Paragraph IV certification with respect to our U.S. Patents No. 8,877,776 (salt and polymorphic forms), 9,724,342 (formulations), 10,039,757 (methods of treatment), 11,091,439 (crystalline salt forms), 11,091,440 (pharmaceutical composition), 11,098,015 (methods of treatment) and 11,298,349 (pharmaceutical composition). Cipla's notice letter did not provide a Paragraph IV certification against any additional CABOMETYX patents. On March 16, 2023, we filed a complaint in the Delaware District Court for patent infringement against Cipla asserting infringement of U.S. Patents No. 8,877,776, 11,091,439, 11,091,440, 11,098,015 and 11,298,349 arising from Cipla's ANDA filing with the FDA. Cipla's ANDA requests approval to market a generic version of CABOMETYX tablets prior to the expiration of the aforementioned patents. We are seeking, among other relief, an order that the effective date of any FDA approval of Cipla's ANDA would be a date no earlier than the expiration of all of U.S. Patents No. 8,877,776, 11,091,439, 11,091,440, 11,098,015 and 11,298,349, the latest of which expires on February 10, 2032, and equitable relief enjoining Cipla from infringing these patents. On May 4, 2023, we filed, under seal, a stipulation and proposed order to stay all proceedings, and the Delaware District Court, in a sealed order on the same day, granted the proposed order and administratively closed the case. On May 5, 2023, the Delaware District Court issued a redacted version of the May 4, 2023 stipulation and proposed order. On March 27, 2024, we received notice from Cipla that it had amended its ANDA to assert additional Paragraph IV certifications. The ANDA now requests approval to market generic versions of CABOMETYX tablets with 20 mg and 40 mg dosage strengths (in addition to the 60 mg dosage strength contemplated by Cipla's original ANDA) prior to expiration of U.S. Patents No. 8,877,776, 9,724,342, 10,039,757, 11,091,439, 11,091,440, 11,098,015 and 11,298,349. In May 2024, we entered into a settlement and license agreement (the Cipla Settlement Agreement) with Cipla to end these litigations. Pursuant to the terms of the Cipla Settlement Agreement, we granted Cipla a license to market its generic version of CABOMETYX in the U.S. beginning on January 1, 2031, if approved by the FDA and subject to conditions and exceptions common to agreements of this type. On July 8, 2024, the parties filed a joint stipulation of dismissal with the Delaware District Court, and on July 9, 2024, the Delaware District Court granted the parties' stipulation and dismissed the case without prejudice.

The sale of any generic version of CABOMETYX earlier than its patent expiration could significantly decrease our revenues derived from the U.S. sales of CABOMETYX and thereby materially harm our business, financial condition and results of operations. It is not possible at this time to determine the likelihood of an unfavorable outcome or estimate of the amount or range of any potential loss.

We may also from time to time become a party or subject to various other legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. Some of these proceedings have involved, and may involve in the future, claims that are subject to substantial uncertainties and unascertainable damages.

**NOTE 11. RESTRUCTURING**

Our Board of Directors authorized, and we implemented, a corporate restructuring plan (the 2024 Restructuring Plan) to reduce our workforce and rebalance our cost structure in alignment with our strategic priorities. Restructuring expenses expected to be incurred under the 2024 Restructuring Plan include: severance and employee-related costs; asset impairment; and contract termination and other exit costs. The total estimated restructuring costs associated with the 2024 Restructuring Plan are approximately \$33.5 million and will be recorded to the restructuring expense line item within our Condensed Consolidated Statements of Income as they are incurred through the end of the plan. During the three and six months ended June 30, 2024, we recognized \$0.5 million and \$33.3 million, respectively, in expenses associated with the 2024 Restructuring Plan which are presented in restructuring in the accompanying Condensed Consolidated Statements of Income.

In connection with the 2024 Restructuring Plan, we exited two leases in the Greater Philadelphia area and the right-of-use assets, related leasehold improvements and certain other long-lived assets were remeasured and recorded at fair value, see “Note 5. Fair Value” for additional information.

We incurred the majority of the charges related to the 2024 Restructuring Plan during the first quarter of 2024 and substantially completed the 2024 Restructuring Plan as of the end of the second quarter of 2024. The expected pre-tax charges are estimates and are subject to a number of assumptions and actual results may vary from the estimates provided.

The restructuring activities and balances as of and for the six months ended June 30, 2024 were as follows (in thousands):

	Six Months Ended June 30, 2024						Accrued at June 30, 2024 <sup>(3)</sup>	Total Costs Incurred to Date	Total Expected Plan Costs
	Accrued at December 31, 2023	Initial Costs	Adj. to Costs <sup>(2)</sup>	Non-cash charges	Cash Payments				
Severance and employee-related costs	\$ —	\$ 15,656	\$ 69	\$ —	\$ (15,469)	\$ 256	\$ 15,725	\$ 15,725	
Contract termination and other exit costs <sup>(1)</sup>	—	5,010	(4)	—	(5,006)	—	5,006	5,242	
Asset impairment	—	12,318	261	(12,579)	—	—	12,579	12,579	
Total restructuring	<u>\$ —</u>	<u>\$ 32,984</u>	<u>\$ 326</u>	<u>\$ (12,579)</u>	<u>\$ (20,475)</u>	<u>\$ 256</u>	<u>\$ 33,310</u>	<u>\$ 33,546</u>	

<sup>(1)</sup> Contract termination costs consist of accruals for costs to be incurred without future economic benefit, and other exit costs expensed as incurred.

<sup>(2)</sup> Adjustments to costs consist of changes in estimates whereby increases and decreases in costs were recorded to operating expenses in the period of adjustments.

<sup>(3)</sup> As of June 30, 2024, substantially all restructuring liabilities have been recorded in accrued compensation and benefits in the accompanying Condensed Consolidated Balance Sheets.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*This Quarterly Report on Form 10-Q contains forward-looking statements. These statements are based on Exelixis, Inc.'s (Exelixis, we, our or us) current expectations, assumptions, estimates and projections about our business and our industry and involve known and unknown risks, uncertainties and other factors that may cause our company's or our industry's results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied in, or contemplated by, the forward-looking statements. Our actual results and the timing of events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include those discussed in "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission (SEC) on February 6, 2024 (Fiscal 2023 Form 10-K), as supplemented by Part II, Item 1A of this Quarterly Report on Form 10-Q as well as those discussed elsewhere in this report. These and many other factors could affect our future financial and operating results. We undertake no obligation to update any forward-looking statement to reflect events after the date of this report.*

*This discussion and analysis should be read in conjunction with our condensed consolidated financial statements and accompanying notes included in this report and the consolidated financial statements and accompanying notes thereto included in the Fiscal 2023 Form 10-K.*

### Overview

We are an oncology company innovating next-generation medicines and combination regimens at the forefront of cancer care. Through the commitment of our drug discovery, development and commercialization resources, we have produced four marketed pharmaceutical products, two of which are formulations of our flagship molecule, cabozantinib. We continue to evolve our product portfolio, leveraging our investments, expertise and strategic partnerships to target an expanding range of tumor types and indications with our clinically differentiated pipeline of small molecules and biotherapeutics, including antibody-drug conjugates (ADCs).

Sales related to cabozantinib account for the majority of our revenues. Cabozantinib is an inhibitor of multiple tyrosine kinases, including MET, AXL, VEGF receptors and RET and has been approved by the U.S. Food and Drug Administration (FDA) and in 68 other countries: as CABOMETYX<sup>®</sup> (cabozantinib) tablets for advanced renal cell carcinoma (RCC) (both alone and in combination with Bristol-Myers Squibb Company's (BMS) nivolumab (OPDIVO<sup>®</sup>)), for previously treated hepatocellular carcinoma (HCC) and for previously treated, radioactive iodine (RAI)-refractory differentiated thyroid cancer (DTC); and as COMETRIQ<sup>®</sup> (cabozantinib) capsules for progressive, metastatic medullary thyroid cancer. For physicians treating these types of cancer, cabozantinib has become or is becoming an important medicine in their selection of effective therapies.

The other two products resulting from our discovery efforts are: COTELLIC<sup>®</sup> (cobimetinib), an inhibitor of MEK, approved as part of multiple combination regimens to treat specific forms of advanced melanoma and marketed under a collaboration with Genentech, Inc. (a member of the Roche Group) (Genentech); and MINNEBRO<sup>®</sup> (esaxerenone), an oral, non-steroidal, selective blocker of the mineralocorticoid receptor, approved for the treatment of hypertension in Japan and licensed to Daiichi Sankyo Company, Limited.

We plan to continue leveraging our operating cash flows to advance a broad array of diverse biotherapeutics and small molecule programs for the treatment of cancer, as well as to support ongoing company-sponsored and externally sponsored trials evaluating cabozantinib. The product candidates furthest along in our pipeline are: zanzalintinib, a novel, potent, third-generation oral tyrosine kinase inhibitor (TKI) that targets VEGF receptors, MET and the TAM kinases (TYRO3, AXL and MER); and XL309, a clinical-stage and potentially best-in-class small molecule inhibitor of USP1, which has emerged as a synthetic lethal target in the context of BRCA-mutated tumors. We complement our internal drug discovery and development efforts by in-licensing investigational oncology assets or obtaining options to acquire other investigational oncology assets from third parties if those oncology assets demonstrate evidence of clinical success. Examples of this approach include XL309 and ADU-1805, a clinical-stage and potentially best-in-class human monoclonal antibody (mAb) that targets SIRPα.

### **Cabozantinib Franchise**

The FDA first approved CABOMETYX in the U.S. as a monotherapy for previously treated patients with advanced RCC in April 2016, and then for previously untreated patients with advanced RCC in December 2017. In January 2021, the CABOMETYX label was expanded to include first-line advanced RCC in combination with nivolumab, which was the first CABOMETYX regimen approved for treatment in combination with an immune checkpoint inhibitor (ICI). In addition to RCC,



in January 2019, the FDA approved CABOMETYX for the treatment of patients with HCC previously treated with sorafenib, and then in September 2021, the FDA approved CABOMETYX for the treatment of adult and pediatric patients 12 years of age and older with locally advanced or metastatic DTC that has progressed following prior VEGF receptor-targeted therapy and who are RAI-refractory or ineligible. To develop and commercialize cabozantinib outside the U.S., we have entered into license agreements with Ipsen Pharma SAS (Ipsen) and Takeda Pharmaceutical Company Limited (Takeda). To Ipsen, we granted the rights to develop and commercialize cabozantinib outside of the U.S. and Japan, and to Takeda we granted such rights in Japan. Both Ipsen and Takeda also contribute financially and operationally to the further global development and commercialization of the cabozantinib franchise in other potential indications, and we work closely with them on these activities. Utilizing its regulatory expertise and established international oncology marketing network, Ipsen has continued to execute on its commercialization plans for CABOMETYX, having received regulatory approvals and launched in multiple territories outside of the U.S., including in the European Union (EU), the United Kingdom and Canada, as a treatment for advanced RCC (both as a monotherapy and in combination with nivolumab) and for previously treated HCC and DTC indications. With respect to the Japanese market, Takeda received Manufacturing and Marketing Approvals from the Japanese Ministry of Health, Labour and Welfare (MHLW) for monotherapy CABOMETYX as a treatment of patients with curatively unresectable or metastatic RCC and as a treatment of patients with unresectable HCC that has progressed after cancer chemotherapy, as well as for CABOMETYX in combination with nivolumab as a treatment for unresectable or metastatic RCC.

We are also pursuing other indications for cabozantinib that have the potential to increase the number of cancer patients who could potentially benefit from this medicine. In August 2023, we announced positive results from CABINET, a phase 3 pivotal study that evaluated cabozantinib versus placebo in patients who experienced progression after prior systemic therapy in two independently powered cohorts: one for patients with advanced pancreatic neuroendocrine tumors (pNET) and another for patients with extra-pancreatic neuroendocrine tumors (epNET). Data from CABINET demonstrated that cabozantinib substantially prolonged progression-free survival (PFS) in both pNET and epNET cohorts, and that the safety profile of cabozantinib observed in the trial was consistent with its known safety profile. In August 2024, we announced that the FDA had accepted our supplemental New Drug Application (sNDA) seeking approval for cabozantinib to treat adult patients with previously treated, locally advanced/unresectable or metastatic, well- or moderately differentiated pNET and epNET, granted standard review in the U.S. and assigned a Prescription Drug User Fee Act (PDUFA) target action date of April 3, 2025. The FDA also granted orphan drug designation to cabozantinib for the treatment of pNET. A detailed final analysis from CABINET will be presented during an oral session at the European Society for Medical Oncology Congress in September 2024. CABINET was conducted by the Alliance for Clinical Trials in Oncology through our Cooperative Research and Development Agreement with the National Cancer Institute's Cancer Therapy Evaluation Program, which along with our investigator-sponsored trial program, provides an avenue for independent investigations of cabozantinib.

Building on preclinical and clinical observations that cabozantinib in combination with ICIs may promote a more immune-permissive tumor environment, we have initiated several pivotal studies to further explore these combination regimens, including collaborations with F. Hoffmann-La Roche Ltd. (Roche) and BMS. In August 2023, we announced positive top-line results from CONTACT-02, a phase 3 pivotal trial sponsored by us and co-funded by Roche, evaluating the combination of cabozantinib and Roche's ICI, atezolizumab, versus a second novel hormonal therapy (NHT) in patients with metastatic castration-resistant prostate cancer and soft-tissue disease who have progressed after treatment with one prior NHT. The trial met one of two primary endpoints, demonstrating a statistically significant improvement in PFS (hazard ratio [HR]: 0.65; 95% confidence interval [CI]: 0.50-0.84,  $p=0.0007$ ) in the predefined PFS intent-to-treat population (i.e., the first 400 randomized patients). The study also demonstrated a non-statistically significant improvement in overall survival (OS) (HR: 0.79; 95% CI: 0.58-1.07;  $p=0.13$ ), the other primary endpoint, in the intent-to-treat population at the first interim analysis for OS, which was conducted at the same time as the PFS analysis. These mature PFS data and interim OS data were presented at the American Society of Clinical Oncology (ASCO) Genitourinary Cancers Symposium in January 2024, and the improvements in PFS and OS were observed across all patient subgroups, including those poor prognostic, pre-specified subgroups of patients with liver metastases, patients with bone metastases and patients who had previously received docetaxel to treat metastatic castration-sensitive prostate cancer. The final OS analysis for CONTACT-02 has been completed; while OS continued to favor the combination of cabozantinib and atezolizumab, it did not achieve statistical significance. The safety profile observed in the trial was reflective of the known safety profiles for each single agent, and was consistent with the known tolerability profile of approved ICI-TKI combinations in advanced solid tumors. We intend to submit an sNDA to the FDA this year and to present these final data and additional detailed findings at a future medical meeting.

In August 2024, we announced the final analysis for the secondary endpoint of OS for COSMIC-313, a phase 3 pivotal trial evaluating the combination of cabozantinib, nivolumab and ipilimumab versus the combination of nivolumab and ipilimumab in patients with previously untreated advanced intermediate- or poor-risk RCC. At the final analysis, the experimental arm did not demonstrate an OS benefit over the control arm. Based on these results and the evolution of the first-line RCC treatment landscape since this study was initiated in May 2019, Exelixis will not pursue a regulatory path for COSMIC-313. Detailed final results will be presented at a future medical meeting.

### ***Pipeline Activities***

#### ***Zanzalintinib***

Zanzalintinib is a novel, potent, third-generation oral TKI that targets VEGF receptors, MET and the TAM kinases (TYRO3, AXL and MER) implicated in cancer's growth and spread, and is our first in-house compound to enter the clinic following our re-initiation of drug discovery activities in 2017. We are evaluating zanzalintinib in a growing development program that builds on our prior experience with cabozantinib and targets indications with high unmet need. We have established collaborations and will continue to explore additional opportunities for novel combinations with zanzalintinib. To date, we have initiated two large phase 1b/2 clinical trials studying zanzalintinib as a monotherapy and in combination with ICIs (STELLAR-001 and STELLAR-002) and one targeted phase 1b/2 trial studying zanzalintinib in combination with AB521, an inhibitor of the transcription factor HIF-2 $\alpha$  developed by Arcus Biosciences, Inc. (STELLAR-009). Patient enrollment into STELLAR-001 was completed in 2023, and enrollment into STELLAR-002 and STELLAR-009 is ongoing.

We have also initiated three pivotal trials evaluating zanzalintinib in combination with ICIs. Our first such trial, STELLAR-303, was initiated in June 2022 and is evaluating zanzalintinib in combination with atezolizumab versus regorafenib in patients with metastatic, refractory non-microsatellite instability-high or non-mismatch repair-deficient colorectal cancer; we announced completion of enrollment into STELLAR-303 in August 2024, and preliminary results are expected in 2025. The second pivotal trial, STELLAR-304, was initiated in December 2022 and is evaluating zanzalintinib in combination with nivolumab versus sunitinib in previously untreated patients with advanced non-clear cell RCC; we anticipate completing enrollment into STELLAR-304 by mid-2025. Most recently, in December 2023, we initiated STELLAR-305, a phase 2/3 pivotal trial evaluating zanzalintinib in combination with Merck & Co., Inc.'s pembrolizumab versus monotherapy pembrolizumab in patients with previously untreated PD-L1-positive recurrent or metastatic Squamous Cell Cancers of the head and neck. Beyond STELLAR-303, STELLAR-304 and STELLAR-305, we intend to initiate additional pivotal trials evaluating zanzalintinib across a broad array of future potential indications, including STELLAR-311, a planned phase 3 pivotal trial evaluating zanzalintinib versus everolimus as a first oral therapy in patients with pNET and epNET, which we anticipate initiating in the first half of 2025.

#### ***Biotherapeutics***

Much of our drug discovery activity focuses on discovering and advancing various biotherapeutics that have the potential to become anti-cancer therapies, such as bispecific antibodies, ADCs and other innovative treatments. ADCs in particular present a unique opportunity for new cancer treatments, given their capabilities to target the delivery of anti-cancer drug payloads to specific cells expressing the target; this increased precision should minimize collateral impact on healthy tissues that do not express the target. This approach has been validated by multiple regulatory approvals of ADCs in the past several years. To facilitate the growth of our various biotherapeutics programs, we have established multiple research collaborations and in-licensing arrangements and have entered into other strategic transactions aimed at conserving capital and managing risks, collectively providing us access to antibodies, binders, payloads and conjugation technologies to generate next-generation ADCs or multispecific antibodies.

As part of our strategy to access clinical- or near-clinical-stage assets, we executed an exclusive option and license agreement and clinical development collaboration with Sairopa B.V. (Sairopa) to develop ADU-1805. ADU-1805 is currently being evaluated in a phase 1 clinical trial in patients with advanced or metastatic refractory solid tumors, and enrollment is ongoing. Future plans for ADU-1805 include investigating the compound's potential in combination with approved ICIs. In addition to the option deal with Sairopa, some of our active research collaborations for biotherapeutics programs include collaborations with:

- Adagene Inc. (Adagene), which is focused on using Adagene's SAFEbody™ technology to develop novel masked ADCs or other innovative biotherapeutics with potential for improved therapeutic index;
- Catalent, Inc. (Catalent), which is focused on the discovery and development of multiple ADCs using Catalent's proprietary SMARTag® site-specific bioconjugation technology; and

- Invenra, Inc. (Invenra), which is focused on the discovery and development of novel binders and multispecific antibodies for the treatment of cancer.

We have made significant progress under our research collaborations and in-licensing arrangements and believe we will continue to do so during the remainder of 2024 and in future years. For example, in August 2024, we announced the initiation of a phase 1 trial evaluating XB010, both as a monotherapy and in combination with pembrolizumab, in patients with advanced solid tumors, following the FDA's earlier acceptance of our Investigational New Drug (IND) application. XB010 is our first ADC advanced internally, consisting of a monomethyl auristatin E payload conjugated to an mAb targeting the tumor antigen 5T4. XB010 was constructed using Catalent's SMARTag site-specific bioconjugation platform, and its 5T4-targeting mAb was discovered in collaboration with Invenra. Over the next two years, we also intend to advance four additional biotherapeutic candidates toward potential IND filings, and each of these candidates was discovered, in part, in connection with our research collaborations and in-licensing arrangements, including: XB628, a bispecific antibody that targets both PD-L1 and NKG2A; XB371, a next-generation tissue-factor (TF)-targeting ADC that is differentiated from XB002 and consists of a topoisomerase inhibitor payload conjugated to a mAb targeting TF; XB064, a high-affinity mAb that targets ILT2, expression of which is associated with resistance to PD-1 pathway inhibitors; and XB033, an ADC targeting the tumor antigen IL13Ra2.

In August 2024, we announced that we will discontinue the development of XB002, our TF-targeting ADC, as part of our portfolio prioritization efforts. Based on available data, the compound is unlikely to improve upon tisotumab vedotin or other competitor TF-targeting ADCs currently in development. We plan to disclose data from the phase 1 JEWEL-101 study, evaluating XB002 in advanced solid tumors, at a later date. We plan to reallocate resources to new pivotal trials with zanzalintinib, advancing XL309 and our growing pipeline.

#### *Other Small Molecules*

The knowledge and experience gained through our efforts to discover cabozantinib, cobimetinib and esaxerenone, each of which were approved by regulatory authorities and are commercially distributed, informs our current strategy for discovering and developing additional small molecules with the potential to treat cancer:

- XL309 is a potentially best-in-class small molecule inhibitor of USP1, a synthetic lethal target in the context of BRCA-mutated tumors. It is currently being evaluated in a phase 1 clinical trial as monotherapy and in combination with PARP1/2 inhibition in patients with advanced solid tumors; enrollment is ongoing. XL309 has potential in patients with tumors that have become refractory to PARP inhibitors (PARPi), including forms of ovarian, breast and prostate cancers, and in combination with PARPi agents, could potentially deepen the response seen to PARPi and broaden the activity beyond the current landscape for PARPi.
- XL495 is an inhibitor of PKMYT1 with best-in-class potential to treat solid tumors due to its improved selectivity and pharmacokinetic profiles with a potential IND filing in 2024.

Beyond these assets, we continue to make progress on multiple lead optimization programs for inhibitors of a variety of targets that we believe play significant roles in tumor growth, and we anticipate that some of these other programs could reach development candidate status in 2025 and beyond.

#### *Future Expansion of our Pipeline*

Increasing the number of novel anti-cancer agents in our pipeline is essential to our overall strategy and business goals. We are working to expand our oncology product pipeline through drug discovery efforts, which encompass our diverse biotherapeutics and small molecule programs exploring multiple modalities and mechanisms of action. This approach provides a high degree of flexibility with respect to target selection and modality of treatment and allows us to prioritize those targets that we believe have the greatest chance of becoming impactful therapeutics. As part of our strategy, our drug discovery activities have and will continue to include research collaborations, in-licensing arrangements and other strategic transactions that collectively leverage a wide range of technology platforms and assets and increase our probability of success. As of the date of this Quarterly Report on Form 10-Q, we expect to progress at least two new development candidates into preclinical development later in 2024. We will continue to engage in pipeline expansion initiatives with the goal of acquiring and in-licensing promising investigational oncology assets and then further characterize and develop them utilizing our established preclinical and clinical development infrastructure.

## Second Quarter 2024 Business Updates and Financial Highlights

During the second quarter of 2024, we continued to execute on our business objectives, generating significant revenues from operations and enabling us to continue to seek to maximize the clinical and commercial potential of our products and expand our product pipeline. Significant business updates and financial highlights for the quarter and subsequent to quarter-end include:

### **Business Updates**

- In May 2024, we announced entry into a settlement agreement with Cipla Ltd. and Cipla USA, Inc. (individually and collectively referred to as Cipla). This settlement resolves patent litigation we brought in response to Cipla's Abbreviated New Drug Application (ANDA) seeking approval to market generic versions of CABOMETYX tablets (20 mg / 40 mg / 60 mg) prior to the expiration of our applicable patents. For a more detailed discussion of the Cipla matter, see "Legal Proceedings" in Part II, Item 1 of this Quarterly Report on Form 10-Q.
- As of June 30, 2024, we have repurchased \$450 million of our common stock at an average purchase price of \$22.17 per share (excluding commission), completing the repurchase program we announced in January 2024. With the completion of this 2024 stock repurchase program, we have returned \$1 billion to shareholders since our Board of Directors authorized the initial \$550 million stock repurchase program in March 2023.
- In July 2024, Ipsen announced the expansion of our collaboration for the commercialization of cabozantinib to include pNET and epNET indications. Accordingly, Ipsen may seek marketing authorization for CABOMETYX in these indications outside of the U.S. and Japan, and in addition, Ipsen has opted into and is now co-funding the development costs for CABINET.
- In August 2024, we announced that the FDA had accepted our sNDA for CABOMETYX as a treatment for adult patients with previously treated, locally advanced/unresectable or metastatic, well- or moderately differentiated pNET and epNET, granted standard review and assigned a PDUFA target action date of April 3, 2025.
- In August 2024, we announced the initiation of a phase 1 clinical trial evaluating XB010, our first ADC advanced internally, following the FDA's earlier acceptance of our IND filing.
- In August 2024, we announced the achievement of a \$150.0 million commercial milestone, recognized as license revenues from Ipsen during the second quarter of 2024, following Ipsen's achievement of \$600.0 million in cumulative net sales of cabozantinib in its related license territory over four consecutive quarters. We expect to receive the milestone payment during the third quarter of 2024.
- In August 2024, we announced that our Board of Directors authorized the repurchase of up to \$500 million of our common stock before the end of 2025.

### **Financial Highlights**

- Net product revenues for the second quarter of 2024 were \$437.6 million, as compared to \$409.6 million for the second quarter of 2023.
- Total revenues for the second quarter of 2024 were \$637.2 million, as compared to \$469.8 million for the second quarter of 2023.
- Research and development expenses for the second quarter of 2024 were \$211.1 million, as compared to \$232.6 million for the second quarter of 2023.
- Selling, general and administrative expenses for the second quarter of 2024 were \$132.0 million, as compared to \$141.7 million for the second quarter of 2023.
- Provision for income taxes for the second quarter of 2024 was \$66.7 million, as compared to \$19.2 million for the second quarter of 2023.
- Net income for the second quarter of 2024 was \$226.1 million, or \$0.78 per share, basic and \$0.77 per share, diluted, as compared to net income of \$81.2 million, or \$0.25 per share, basic and diluted, for the second quarter of 2023.

See "Results of Operations" below for a discussion of the detailed components and analysis of the amounts above.

## Outlook, Challenges and Risks

We will continue to face numerous challenges and risks that may impact our ability to execute on our business objectives. In particular, for the foreseeable future, we expect our ability to generate sufficient cash flow to fund our business operations and growth will depend upon the continued commercial success of CABOMETYX, both alone and in

combination with other therapies, as a treatment for the highly competitive indications for which it is approved, and possibly for other indications for which cabozantinib is currently being evaluated in potentially label-enabling clinical trials, if warranted by the data generated from these trials. However, we cannot be certain that the clinical trials we and our collaboration partners are conducting will demonstrate adequate safety and efficacy in these additional indications to receive regulatory approval in the major commercial markets where CABOMETYX is approved.

Even if the required regulatory approvals to market CABOMETYX for additional indications are achieved, we and our collaboration partners may not be able to commercialize CABOMETYX effectively and successfully in these additional indications. In addition, CABOMETYX will only continue to be commercially successful if private third-party and government payers continue to provide coverage and reimbursement. As is the case for all innovative pharmaceutical therapies, obtaining and maintaining coverage and reimbursement for CABOMETYX is becoming increasingly difficult, both within the U.S. and in foreign markets. In addition, healthcare policymakers in the U.S. continue to express concern over healthcare costs, and corresponding legislative and policy initiatives and activities have been launched aimed at increasing the healthcare cost burdens borne by pharmaceutical manufacturers, as well as expanding access to, and restricting the prices and growth in prices of, pharmaceuticals.

Achievement of our business objectives will also depend on our ability to maintain a competitive position in the shifting landscape of therapeutic strategies for the treatment of cancer, which we may not be able to do. On an ongoing basis, we assess the constantly evolving landscape of other approved and investigational cancer therapies that could be competitive, or complementary in combination, with our products, and then we adapt our development strategies for the cabozantinib franchise and our pipeline product candidates accordingly, such as by modifying our clinical trials to include evaluation of our therapies with ICIs and other targeted agents. Even if our current and future clinical trials produce positive results sufficient to obtain marketing approval by the FDA and other global regulatory authorities, it is uncertain whether physicians will choose to prescribe regimens containing our products instead of competing products and product combinations in approved indications.

In the longer term, we may eventually face competition from potential manufacturers of generic versions of our marketed products, including the proposed generic versions of CABOMETYX tablets that are the subject of ANDAs submitted to the FDA by MSN, Teva (each as defined below) and Cipla. The approval of any of these ANDAs and subsequent launch of any generic version of CABOMETYX could significantly decrease our revenues derived from the U.S. sales of CABOMETYX and thereby materially harm our business, financial condition and results of operations.

Separately, our research and development objectives may be impeded by the challenges of scaling our organization to meet the demands of expanded drug development, unanticipated delays in clinical testing and the inherent risks and uncertainties associated with drug discovery operations, especially on the global level. In connection with efforts to expand our product pipeline, we may be unsuccessful in discovering new potential cancer treatments or identifying appropriate candidates for in-licensing or acquisition.

Some of these challenges and risks are specific to our business, others are common to companies in the biopharmaceutical industry with development and commercial operations, and an additional category are macroeconomic, affecting all companies. For a more detailed discussion of challenges and risks we face, see "Risk Factors" in Part I, Item 1A of our 2023 Form 10-K, as supplemented and, to the extent inconsistent, superseded below (if applicable) in Part II, Item 1A of this Quarterly Report on Form 10-Q.

#### **Fiscal Year Convention**

We have adopted a 52- or 53-week fiscal year policy that generally ends on the Friday closest to December 31. Fiscal year 2024, which is a 53-week fiscal year, will end on January 3, 2025 and fiscal year 2023, which was a 52-week fiscal year, ended on December 29, 2023. For convenience, references in this report as of and for the fiscal periods ended June 28, 2024, and as of and for the fiscal years ending January 3, 2025 and ended December 29, 2023 are indicated as being as of and for the periods ended June 30, 2024, and the years ending December 31, 2024 and ended December 31, 2023, respectively.

## Results of Operations

### Revenues

Revenues by category were as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
Net product revenues	\$ 437,581	\$ 409,646	7 %	\$ 816,104	\$ 773,046	6 %
License revenues	194,986	52,747	270 %	239,662	91,039	163 %
Collaboration services revenues	4,611	7,455	-38 %	6,638	14,551	-54 %
Total revenues	\$ 637,178	\$ 469,848	36 %	\$ 1,062,404	\$ 878,636	21 %

### Net Product Revenues

Gross product revenues, discounts and allowances and net product revenues were as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
Gross product revenues	\$ 604,291	\$ 563,173	7 %	\$ 1,168,076	\$ 1,084,495	8 %
Discounts and allowances	(166,710)	(153,527)	9 %	(351,972)	(311,449)	13 %
Net product revenues	\$ 437,581	\$ 409,646	7 %	\$ 816,104	\$ 773,046	6 %

Net product revenues by product were as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
CABOMETYX	\$ 433,341	\$ 403,292	7 %	\$ 809,758	\$ 765,065	6 %
COMETRIQ	4,240	6,354	-33 %	6,346	7,981	-20 %
Net product revenues	\$ 437,581	\$ 409,646	7 %	\$ 816,104	\$ 773,046	6 %

The increases in net product revenues for the three and six months ended June 30, 2024, as compared to the corresponding prior year periods, were primarily related to increases of 5% for each period in the number of CABOMETYX units sold as a result of the FDA's approval of CABOMETYX in combination with nivolumab as a first-line treatment of patients with advanced RCC and, to a lesser extent, increases of 3% and 1%, respectively, in the average net selling price of CABOMETYX. The increase in sales volume is largely driven by refills, reflecting the longer duration of therapy for this combination, and an increase in related market share reflecting the continued evolution of the metastatic RCC, HCC and DTC treatment landscapes.

We project our net product revenues may increase for the remainder of 2024, as compared to the corresponding prior year period, for similar reasons noted above.

We recognize product revenues net of discounts and allowances that are described in "Note 1. Organization and Summary of Significant Accounting Policies" of the "Notes to Consolidated Financial Statements" included in Part II, Item 8 of our Fiscal 2023 Form 10-K.

Discounts and allowances as a percentage of gross revenues have generally increased over time as the number of patients participating in government programs has increased and as the discounts given and rebates paid to government payers have also increased. The increases in the amount of discounts and allowances for the three and six months ended June 30, 2024, as compared to the corresponding prior year periods, were primarily the result of increases in volume of

units sold, and the increase in utilization and dollar amount of chargebacks under the 340B Drug Pricing Program and the Federal Supply Schedule program.

We project our discounts and allowances as a percentage of gross revenues may increase for the remainder of 2024, as compared to the corresponding prior year periods, for similar reasons noted above.

### ***License Revenues***

License revenues include: (a) the recognition of the portion of milestone payments allocated to the transfer of intellectual property licenses for which it had become probable, in the related period, that a milestone would be achieved and a significant reversal of revenues would not occur in future periods; (b) royalty revenues; and (c) the profit on the U.S. commercialization of COTELLIC from Genentech.

Milestone revenues, which are allocated between license revenues and collaboration services revenues, were \$151.5 million and \$153.0 million for the three and six months ended June 30, 2024, respectively, as compared to \$11.0 million and \$12.3 million, respectively, for the corresponding prior year periods. Milestone revenues by period included the following:

- For the three and six months ended June 30, 2024, \$150.0 million in revenues recognized in connection with a commercial milestone from Ipsen upon its achievement of \$600.0 million in cumulative net sales of cabozantinib over four consecutive quarters in its related Ipsen license territory.
- For the three and six months ended June 30, 2023, \$9.8 million in revenues recognized in connection with a commercial milestone of \$11.0 million from Takeda upon its achievement of \$150.0 million of cumulative net sales of cabozantinib in Japan.

Royalty revenues increased primarily as a result of an increase in Ipsen's net sales of cabozantinib outside of the U.S. and Japan. Ipsen royalties were \$37.9 million and \$74.8 million for the three and six months ended June 30, 2024, respectively, as compared to \$34.0 million and \$63.8 million, respectively, for the corresponding prior year periods. Ipsen's net sales of cabozantinib have continued to grow since the first commercial sale of CABOMETRYX in the Ipsen territories in 2016, primarily due to regulatory approvals in new territories, including regulatory approval in the EU for the combination therapy of CABOMETRYX and nivolumab received in March 2021. Royalty revenues for the three and six months ended June 30, 2024 also included \$3.3 million and \$6.0 million, respectively, related to Takeda's net sales of cabozantinib, as compared to \$3.4 million and \$6.2 million, respectively, for the corresponding prior year periods. Takeda's net sales of cabozantinib have continued to grow since Takeda's first commercial sale of CABOMETRYX in Japan in 2020; however, royalty revenues during the three and six months ended June 30, 2024 were unfavorably impacted by foreign currency rate fluctuations, as compared to the corresponding prior year periods. CABOMETRYX is approved and is commercially available in 68 countries outside the U.S.

Our share of profits on the U.S. commercialization of COTELLIC under our collaboration agreement with Genentech were \$2.1 million and \$4.7 million for the three and six months ended June 30, 2024, respectively, as compared to \$5.5 million and \$8.4 million, respectively, for the corresponding prior year periods. We also earned royalties on ex-U.S. net sales of COTELLIC by Genentech of \$0.8 million and \$1.6 million for the three and six months ended June 30, 2024, respectively, as compared to \$0.9 million and \$2.0 million, respectively, for the corresponding prior year periods.

Due to uncertainties surrounding the timing and achievement of regulatory and development milestones, it is difficult to predict future milestone revenues and milestones can vary significantly from period to period.

### ***Collaboration Services Revenues***

Collaboration services revenues include the recognition of deferred revenues for the portion of upfront and milestone payments that have been allocated to research and development services performance obligations, development cost reimbursements earned under our collaboration agreements and product supply revenues, which are net of product supply costs and the royalties we pay to Royalty Pharma on sales by Ipsen and Takeda of products containing cabozantinib.

Development cost reimbursements were \$8.6 million and \$14.9 million for the three and six months ended June 30, 2024, respectively, as compared to \$9.7 million and \$20.2 million, respectively, for the corresponding prior year periods. The decreases in development cost reimbursements during the three and six months ended June 30, 2024 were primarily attributable to decreases in spending on the CONTACT-02, CheckMate -9ER and COSMIC-021 studies, partially offset by Ipsen's decision to opt-in and co-fund CABINET development costs in the second quarter of 2024, which includes a



cumulative catch-up for Ipsen’s share of global development costs incurred since the beginning of the study and through the end of the period.

Collaboration services revenues were reduced by \$5.3 million and \$10.7 million for the three and six months ended June 30, 2024, respectively, as compared to \$5.0 million and \$9.5 million, respectively, for the corresponding prior year periods, to account for the 3% royalty we are required to pay on the net sales by Ipsen and Takeda of any product containing cabozantinib. As royalty generating sales of cabozantinib by Ipsen have increased as described above, our royalty payments have also increased.

We project our collaboration services revenues may decrease for the remainder of 2024, as compared to the corresponding prior year period, primarily as a result of a decrease in development cost reimbursement revenues and uncertainties regarding the timing and achievement of milestone revenues.

**Cost of Goods Sold**

The cost of goods sold and our gross margins were as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
Cost of goods sold	\$ 17,667	\$ 17,705	0 %	\$ 38,923	\$ 32,020	22 %
Gross margin %	96 %	96 %		95 %	96 %	

Cost of goods sold is related to our product revenues and consists of a 3% royalty payable on U.S. net sales of any product containing cabozantinib, as well as the cost of inventory sold, indirect labor costs, write-downs related to expiring, excess and obsolete inventory and other third-party logistics costs. Cost of goods sold for the three months ended June 30, 2024, as compared to the corresponding prior year period was flat, as the increase in royalties as a result of increased U.S. CABOMETYX sales was offset by a decrease in certain period costs. The increase in cost of goods sold for the six months ended June 30, 2024, as compared to the corresponding prior year period, was primarily due to an increase in certain period costs, including an increase in write-downs for excess inventory. We project our gross margin will not change significantly during the remainder of 2024.

**Research and Development Expenses**

We do not track fully burdened research and development expenses on a project-by-project basis. We group our research and development expenses into three categories: (1) development; (2) drug discovery; and (3) other research and development. Our development group leads the development and implementation of our clinical and regulatory strategies and prioritizes disease indications in which our compounds are being or may be studied in clinical trials.

Development expenses include license and other collaboration costs, primarily comprised of upfront license fees, development milestones and other payments associated with our clinical-stage in-licensing collaboration programs, clinical trial costs, personnel expenses, consulting and outside services and other development costs, including manufacturing costs of our drug development candidates. Our drug discovery group utilizes a variety of technologies, including in-licensed technologies, to enable the rapid discovery, optimization and extensive characterization of lead compounds and biotherapeutics such that we are able to select development candidates with the best potential for further evaluation and advancement into clinical development. Drug discovery expenses include license and other collaboration costs primarily comprised of upfront license fees, research funding commitments, option exercise fees, development milestones and other payments associated with our in-licensing collaboration programs in preclinical development stage. Other drug discovery costs include personnel expenses, consulting and outside services and laboratory supplies. Other research and development expenses include the allocation of general corporate costs to research and development services and development cost reimbursements in connection with certain of our collaboration arrangements.



Research and development expenses by category were as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
<b>Development:</b>						
Clinical trial costs	\$ 59,215	\$ 64,309	-8 %	\$ 133,933	\$ 120,802	11 %
Personnel expenses	47,294	42,362	12 %	92,810	84,060	10 %
License and other collaboration costs	—	—	n/a	17,500	—	n/a
Consulting and outside services	12,907	11,487	12 %	24,033	20,968	15 %
Other development costs	26,818	22,055	22 %	50,845	40,873	24 %
<b>Total development</b>	<b>146,234</b>	<b>140,213</b>	<b>4 %</b>	<b>319,121</b>	<b>266,703</b>	<b>20 %</b>
<b>Drug discovery:</b>						
License and other collaboration costs	5,768	16,841	-66 %	11,063	61,577	-82 %
Other drug discovery costs	19,328	31,708	-39 %	36,523	62,068	-41 %
<b>Total drug discovery</b>	<b>25,096</b>	<b>48,549</b>	<b>-48 %</b>	<b>47,586</b>	<b>123,645</b>	<b>-62 %</b>
Stock-based compensation	9,178	9,589	-4 %	13,070	12,841	2 %
Other research and development	30,639	34,219	-10 %	59,059	63,627	-7 %
<b>Total research and development expenses</b>	<b>\$ 211,147</b>	<b>\$ 232,570</b>	<b>-9 %</b>	<b>\$ 438,836</b>	<b>\$ 466,816</b>	<b>-6 %</b>

In addition, we track our external clinical trial costs by product and product candidate and by scientific modalities, which are categorized as small molecule and biotherapeutics programs. Small molecule clinical development for the reported periods was primarily composed of cabozantinib and zanzalintinib. Biotherapeutics clinical development for the reported periods was composed of XB002.

Clinical trial costs by scientific modalities, by product and by product candidate were as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
<b>Small molecules:</b>						
Zanzalintinib	\$ 31,093	\$ 29,978	4 %	\$ 71,101	\$ 49,429	44 %
Cabozantinib	16,399	27,685	-41 %	34,725	57,189	-39 %
Other small molecules	3,490	2,590	35 %	7,579	5,293	43 %
<b>Total small molecules</b>	<b>50,982</b>	<b>60,253</b>	<b>-15 %</b>	<b>113,405</b>	<b>111,911</b>	<b>1 %</b>
Biotherapeutics	8,233	4,056	103 %	20,528	8,891	131 %
<b>Total clinical trial costs</b>	<b>\$ 59,215</b>	<b>\$ 64,309</b>	<b>-8 %</b>	<b>\$ 133,933</b>	<b>\$ 120,802</b>	<b>11 %</b>

The decreases in research and development expenses for the three and six months ended June 30, 2024, as compared to the corresponding prior year periods, were primarily related to decreases in license and other collaboration costs, other drug discovery costs, and other research and development, partially offset by an increase in manufacturing costs to support Exelixis' development candidates (presented as part of other development costs) and clinical trial costs.

Drug discovery-related license and other collaboration costs decreased for the three and six months ended June 30, 2024, as compared to the corresponding prior year periods, primarily due to lower development milestone achievement. Development-related license and other collaboration costs increased for the six months ended June 30, 2024, as compared to the corresponding prior year period, due to milestone achievement in our clinical-stage in-licensing collaboration programs. Other drug discovery costs decreased for the three and six months ended June 30, 2024, as compared to the corresponding prior year periods, primarily due to decreases in laboratory supplies and consulting and outside services. Other research and development costs decreased for the three and six months ended June 30, 2024, as

compared to the corresponding prior year periods, primarily due to lower technology costs, including our investments in business technology initiatives.

Clinical trial costs, which include services performed by third-party contract research organizations and other vendors who support our clinical trials, decreased for the three months ended June 30, 2024, as compared to the corresponding prior year period, primarily due to lower costs associated with cabozantinib studies, partially offset by higher costs associated with studies evaluating XB002 and zanzalintinib. Clinical trial costs increased for the six months ended June 30, 2024, as compared to the corresponding prior year period, primarily due to higher costs associated with studies evaluating zanzalintinib and XB002, partially offset by lower costs associated with cabozantinib studies.

In addition to reviewing the three categories of research and development expenses described above, we principally consider qualitative factors in making decisions regarding our research and development programs. These factors include enrollment in clinical trials for our product candidates, preliminary data and final results from clinical trials, the potential market indications and overall clinical and commercial potential for our product candidates, and competitive dynamics. We also make our research and development decisions in the context of our overall business strategy.

We project that clinical trial costs may increase for the remainder of 2024, as compared to the corresponding prior year period, primarily driven by higher costs associated with various studies evaluating zanzalintinib, XL309 and XB010, partially offset by lower costs associated with cabozantinib studies. We continue our development efforts with cabozantinib to maximize the therapeutic and commercial potential of this compound.

To continue growing our pipeline, we are prioritizing investment in new molecules that are clinically differentiated with the potential to improve the standard of care for our cancer patients, including current and planned clinical trial programs evaluating zanzalintinib, XL309 and XB010. We are working to expand our oncology product pipeline through drug discovery efforts, which encompass our diverse biotherapeutics and small molecule programs exploring multiple modalities and mechanisms of action. This approach provides a high degree of flexibility with respect to target selection and allows us to prioritize those targets that we believe have the greatest chance of yielding impactful therapeutics. As part of our strategy, our drug discovery activities have included and continue to include research collaborations, in-licensing arrangements and other strategic transactions that collectively incorporate a wide range of technology platforms and assets and increase our probability of success. As of the date of this Quarterly Report on Form 10-Q, we expect to progress at least two new development candidates into preclinical development later in 2024. We will continue to engage in pipeline expansion initiatives with the goal of acquiring and in-licensing promising investigational oncology assets and then further characterize and develop them utilizing our established preclinical and clinical development infrastructure.

We project our research and development expenses may decrease for the remainder of 2024, as compared to the corresponding prior year period, primarily driven by decreases in license and collaboration expenses and consulting and outside services that result from the implementation of the 2024 Restructuring Plan to prioritize the advancement of clinical and near-clinical programs, partially offset by higher manufacturing costs to support development candidates and clinical trial costs, including the current and planned trials evaluating zanzalintinib, XL309 and XB010.

### **Selling, General and Administrative Expenses**

Selling, general and administrative expenses were as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
Selling, general and administrative expenses <sup>(1)</sup>	\$ 115,839	\$ 126,412	-8 %	\$ 214,602	\$ 244,400	-12 %
Stock-based compensation	16,176	15,311	6 %	31,397	28,720	9 %
Total selling, general and administrative expenses	\$ 132,015	\$ 141,723	-7 %	\$ 245,999	\$ 273,120	-10 %

<sup>(1)</sup> Excludes stock-based compensation allocated to selling, general and administrative expenses.

Selling, general and administrative expenses consist primarily of personnel expenses, stock-based compensation, marketing costs and certain other administrative costs.

The decreases in selling, general and administrative expenses for the three and six months ended June 30, 2024, as compared to the corresponding prior year periods, were primarily due to decreases in legal and advisory fees related to the 2023 proxy contest and a reduction in activities related to litigation. The decrease in selling, general and administrative expenses for the six months ended June 30, 2024 also includes decreases in corporate giving and in the Branded Prescription Drug Fee.

We project our selling, general and administrative expenses may decrease for the remainder of 2024, as compared to the corresponding prior year period, primarily driven by our cost-saving initiatives, including the impact of the 2024 Restructuring Plan, and similar reasons noted above.

### **Restructuring Expenses**

Restructuring expenses resulted from the execution of the 2024 Restructuring Plan to reduce our workforce and rebalance our cost structure in alignment with our strategic priorities. Restructuring expenses consist of severance and employee-related costs, asset impairment, and contract termination costs. We incurred the majority of the charges related to the 2024 Restructuring Plan during the first quarter of 2024 and have substantially completed the 2024 Restructuring Plan as of the end of the second quarter of 2024. See "Note 11. Restructuring" of the "Notes to Condensed Consolidated Financial Statements" included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Restructuring expenses were as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
Restructuring expenses	\$ 475	\$ —	n/a	\$ 33,310	\$ —	n/a

### **Non-Operating Income**

Non-operating income was as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
Interest income	\$ 17,258	\$ 22,541	-23 %	\$ 37,152	\$ 42,043	-12 %
Other expense, net	(287)	(5)	n/a	(376)	(59)	537 %
Non-operating income	\$ 16,971	\$ 22,536	-25 %	\$ 36,776	\$ 41,984	-12 %

The decreases in non-operating income for the three and six months ended June 30, 2024, as compared to the corresponding prior year periods, were primarily the result of decreases in interest income due to lower average interest-bearing investment balances, partially offset by higher average interest rates.

### **Provision for Income Taxes**

The provision for income taxes and the effective tax rates were as follows (dollars in thousands):

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2024	2023		2024	2023	
Provision for income taxes	\$ 66,729	\$ 19,208	247 %	\$ 78,679	\$ 27,458	187 %
Effective tax rate	22.8 %	19.1 %		23.0 %	18.5 %	

The effective tax rate for the three and six months ended June 30, 2024, differed from the U.S. federal statutory tax rate of 21%, primarily due to state taxes, offset by the generation of federal tax credits. The effective tax rate for the three and six months ended June 30, 2023, differed from the U.S. federal statutory tax rate of 21%, primarily due to the generation of federal tax credits, partially offset by state taxes.

## Liquidity and Capital Resources

As of June 30, 2024, we had \$1.4 billion in cash, cash equivalents and investments, as compared to \$1.7 billion as of December 31, 2023. We anticipate that the aggregate of our current cash and cash equivalents, short-term investments available for operations, net product revenues and collaboration revenues will enable us to maintain our operations for at least 12 months and thereafter for the foreseeable future.

We project our cash requirements for operating activities may decrease for the remainder of 2024, as compared to the corresponding period in 2023, in part due to the implementation of the 2024 Restructuring Plan to reduce our workforce and rebalance our cost structure in alignment with our strategic priorities.

Our primary cash requirements for operating activities are employee related expenditures; payments related to our development programs; income tax payments; royalty payments on our net product sales; cash payments for inventory; rent payments for our leased facilities; contract manufacturing payments; and restructuring cash payments related to the 2024 Restructuring Plan.

The Tax Cuts and Jobs Act, signed into law on December 22, 2017, modified the tax treatment of research and development expenditures beginning in fiscal year 2022. Research and development expenditures are no longer currently deductible but instead must be amortized ratably over five years for domestic expenditures or 15 years for foreign expenditures. As a result, we anticipate a higher federal income tax liability in fiscal year 2024, which will require higher estimated federal tax payments by the end of 2024. We will realize a reduction of our federal income tax liability in future years as the capitalized research and development expenditures are amortized for tax purposes.

Our primary sources of operating cash are: cash collections from customers related to net product revenues, which we project may increase for the remainder of 2024, as compared to the corresponding period in 2023; cash collections related to milestones achieved and royalties earned from our commercial collaboration arrangements with Ipsen, Takeda and others; and cash collections for cost reimbursements under certain of our development programs with Ipsen and Takeda which we project may decrease for the remainder of 2024, as compared to the corresponding period in 2023. The timing of cash generated from commercial collaborations and cash payments required for in-licensing collaborations relative to upfront license fee payments, research funding commitments, cost reimbursements, exercise of option payments and other contingent payments such as development milestone payments may vary from period to period.

We project that we may continue to spend significant amounts of cash to fund the development of product candidates in our pipeline, including zanzalintinib and XL309, and the development and commercialization of cabozantinib. In addition, we may continue to expand our oncology product pipeline through additional research collaborations, in-licensing arrangements and other strategic transactions that align with our oncology drug development, regulatory and commercial expertise.

In January 2024, our Board of Directors authorized the repurchase of up to \$450.0 million of our common stock before the end of 2024. As of June 30, 2024, we completed the repurchase of 20.3 million shares of common stock for an aggregate purchase price of \$450.0 million pursuant to our stock repurchase program. In August 2024, our Board of Directors authorized the repurchase of up to \$500.0 million of our common stock before the end of 2025. Stock repurchases under this newly authorized program may be made from time to time through a variety of methods, which may include open market purchases, in block trades, 10b5-1 trading plans, accelerated share repurchase transactions, exchange transactions, or any combination of such methods. The timing and amount of any stock repurchases under the stock repurchase program will be based on a variety of factors, including ongoing assessments of the capital needs of the business, alternative investment opportunities, the market price of Exelixis' common stock and general market conditions.

Financing these activities could materially impact our liquidity and capital resources and may require us to incur debt or raise additional funds through the issuance of equity. Furthermore, even though we believe we have sufficient funds for our current and future operating plans, we may choose to incur debt or raise additional funds through the issuance of equity based on market conditions or strategic considerations.

**Sources and Uses of Cash (dollars in thousands):**

	June 30, 2024	December 31, 2023	Percent Change
Working capital	\$ 1,131,741	\$ 923,681	23 %
Cash, cash equivalents and investments	\$ 1,434,304	\$ 1,724,019	-17 %

**Working Capital**

The increase in working capital as of June 30, 2024, as compared to December 31, 2023, was primarily due to the favorable impact to our net current assets resulting from our increase in net product revenues and collaboration revenues, including a \$150.0 million milestone from Ipsen, partially offset by repurchases of our common stock. In the future, our working capital may be impacted by one of these factors or other factors, the amounts and timing of which are variable.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents primarily consist of deposits at major banks, money market funds, commercial paper and other securities with original maturities 90 days or less. Investments primarily consist of debt securities available-for-sale. For additional information regarding our cash, cash equivalents and investments, see "Note 4. Cash and Investments," of the "Notes to Condensed Consolidated Financial Statements" included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The decrease in cash, cash equivalents and investments as of June 30, 2024, as compared to December 31, 2023, was primarily due to cash payments to repurchase our common stock, payments to support our development and discovery programs, cash payments for employee-related expenditures and restructuring, partially offset by cash inflows generated by our operations from sales of our products and our commercial collaboration arrangements.

Cash flow activities were as follows (dollars in thousands):

	Six Months Ended June 30,	
	2024	2023
Net cash provided by operating activities	\$ 188,370	\$ 205,386
Net cash provided by (used in) investing activities	\$ 193,565	\$ (123,377)
Net cash used in financing activities	\$ (446,470)	\$ (120,206)

**Operating Activities**

Cash provided by operating activities is derived by adjusting our net income for non-cash operating items such as deferred taxes, stock-based compensation, depreciation, non-cash lease expense and long-lived assets impairment and changes in operating assets and liabilities, which reflect timing differences between the receipt and payment of cash associated with transactions and when they are recognized in our Condensed Consolidated Statements of Income.

Net cash provided by operating activities for the six months ended June 30, 2024 decreased, as compared to the corresponding prior year period, primarily due to an increase in cash paid for certain operating expenses, including cash payments related to the 2024 Restructuring Plan, partially offset by an increase in cash received on sales of our products.

**Investing Activities**

The changes in cash flows from investing activities primarily relates to the timing of marketable securities investment activity, acquisition of acquired in-process research and development technology and capital expenditures. Our capital expenditures primarily consist of investments to expand our operations and acquire assets that further support our research and development activities.

Net cash was provided by investing activities for the six months ended June 30, 2024, as compared to net cash used in investing activities in the corresponding prior year period. The increase in cash provided by investing activities was primarily due to a decrease in purchases of investments and purchases of in-process research and development technology related to certain in-licensing collaboration arrangements, partially offset by a decrease in cash proceeds from maturities and sales of investments.

### *Financing Activities*

The changes in cash flows from financing activities primarily relate to payments for repurchases of common stock, proceeds from employee stock programs and taxes paid related to net share settlement of equity awards.

Net cash used in financing activities for the six months ended June 30, 2024 increased, as compared to the corresponding prior year period, primarily due to an increase in payments for repurchases of common stock.

### **Contractual Obligations**

The 2024 Restructuring Plan was initiated in the first quarter of 2024 and was substantially completed as of the end of the second quarter of 2024. As part of our 2024 Restructuring Plan, we have terminated certain in-licensing collaboration arrangements, and as a result our contingent payments for potential future development, regulatory and commercial milestones have decreased. See “Note 3. Collaboration Agreements and Business Development Activities” of the “Notes to Condensed Consolidated Financial Statements” included in Part I, Item I of this Quarterly Report on Form 10-Q. For more information about the 2024 Restructuring Plan impact to our leases and other contractual obligations, see “Note 11. Restructuring” of the “Notes to Condensed Consolidated Financial Statements” included in Part I, Item I of this Quarterly Report on Form 10-Q.

There were no other material changes outside of the ordinary course of business in our contractual obligations as of June 30, 2024 from those disclosed in our Fiscal 2023 Form 10-K. For more information about our leases and our other contractual obligations, see “Note 11. Commitments and Contingencies” of the “Notes to Consolidated Financial Statements” included in Part II, Item 8 of our Fiscal 2023 Form 10-K.

### **Critical Accounting Policies and Estimates**

The preparation of our Condensed Consolidated Financial Statements conforms to accounting principles generally accepted in the U.S. which requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenues and expenses and related disclosures. An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact our Condensed Consolidated Financial Statements. On an ongoing basis, management evaluates its estimates, including, but not limited to: those related to revenue recognition, including determining the nature and timing of satisfaction of performance obligations, and determining the standalone selling price of performance obligations, and variable consideration such as rebates, chargebacks, sales returns and sales allowances as well as milestones included in collaboration arrangements; the accrual for certain liabilities, including accrued clinical trial liabilities; and valuations of equity awards used to determine stock-based compensation, including certain awards with vesting subject to market or performance conditions; and the amounts of deferred tax assets and liabilities, including the related valuation allowance. We base our estimates on historical experience and on various other market-specific and other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our senior management has discussed the development, selection and disclosure of these estimates with the Audit Committee of our Board of Directors. Actual results could differ materially from those estimates.

We believe our critical accounting policies relating to revenue recognition, clinical trial and collaboration accruals, stock-based compensation and income taxes reflect the more significant estimates and assumptions used in the preparation of our Condensed Consolidated Financial Statements.

There have been no significant changes in our critical accounting policies and estimates during the six months ended June 30, 2024, as compared to the critical accounting policies and estimates disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Part II, Item 7 of our Fiscal 2023 Form 10-K.

### **Recent Accounting Pronouncements**

For a description of the expected impact of recent accounting pronouncements, see “Note 1. Organization and Summary of Significant Accounting Policies” of the “Notes to Condensed Consolidated Financial Statements” included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Our market risks as of June 30, 2024 have not changed significantly from those described in Part II, Item 7A of our Fiscal 2023 Form 10-K.

**Item 4. Controls and Procedures.**

***Evaluation of Disclosure Controls and Procedures***

Based on the evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) required by Rules 13a-15(b) or 15d-15(b) of the Exchange Act, our Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level.

***Limitations on the Effectiveness of Controls***

A control system, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within an organization have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our principal executive officer and principal financial officer have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of our disclosure control system were met.

***Changes in Internal Control over Financial Reporting***

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

#### ***MSN I ANDA Litigation***

In September 2019, we received a notice letter regarding an ANDA submitted to the FDA by MSN Pharmaceuticals, Inc. (individually and collectively with certain of its affiliates, including MSN Laboratories Private Limited, referred to as MSN), requesting approval to market a generic version of CABOMETYX tablets. MSN's initial notice letter included a Paragraph IV certification with respect to our U.S. Patents No. 8,877,776 (salt and polymorphic forms), 9,724,342 (formulations), 10,034,873 (methods of treatment) and 10,039,757 (methods of treatment), which are listed in the Orange Book for CABOMETYX. MSN's initial notice letter did not provide a Paragraph IV certification against U.S. Patents No. 7,579,473 (composition of matter) or 8,497,284 (methods of treatment), each of which is listed in the Approved Drug Products with Therapeutic Equivalence Evaluations, also referred to as the Orange Book, for CABOMETYX. On October 29, 2019, we filed a complaint in the Delaware District Court for patent infringement against MSN asserting infringement of U.S. Patent No. 8,877,776 arising from MSN's ANDA filing with the FDA. On November 20, 2019, MSN filed its response to the complaint, alleging that the asserted claims of U.S. Patent No. 8,877,776 are invalid and not infringed. On May 5, 2020, we received notice from MSN that it had amended its ANDA to include additional Paragraph IV certifications. In particular, the May 5, 2020 amended ANDA requested approval to market a generic version of CABOMETYX tablets prior to expiration of two previously unasserted CABOMETYX patents: U.S. Patents No. 7,579,473 and 8,497,284. On May 11, 2020, we filed a complaint in the Delaware District Court for patent infringement against MSN asserting infringement of U.S. Patents No. 7,579,473 and 8,497,284 arising from MSN's amended ANDA filing with the FDA. Neither of our complaints have alleged infringement of U.S. Patents No. 9,724,342, 10,034,873 and 10,039,757. On May 22, 2020, MSN filed its response to the complaint, alleging that the asserted claims of U.S. Patents No. 7,579,473 and 8,497,284 are invalid and not infringed. On March 23, 2021, MSN filed its First Amended Answer and Counterclaims (amending its prior filing from May 22, 2020), seeking, among other things, a declaratory judgment that U.S. Patent No. 9,809,549 (salt and polymorphic forms) is invalid and would not be infringed by MSN if its generic version of CABOMETYX tablets were approved by the FDA. U.S. Patent No. 9,809,549 is not listed in the Orange Book. On April 7, 2021, we filed our response to MSN's First Amended Answer and Counterclaims, denying, among other things, that U.S. Patent No. 9,809,549 is invalid or would not be infringed. The two lawsuits comprising the MSN I litigation, numbered Civil Action Nos. 19-02017 and 20-00633, were consolidated in April 2021.

On October 1, 2021, pursuant to a stipulation between us and MSN, the Delaware District Court entered an order that (i) MSN's submission of its ANDA constitutes infringement of certain claims relating to U.S. Patents No. 7,579,473 and 8,497,284, if those claims are not found to be invalid, and (ii) upon approval, MSN's commercial manufacture, use, sale or offer for sale within the U.S., and importation into the U.S., of MSN's proposed ANDA product prior to the expiration of U.S. Patents No. 7,579,473 and 8,497,284 would also infringe certain claims of each patent, if those claims are not found to be invalid. Then, on October 12, 2021, pursuant to a separate stipulation between us and MSN, the Delaware District Court entered an order dismissing MSN's counterclaims with respect to U.S. Patent No. 9,809,549. In our MSN I complaints, we sought, among other relief, an order that the effective date of any FDA approval of MSN's ANDA be a date no earlier than the expiration of all of U.S. Patents No. 7,579,473, 8,497,284 and 8,877,776, the latest of which expires on October 8, 2030, and equitable relief enjoining MSN from infringing these patents. In an effort to streamline the case, the parties narrowed their assertions. On April 8, 2022, MSN withdrew its validity challenge to U.S. Patent No. 8,877,776. On April 14, 2022, we agreed not to assert U.S. Patent No. 8,497,284 at trial and MSN, correspondingly, agreed to withdraw its validity challenges to U.S. Patent No. 8,497,284, as well as claims 1-4 and 6-7 of U.S. Patent No. 7,579,473. As a result of this narrowing, the trial addressed two issues: (1) infringement of claim 1 of the U.S. Patent No. 8,877,776; and (2) validity of claim 5 of the U.S. Patent No. 7,579,473. A bench trial for MSN I occurred in May 2022, and on January 19, 2023, the Delaware District Court issued a ruling rejecting MSN's invalidity challenge to U.S. Patent No. 7,579,473. The Delaware District Court also ruled that MSN's proposed ANDA product does not infringe U.S. Patent No. 8,877,776 and accordingly entered judgment that the effective date of any final FDA approval of MSN's ANDA shall not be a date earlier than August 14, 2026, the expiration date of U.S. Patent No. 7,579,473. Final judgment was entered on January 30, 2023. This ruling in MSN I does not impact our separate and ongoing MSN II lawsuit.



### ***MSN II ANDA Litigation***

On January 11, 2022, we received notice from MSN that it had further amended its ANDA to assert additional Paragraph IV certifications. In particular, the January 11, 2022 amended ANDA requested approval to market a generic version of CABOMETYX tablets prior to expiration of three previously-unasserted CABOMETYX patents that are now listed in the Orange Book: U.S. Patents No. 11,091,439 (crystalline salt forms), 11,091,440 (pharmaceutical composition) and 11,098,015 (methods of treatment). On February 23, 2022, we filed a complaint in the Delaware District Court for patent infringement against MSN asserting infringement of U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015 arising from MSN's further amendment of its ANDA filing with the FDA. On February 25, 2022, MSN filed its response to the complaint, alleging that the asserted claims of U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015 are invalid and not infringed. On June 7, 2022, we received notice from MSN that it had further amended its ANDA to assert an additional Paragraph IV certification. As currently amended, MSN's ANDA now requests approval to market a generic version of CABOMETYX tablets prior to expiration of a previously-unasserted CABOMETYX patent that is now listed in the Orange Book: U.S. Patent No. 11,298,349 (pharmaceutical composition). On July 18, 2022, we filed a complaint in the Delaware District Court for patent infringement against MSN asserting infringement of U.S. Patent No. 11,298,349 arising from MSN's further amendment of its ANDA filing with the FDA. On August 9, 2022, MSN filed its response to the complaint, alleging that the asserted claims of U.S. Patent No. 11,298,349 are invalid and not infringed and amended its challenges to U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015 to allege that these patents are not enforceable based on equitable grounds. The two lawsuits comprising the MSN II litigation, numbered Civil Action Nos. 22-00228 and 22-00945, were consolidated in October 2022 and involve Exelixis patents that are different from those asserted in the MSN I litigation described above.

On June 21, 2022, pursuant to a stipulation between us and MSN, the Delaware District Court entered an order that (i) MSN's submission of its ANDA constitutes infringement of certain claims relating to U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015, if those claims are not found to be invalid, and (ii) upon approval, MSN's commercial manufacture, use, sale or offer for sale within the U.S., and importation into the U.S., of MSN's proposed ANDA product prior to the expiration of U.S. Patents No. 11,091,439, 11,091,440 and 11,098,015 would also infringe certain claims of each patent, if those claims are not found to be invalid. In our MSN II complaints, we are seeking, among other relief, an order that the effective date of any FDA approval of MSN's ANDA would be a date no earlier than the expiration of all of U.S. Patents No. 11,091,439, 11,091,440, 11,098,015 and 11,298,349, the latest of which expires on February 10, 2032, and equitable relief enjoining MSN from infringing these patents. On September 28, 2023, the Delaware District Court granted the parties' stipulation of dismissal of MSN's equitable defenses and counterclaims. A bench trial occurred in October 2023, and a judgment is expected during the second half of 2024.

### ***Teva ANDA Litigation***

In May 2021, we received notice letters regarding an ANDA submitted to the FDA by Teva Pharmaceutical Industries Limited, Teva Pharmaceuticals Development, Inc. and Teva Pharmaceuticals USA, Inc. (individually and collectively referred to as Teva), requesting approval to market a generic version of CABOMETYX tablets. Teva's notice letters included a Paragraph IV certification with respect to our U.S. Patents No. 9,724,342 (formulations), 10,034,873 (methods of treatment) and 10,039,757 (methods of treatment), which are listed in the Orange Book. Teva's notice letters did not provide a Paragraph IV certification against any additional CABOMETYX patents. On June 17, 2021, we filed a complaint in the Delaware District Court for patent infringement against Teva, asserting infringement of U.S. Patents No. 9,724,342, 10,034,873 and 10,039,757 arising from Teva's ANDA filing with the FDA. On August 27, 2021, Teva filed its answer and counterclaims to the complaint, alleging that the asserted claims of U.S. Patents No. 9,724,342, 10,034,873 and 10,039,757 are invalid and not infringed. On September 17, 2021, we filed an answer to Teva's counterclaims. On July 29, 2022, we received notice from Teva that it had amended its ANDA to assert an additional Paragraph IV certification. As amended, Teva's ANDA now requests approval to market a generic version of CABOMETYX tablets prior to expiration of a previously-unasserted CABOMETYX patent that is now listed in the Orange Book: U.S. Patent No. 11,298,349 (pharmaceutical composition). On September 2, 2022, we filed a complaint in the Delaware District Court for patent infringement against Teva, asserting infringement of U.S. Patent No. 11,298,349 arising from Teva's amended ANDA filing with the FDA. We sought, among other relief, an order that the effective date of any FDA approval of Teva's ANDA be a date no earlier than the expiration of all of U.S. Patents No. 9,724,342, 10,034,873, 10,039,757 and 11,298,349, the latest of which expires on July 9, 2033, and equitable relief enjoining Teva from infringing these patents. On September 30, 2022, the parties filed a stipulation to consolidate the two lawsuits, numbered Civil Action Nos. 21-00871 and 22-01168, and to stay all proceedings, which was granted by the Delaware District Court on October 3, 2022. Following a similar order granted by the Delaware District Court on February 9, 2022 to stay all proceedings with respect to Civil Action No. 21-00871, this case remained administratively closed, and Civil Action No. 22-01168 was administratively closed on October 3, 2022. In July 2023, we entered into the Teva Settlement Agreement to end these litigations. Pursuant to the terms of the Teva

Settlement Agreement, we will grant Teva a license to market its generic version of CABOMETYX in the U.S. beginning on January 1, 2031, if approved by the FDA and subject to conditions and exceptions common to agreements of this type. On September 15, 2023, the parties filed a joint stipulation of dismissal with the Delaware District Court, and on September 19, 2023, the Delaware District Court granted the parties' stipulation and dismissed the case without prejudice.

### **Cipla ANDA Litigation**

On February 6, 2023, we received a notice letter regarding an ANDA submitted to the FDA by Cipla, including a Paragraph IV certification with respect to our U.S. Patents No. 8,877,776 (salt and polymorphic forms), 9,724,342 (formulations), 10,039,757 (methods of treatment), 11,091,439 (crystalline salt forms), 11,091,440 (pharmaceutical composition), 11,098,015 (methods of treatment), and 11,298,349 (pharmaceutical composition). Cipla's notice letter did not provide a Paragraph IV certification against any additional CABOMETYX patents. On March 16, 2023, we filed a complaint in the Delaware District Court for patent infringement against Cipla asserting infringement of U.S. Patents No. 8,877,776, 11,091,439, 11,091,440, 11,098,015 and 11,298,349 arising from Cipla's ANDA filing with the FDA. Cipla's ANDA requests approval to market a generic version of CABOMETYX tablets prior to the expiration of the aforementioned patents. We are seeking, among other relief, an order that the effective date of any FDA approval of Cipla's ANDA would be a date no earlier than the expiration of all of U.S. Patents No. 8,877,776, 11,091,439, 11,091,440, 11,098,015 and 11,298,349, the latest of which expires on February 10, 2032, and equitable relief enjoining Cipla from infringing these patents. On May 4, 2023, we filed, under seal, a stipulation and proposed order to stay all proceedings, and the Delaware District Court, in a sealed order on the same day, granted the proposed order and administratively closed the case. On May 5, 2023, the Delaware District Court issued a redacted version of the May 4, 2023 stipulation and proposed order. On March 27, 2024, we received notice from Cipla that it had amended its ANDA to assert additional Paragraph IV certifications. The ANDA now requests approval to market generic versions of CABOMETYX tablets with 20 mg and 40 mg dosage strengths (in addition to the 60 mg dosage strength contemplated by Cipla's original ANDA) prior to expiration of U.S. Patents No. 8,877,776, 9,724,342, 10,039,757, 11,091,439, 11,091,440, 11,098,015 and 11,298,349. In May 2024, we entered into a settlement and license agreement (the Cipla Settlement Agreement) with Cipla to end these litigations. Pursuant to the terms of the Cipla Settlement Agreement, we granted Cipla a license to market its generic version of CABOMETYX in the U.S. beginning on January 1, 2031, if approved by the FDA and subject to conditions and exceptions common to agreements of this type. On July 8, 2024, the parties filed a joint stipulation of dismissal with the Delaware District Court, and on July 9, 2024, the Delaware District Court granted the parties' stipulation and dismissed the case without prejudice.

We may also from time to time become a party or subject to various other legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. Some of these proceedings have involved, and may involve in the future, claims that are subject to substantial uncertainties and unascertainable damages.

### **Item 1A. Risk Factors.**

*In addition to the information discussed elsewhere in this Quarterly Report on Form 10-Q, you should carefully review and consider the risk factors disclosed in Part I, Item 1A of our Fiscal 2023 Form 10-K. These risks could materially and adversely affect our business, financial condition and results of operations. The risks and uncertainties described therein are not the only ones we face. Additional risks and uncertainties not currently known to us or that we deem immaterial also may impair our business operations. As of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors described in our Fiscal 2023 Form 10-K.*

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

In January 2024, our Board of Directors authorized a stock repurchase program to acquire up to \$450 million of our outstanding common stock before the end of 2024. As of June 30, 2024, we completed the repurchase of 20.3 million shares of common stock for an aggregate of \$450 million pursuant to our stock repurchase program.

The following table summarizes the stock repurchase activity for the three months ended June 30, 2024 and the approximate dollar value of shares pursuant to our stock repurchase program (in thousands, except per share data):

	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Program</b>	<b>Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program</b>
March 30, 2024 - April 26, 2024	4,706	\$ 23.22	4,706	\$ 150,000
April 27, 2024 - May 24, 2024	4,187	\$ 21.50	4,187	\$ 60,000
May 25, 2024 - June 28, 2024	2,769	\$ 21.67	2,769	\$ —
Total	<u>11,662</u>		<u>11,662</u>	

In August 2024, our Board of Directors authorized a stock repurchase program to acquire up to \$500.0 million of our outstanding common stock before the end of 2025. Stock repurchases under the program may be made from time to time through a variety of methods, which may include open market purchases, in block trades, 10b5-1 trading plans, accelerated share repurchase transactions, exchange transactions, or any combination of such methods. The timing and amount of any stock repurchases under the stock repurchase program will be based on a variety of factors, including ongoing assessments of the capital needs of the business, alternative investment opportunities, the market price of our common stock and general market conditions. The program does not obligate us to acquire any particular amount of our common stock, and the stock repurchase program may be modified, suspended or discontinued at any time without prior notice.

### Item 3. Defaults Upon Senior Securities.

Not applicable.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

During the three months ended June 30, 2024, no directors or Section 16 officers of the Company adopted, modified or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

**Item 6. Exhibits.**

Exhibit Number	Exhibit Description	Incorporation by Reference				Filed Herewith
		Form	File Number	Exhibit/Appendix Reference	Filing Date	
3.1	<a href="#">Restated Certificate of Incorporation of Exelixis, Inc.</a>	10-Q	000-30235	3.1	8/5/2021	
3.2	<a href="#">Certificate of Change of Registered Agent and/or Registered Office of Exelixis, Inc.</a>	10-Q	000-30235	3.2	4/30/2024	
3.3	<a href="#">Amended and Restated Bylaws of Exelixis, Inc.</a>	8-K	000-30235	3.1	12/20/2023	
10.1	<a href="#">Exelixis, Inc. 2000 Employee Stock Purchase Plan</a>					X
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and Rule 15d-14(a)</a>					X
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and Rule 15d-14(a)</a>					X
32.1‡	<a href="#">Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350</a>					X
101.INS	XBRL Instance Document	The XBRL instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
‡	This certification accompanies this Quarterly Report on Form 10-Q, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of Exelixis, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.					

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELIXIS, INC.

August 6, 2024  
Date

By: /s/ Christopher J. Senner  
**Christopher J. Senner**  
Executive Vice President and Chief Financial Officer  
*(Duly Authorized Officer and Principal Financial and Accounting Officer)*

**Exelixis, Inc.**  
**2000 Employee Stock Purchase Plan**

Adopted by Board of Directors: January 27, 2000  
Approved by Stockholders: March 15, 2000  
Amended by Board of Directors: January 28, 2005  
Amendment Approved by Stockholders: April 22, 2005  
Amended by Board of Directors: February 26, 2009  
Amendment Approved by Stockholders: May 13, 2009  
Amended by Compensation Committee: February 11, 2016  
Amendment Approved by Stockholders: May 25, 2016  
Amended by Board of Directors: March 29, 2024  
Amendment Approved by Stockholders: May 30, 2024  
Termination Date: None

**1. Purpose.**

(a) The purpose of the Plan is to provide a means by which Eligible Employees of the Company and certain designated Affiliates may be given an opportunity to purchase Shares of the Company.

(b) The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates.

(c) The Company intends that the Rights to purchase Shares granted under the Plan be considered options issued under an “employee stock purchase plan,” as that term is defined in Section 423(b) of the Code.

**2. Definitions.**

(a) **“Affiliate”** means any “parent corporation” or “subsidiary corporation” of the Company, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(b) **“Board”** means the Board of Directors of the Company.

(c) **“Code”** means the United States Internal Revenue Code of 1986, as amended.

(d) **“Committee”** means a Committee appointed by the Board in accordance with Section 3(c) of the Plan.

(e) **“Company”** means Exelixis, Inc., a Delaware corporation.

(f) **“Contributions”** means the payroll deductions and other additional payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Right. A Participant may make additional payments into his or her account only if specifically provided for in the Offering and only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions.

(g) **“Director”** means a member of the Board.

(h) **“Eligible Employee”** means an Employee who meets the requirements set forth in the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan.

(i) **“Employee”** means any person, including Officers and Directors, employed by the Company or an Affiliate of the Company. Neither service as a Director nor payment of a director’s fee shall be sufficient to constitute “employment” by the Company or the Affiliate.

(j) **“Employee Stock Purchase Plan”** means a plan that grants rights intended to be options issued under an “employee stock purchase plan,” as that term is defined in Section 423(b) of the Code.

(k) **“Entity”** means a corporation, partnership, limited liability company or other entity that is not a natural person.

(l) **“Exchange Act”** means the United States Securities Exchange Act of 1934, as amended.

(m) **“Exchange Act Person”** means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company, or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of May 30, 2024, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(n) **“Fair Market Value”** means the value of a security, as of any date, determined as follows:

(i) If the security is listed on any established stock exchange or traded on any established market, then except as otherwise provided by the Board, the Fair Market Value of the security shall be the closing sales price for such security (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the

greatest volume of trading in the security) on the trading day immediately prior to the relevant determination date, as reported in a source the Board deems reliable.

(ii) In the absence of such exchange or market for the security, the Fair Market Value shall be determined by the Board in good faith in compliance with applicable laws and in a manner that complies with Section 409A of the Code.

(o) **“Non-Employee Director”** means a Director who either (i) is not a current Employee or Officer of the Company or its parent or subsidiary, does not receive compensation (directly or indirectly) from the Company or its parent or subsidiary for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (**“Regulation S-K”**)), does not possess an interest in any other transaction as to which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(p) **“Offering”** means the grant of Rights to purchase Shares under the Plan to Eligible Employees.

(q) **“Offering Date”** means a date selected by the Board for an Offering to commence.

(r) **“Officer”** means a person who is an officer of the Company or an Affiliate within the meaning of Section 16 of the Exchange Act.

(s) **“Own,” “Owned,” “Owner,” “Ownership”** A person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(t) **“Participant”** means an Eligible Employee who holds an outstanding Right granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Right granted under the Plan.

(u) **“Plan”** means this Exelixis, Inc. 2000 Employee Stock Purchase Plan, as amended from time to time.

(v) **“Purchase Date”** means one or more dates established by the Board during an Offering on which Rights granted under the Plan shall be exercised and purchases of Shares carried out in accordance with such Offering.

(w) **“Right”** means an option to purchase Shares granted pursuant to the Plan.



(x) **“Rule 16b-3”** means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3 as in effect with respect to the Company at the time discretion is being exercised regarding the Plan.

(y) **“Securities Act”** means the United States Securities Act of 1933, as amended.

(z) **“Share”** means a share of the common stock of the Company.

(aa) **“Subsidiary”** means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other Entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%).

### **3. Administration.**

(a) The Board shall administer the Plan unless and until the Board delegates administration to a Committee, as provided in Section 3(c). Whether or not the Board has delegated administration, the Board shall have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(b) The Board (or the Committee) shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine when and how Rights to purchase Shares shall be granted and the provisions of each Offering of such Rights (which need not be identical).

(ii) To designate from time to time which Affiliates of the Company shall be eligible to participate in the Plan.

(iii) To construe and interpret the Plan and Rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board (or the Committee), in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iv) To amend, suspend or terminate the Plan as provided in Section 14.

(v) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and its Affiliates and to carry out the intent that the Plan be treated as an Employee Stock Purchase Plan.

(c) The Board may delegate administration of the Plan to a Committee of the Board composed of two (2) or more members, all of the members of which Committee may be, in the discretion of the Board, Non-Employee Directors. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee of two (2) or more Non-Employee Directors any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or such a subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may at any time divest the Committee of these administration powers (or abolish the Committee entirely, to the extent permitted under applicable laws and rules of the SEC and the applicable stock exchange) and reserve administration of the Plan solely for the Board.

(d) All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

#### **4. Shares Subject to the Plan.**

(a) Subject to the provisions of Section 13(a) relating to Capitalization Adjustments, the Shares that may be sold pursuant to Rights granted under the Plan shall not exceed in the aggregate 19,650,000 Shares. If any Right granted under the Plan shall for any reason terminate without having been exercised in full, the Shares not purchased under such Right shall again become available for issuance under the Plan.

(b) The Shares subject to the Plan may be unissued Shares or Shares that have been bought on the open market at prevailing market prices or otherwise.

#### **5. Grant of Rights; Offering.**

(a) The Board may from time to time grant or provide for the grant of Rights to purchase Shares of the Company under the Plan to Eligible Employees in an Offering on an Offering Date or Dates selected by the Board. Each Offering shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate, which shall comply with the requirements of Section 423(b)(5) of the Code that all Employees granted Rights to purchase Shares under the Plan shall have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering shall include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering shall be effective, which period shall not exceed twenty-seven (27) months beginning with the Offering Date, and the substance of the provisions contained in Sections 6 through 9, inclusive.

**(b)** If a Participant has more than one Right outstanding under the Plan, unless he or she otherwise indicates in agreements or notices delivered hereunder: (i) each agreement or notice delivered by that Participant will be deemed to apply to all of his or her Rights under the Plan, and (ii) an earlier-granted Right (or a Right with a lower exercise price, if two Rights have identical grant dates) will be exercised to the fullest possible extent before a later-granted Right (or a Right with a higher exercise price if two Rights have identical grant dates) will be exercised.

**(c)** The Board shall have the discretion to structure an Offering so that if the Fair Market Value of a Share on any Purchase Date during an Offering is less than or equal to the Fair Market Value of a Share on the Offering Date for that Offering, then (i) that Offering shall terminate immediately following the purchase of Shares on such Purchase Date, and (ii) the Participants in such terminated Offering shall be automatically enrolled in a new Offering that begins immediately after such Purchase Date.

## **6. Eligibility.**

**(a)** Rights may be granted only to Employees of the Company, Employees of an Affiliate of the Company that is incorporated in the U.S., or, as the Board may designate as provided in Section 3(b), to Employees of an Affiliate of the Company that is not incorporated in the U.S.

**(i)** Except as provided in Section 6(b), an Employee shall not be eligible to be granted Rights under the Plan unless, on the Offering Date, such Employee has been in the employ of the Company or the Affiliate, as the case may be, for such continuous period preceding such grant as the Board may require in the Offering, but in no event shall the required period of continuous employment be equal to or greater than two (2) years.

**(ii)** The Board may provide in an Offering that Employees whose customary employment is twenty (20) hours or less per week shall not be eligible to participate.

**(iii)** The Board may provide in an Offering that Employees whose customary employment is for not more than five (5) months in any calendar year shall not be eligible to participate.

**(iv)** The Board may provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code shall not be eligible to participate.

**(b)** The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Right under that Offering, which Right shall thereafter be deemed to be a part of that Offering. Such Right shall have the same characteristics as any Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Right is granted shall be the "Offering Date" of such Right for all purposes, including determination of the exercise price of such Right;

(ii) the period of the Offering with respect to such Right shall begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Right under that Offering.

(c) No Employee shall be eligible for the grant of any Rights under the Plan if, immediately after any such Rights are granted, such Employee owns stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Affiliate. For purposes of this Section 6(c), the rules of Section 424(d) of the Code shall apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding rights and options shall be treated as stock owned by such Employee.

(d) An Eligible Employee may be granted Rights under the Plan only if such Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Affiliates, as specified by Section 423(b)(8) of the Code, do not permit such Eligible Employee's rights to purchase stock of the Company or any Affiliate to accrue at a rate which exceeds twenty five thousand dollars (\$25,000) of the Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time.

#### **7. Rights; Purchase Price.**

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, shall be granted the Right to purchase up to the number of Shares purchasable either:

(i) with a percentage designated by the Board not exceeding fifteen percent (15%) of such Employee's Earnings (as defined by the Board in each Offering) during the period which begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date shall be no later than the end of the Offering; or

(ii) with a maximum dollar amount designated by the Board that, as the Board determines for a particular Offering, (1) shall be withheld, in whole or in part, from such Employee's Earnings (as defined by the Board in each Offering) during the period which begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date shall be no later than the end of the

Offering and/or (2) shall be contributed, in whole or in part, by such Employee during such period.

**(b)** The Board shall establish one or more Purchase Dates during an Offering on which Rights granted under the Plan shall be exercised and purchases of Shares carried out in accordance with such Offering.

**(c)** In connection with each Offering made under the Plan, the Board may specify (i) a maximum amount of Shares that may be purchased by any Participant pursuant to such Offering, (ii) a maximum amount of Shares that may be purchased by any Participant on any Purchase Date pursuant to such Offering, (iii) a maximum aggregate amount of Shares that may be purchased by all Participants pursuant to such Offering, and/or (iv) a maximum aggregate amount of Shares that may be purchased by all Participants on any Purchase Date pursuant to such Offering. If the aggregate purchase of Shares issuable upon exercise of Rights granted under the Offering would exceed any such maximum aggregate amount, then, in the absence of any Board action otherwise, the Board shall make a pro rata allocation of the Shares available in as nearly a uniform manner as shall be practicable and as it shall deem to be equitable.

**(d)** The purchase price of Shares acquired pursuant to Rights granted under the Plan shall be not less than the lesser of:

**(i)** an amount equal to eighty-five percent (85%) of the Fair Market Value of the Shares on the Offering Date;

or

**(ii)** an amount equal to eighty-five percent (85%) of the Fair Market Value of the Shares on the applicable Purchase Date.

#### **8. Participation; Withdrawal; Termination.**

**(a)** An Eligible Employee may become a Participant in the Plan pursuant to an Offering and may elect to authorize payroll deductions as the means of making Contributions by delivering a participation agreement to the Company within the time specified in the Offering, in such form as the Company provides. Each such agreement shall authorize Contributions of up to the maximum percentage specified by the Board of such Employee's Earnings during the Offering (as defined in each Offering). The Contributions made for each Participant shall be credited to a bookkeeping account for such Participant under the Plan and shall be deposited with the general funds of the Company, except where applicable law requires that Contributions be deposited with a third party. To the extent provided in the Offering, a Participant may reduce (including to zero) or increase such Contributions. To the extent provided in the Offering, a Participant may begin such Contributions on or after the beginning of the Offering. To the extent specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through payment by cash or check prior to a Purchase Date.

**(b)** At any time during an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company a notice of withdrawal in such form as the Company provides. Such withdrawal may be elected at any time prior to the end of the Offering except as provided by the Board in the Offering. Upon such withdrawal from the Offering by a Participant, the Company shall distribute to such Participant all of his or her accumulated Contributions (reduced to the extent, if any, such Contributions have been used to acquire Shares for the Participant) under the Offering, without interest unless otherwise specified in the Offering, and such Participant's Right in that Offering shall be automatically terminated. A Participant's withdrawal from an Offering will have no effect upon such Participant's eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new participation agreement in order to participate in subsequent Offerings under the Plan.

**(c)** Rights granted pursuant to any Offering under the Plan shall terminate immediately upon cessation of any participating Employee's employment with the Company or a designated Affiliate for any reason (subject to any post-employment participation period required by law) or other lack of eligibility. The Company shall distribute to such Employee all of his or her accumulated Contributions (reduced to the extent, if any, such Contributions have been used to acquire Shares for the Employee) under the Offering, without interest unless otherwise specified in the Offering.

**(d)** Rights granted under the Plan shall not be transferable by a Participant otherwise than by will or the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation as provided in Section 15 and, otherwise during his or her lifetime, shall be exercisable only by the person to whom such Rights are granted.

**(e)** Unless otherwise specified in an Offering, the Company will have no obligation to pay interest on Contributions.

#### **9. Exercise.**

**(a)** On each Purchase Date specified therefor in the relevant Offering, each Participant's accumulated Contributions (without any increase for interest) will be applied to the purchase of Shares up to the maximum amount of Shares permitted pursuant to the terms of the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional Shares shall be issued upon the exercise of Rights granted under the Plan unless specifically provided for in the Offering.

**(b)** Unless otherwise specifically provided in the Offering, if any amount of accumulated Contributions remains in a Participant's account after the purchase of Shares and such remaining amount is less than the amount required to purchase one Share on the final Purchase Date of an Offering, then such remaining amount shall be held in such Participant's account for the purchase of Shares under the next Offering under the Plan, unless such Participant withdraws from or is not eligible to participate in such next Offering, in which case

such amount shall be distributed to such Participant after the final Purchase Date without interest. If the amount of Contributions remaining in a Participant's account after the purchase of Shares is at least equal to the amount required to purchase one Share on the final Purchase Date of an Offering, then such remaining amount shall be distributed in full to such Participant after the final Purchase Date of such Offering without interest.

(c) No Rights granted under the Plan may be exercised to any extent unless the Shares to be issued upon such exercise under the Plan (including Rights granted thereunder) are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable state, foreign and other securities and other laws applicable to the Plan. If on a Purchase Date in any Offering hereunder the Shares are not so registered or the Plan is not in such compliance, no Rights granted under the Plan or any Offering shall be exercised on such Purchase Date, and the Purchase Date shall be delayed until the Shares are subject to such an effective registration statement and the Plan is in such compliance, except that the Purchase Date shall not be delayed more than twelve (12) months and the Purchase Date shall in no event be more than twenty-seven (27) months from the Offering Date. If, on the Purchase Date of any Offering hereunder, as delayed to the maximum extent permissible, the Shares are not so registered or the Plan is not in such compliance, no Rights granted under the Plan or any Offering shall be exercised and all Contributions accumulated during the Offering (reduced to the extent, if any, such Contributions have been used to acquire Shares) shall be distributed to the Participants, without interest unless otherwise specified in the Offering.

#### **10. Covenants of the Company.**

The Company shall seek to obtain from each federal, state, foreign or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Rights under the Plan and issue and sell Shares upon exercise of the Rights granted under the Plan. If, after commercially reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the grant of Rights under the Plan or the lawful issuance and sale of Shares under the Plan, and at a commercially reasonable cost, the Company shall be relieved from any liability for failure to grant Rights under the Plan and/or to issue and sell Shares upon exercise of such Rights.

#### **11. Use of Proceeds from Shares.**

Proceeds from the sale of Shares pursuant to Rights granted under the Plan shall constitute general funds of the Company.

#### **12. Rights as a Stockholder.**

A Participant shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, Shares subject to Rights granted under the Plan unless and until the

Participant's Shares acquired upon exercise of Rights under the Plan are recorded in the books of the Company.

**13. Adjustments upon Changes in Securities; Corporate Transactions.**

(a) If any change is made in, or other events occur with respect to, the Shares subject to the Plan or subject to any Right, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto)) (a **"Capitalization Adjustment"**), the Plan will be appropriately adjusted in the class(es) and maximum number of Shares subject to the Plan pursuant to Section 4(a), and the outstanding Rights and Offerings will be appropriately adjusted in the class(es), number of Shares subject to, purchase price applicable to, and purchase limits of such outstanding Rights and Offerings. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a Capitalization Adjustment.

(b) In the event of (i) a dissolution or liquidation of the Company, (ii) a sale, lease or other disposition of all or substantially all of the assets of the Company, (iii) a merger, consolidation or similar transaction in which the Company is not the surviving corporation, (iv) a reverse merger, consolidation or similar transaction in which the Company is the surviving corporation but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise, or (v) an acquisition by any Exchange Act Person of the beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act, or comparable successor rule) of securities of the Company representing at least fifty percent (50%) of the combined voting power entitled to vote in the election of members of the Board (each, a **"Corporate Transaction"**), the Board shall take any one or more of the following actions as to outstanding Rights on such terms as the Board determines in its sole discretion: (1) provide that any surviving or acquiring corporation (or its parent company) shall assume Rights outstanding under the Plan or shall substitute similar rights (including a right to acquire the same consideration paid to stockholders in the Corporate Transaction) for those outstanding under the Plan, (2) provide that such Rights may continue in full force and effect or the Participants' accumulated Contributions (exclusive of any accumulated interest which cannot be applied toward the purchase of Shares under the terms of the Offering) may be used to purchase Shares immediately prior to the Corporate Transaction under the ongoing Offering and the Participants' Rights under the ongoing Offering thereafter terminated, or (3) provide that all outstanding Rights will be cancelled as of a date prior to the effective date of the Corporate Transaction and that all Contributions accumulated during the ongoing Offering (reduced to the extent, if any, such Contributions have been used



to acquire Shares) shall be returned to the Participants on such date, without interest unless otherwise required under applicable laws.

#### **14. Amendment, Suspension or Termination of the Plan.**

**(a)** The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 13(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by applicable law or listing requirements, including any amendment that either (i) materially increases the number of Shares available for issuance under the Plan, (ii) materially expands the class of individuals eligible to become Participants and receive Rights, (iii) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which Shares may be purchased under the Plan, (iv) materially extends the term of the Plan, or (v) expands the types of awards available for issuance under the Plan, but in each of (i) through (v) above only to the extent stockholder approval is required by applicable law or listing requirements.

**(b)** The Board in its discretion may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate at the time that all of the Shares subject to the Plan's reserve, as increased and/or adjusted from time to time, have been issued under the terms of the Plan. No Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

**(c)** Any benefits, privileges, entitlements and obligations under any outstanding Rights granted before an amendment, suspension or termination of the Plan shall not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Rights were granted, (ii) as necessary to comply with any laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans) including, without limitation, any such regulations or other guidance that may be issued or amended after the effective date of the Plan, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Rights without a Participant's consent if such amendment is necessary to ensure that the Right and/or the Plan complies with the requirements of Section 423 of the Code.

Notwithstanding anything in the Plan or any Offering to the contrary, the Board will be entitled to: (i) establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars; (ii) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (iii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Shares for each Participant properly correspond with amounts withheld from the Participant's Contributions;

(iv) amend any outstanding Rights or clarify any ambiguities regarding the terms of any Offering to enable the Rights to qualify under and/or comply with Section 423 of the Code; and (v) establish other limitations or procedures as the Board determines in its sole discretion advisable that are consistent with the Plan. The actions of the Board pursuant to this paragraph will not be considered to alter or impair any Rights granted under an Offering as they are part of the initial terms of each Offering and the Rights granted under each Offering.

**15. Designation of Beneficiary.**

(a) The Company may, but is not obligated to, permit a Participant to file a written designation of a beneficiary who is to receive any Shares and/or cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to the end of an Offering but prior to delivery to the Participant of such Shares and cash. In addition, the Company may, but is not obligated to, permit a Participant to file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death during an Offering. The Company may, but is not obligated to, permit the Participant to change such designation of beneficiary at any time by written notice. Any such designation and/or change must be on a form approved by the Company.

(b) In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

**16. Effective Date of Plan.**

The Plan shall become effective as determined by the Board, but no Rights granted under the Plan shall be exercised unless and until the Plan has been approved by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted by the Board.

**17. Miscellaneous Provisions.**

(a) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at will nature of a Participant's employment or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company or an Affiliate, or on the part of the Company or an Affiliate to continue the employment of a Participant.

**(b)** The provisions of the Plan will be governed by the laws of the State of California without resort to that state's conflicts of laws rules.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO  
EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael M. Morrissey, Ph.D., certify that:

1. I have reviewed this Form 10-Q of Exelixis, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael M. Morrissey

**Michael M. Morrissey, Ph.D.**

President and Chief Executive Officer  
(Principal Executive Officer)

Date: August 6, 2024

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
EXCHANGE ACT RULES 13a-14(a) and 15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Christopher J. Senner, certify that:

1. I have reviewed this Form 10-Q of Exelixis, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christopher J. Senner

**Christopher J. Senner**

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: August 6, 2024

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Michael M. Morrissey, Ph.D., the President and Chief Executive Officer of Exelixis, Inc. (the "Company"), and Christopher J. Senner, the Executive Vice President and Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 28, 2024, to which this Certification is attached as Exhibit 32.1 (the "Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of the 6th day of August 2024.

*/s/ Michael M. Morrissey*

**Michael M. Morrissey, Ph.D.**

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President and Chief Executive Officer  
(Principal Executive Officer)

*/s/ Christopher J. Senner*

**Christopher J. Senner**

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Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)