First Quarter 2020 Financial Results

Tuesday, May 5, 2020

Nasdaq: EXEL

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Today's Agenda

Introduction	**Susan Hubbard** EVP, Public Affairs and Investor Relations
Overview	**Michael M. Morrissey, Ph.D.** President & CEO
Development Update	**Gisela Schwab, M.D.** President, Product Development and Medical Affairs & CMO
Financial Results & Guidance	**Chris Senner** EVP & CFO
Commercial Update	**PJ Haley** EVP, Commercial
Q&A	All, joined by: **Peter Lamb, Ph.D.** EVP, Scientific Strategy & CSO

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Safe Harbor Statement

This presentation, including any oral presentation accompanying it, contains forward-looking statements, including, without limitation, statements related to: Exelixis' expectations with respect to clinical trial initiation, enrollment and top-line data readouts in 2020, and potential for new cabozantinib indications by year-end 2021; the continued buildout of the Exelixis pipeline, including the advancement of XL092 and the filing of new INDs in 2020; Exelixis' expectation to jointly file with BMS for regulatory approval of the combination of cabozantinib and nivolumab in first-line RCC in 2020 based on the results of the CheckMate -9ER trial; Exelixis' and BMS' plans to submit detailed results from the CheckMate -9ER trial for presentation at an upcoming medical conference; the potential for cabozantinib to enhance the activity of ICIs; planned data presentations at ASCO 2020; Exelixis' 2020 financial guidance; market trends and sequencing dynamics in the RCC and HCC markets and the commercial potential for CABOMETYX in these markets; Exelixis' strong belief that many more eligible patients could benefit from CABOMETYX and that long-term growth may be driven by potential future indications, including ICI combinations; and Exelixis' anticipated milestones for 2020, including potential new indications for cabozantinib, emerging data for XL092, new drugs entering the clinic and new assets from business development activities. Any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements and are based upon Exelixis' current plans, assumptions, beliefs, expectations, estimates and projections. Forward-looking statements involve risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of these risks and uncertainties, which include, without limitation: the continuing COVID-19 pandemic and its impact on Exelixis' research and development operations, including Exelixis' ability to initiate new clinical trials and clinical trial sites, enroll clinical trial patients, conduct trials per protocol, and conduct drug research and discovery operations and related activities; the degree of market acceptance of CABOMETYX and other Exelixis products in the indications for which they are approved and in the territories where they are approved, and Exelixis' and its partners' ability to obtain or maintain coverage and reimbursement for these products; the effectiveness of CABOMETYX and other Exelixis products in comparison to competing products; the level of costs associated with Exelixis' commercialization, research and development, in-licensing or acquisition of product candidates, and other activities; Exelixis' ability to maintain and scale adequate sales, marketing, market access and product distribution capabilities for its products or to enter into and maintain agreements with third parties to do so; the availability of data at the referenced times; the potential failure of cabozantinib and other Exelixis product candidates, both alone and in combination with other therapies, to demonstrate safety and/or efficacy in clinical testing; uncertainties inherent in the drug discovery and product development process; Exelixis' dependence on its relationships with its collaboration partners, including their pursuit of regulatory approvals for partnered compounds in new indications, their adherence to their obligations under relevant collaboration agreements and the level of their investment in the resources necessary to complete clinical trials or successfully commercialize partnered compounds in the territories where they are approved; complexities and the unpredictability of the regulatory review and approval processes in the U.S. and elsewhere; Exelixis' continuing compliance with applicable legal and regulatory requirements; unexpected concerns that may arise as a result of the occurrence of adverse safety events or additional data analyses of clinical trials evaluating cabozantinib, cobimetinib or esaxerenone; Exelixis' dependence on third-party vendors for the development, manufacture and supply of its products; Exelixis' ability to protect its intellectual property rights; market competition, including the potential for competitors to obtain approval for generic versions of Exelixis' marketed products; changes in economic and business conditions; and other factors discussed under the caption "Risk Factors" in Exelixis' Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on May 5, 2020, and in Exelixis' future filings with the SEC. All forward-looking statements in this presentation are based on information available to Exelixis as of the date of this presentation, and Exelixis undertakes no obligation to update or revise any forward-looking statements contained herein, except as required by law.

This presentation includes certain non-GAAP financial measures as defined by the SEC rules. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the appendix.

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Overview

Michael M. Morrissey, Ph.D.

President and CEO

Effective Organizational Response to COVID-19

Employee Health and Safety

- Enacted work-from-home policy ahead of CA shelter in place order
- Converted sales team field activities to virtual touchpoints

Business Continuity Planning

- Patient access to our medicines remains a top priority both in the commercial and clinical settings
- Ensuring safety of patients across clinical trials paramount

Social Responsibility

- Donated funds to charitable organizations supporting cancer patients during COVID-19 as well as corporate matching of employee donations
- Provided personal protective gear to local care facility

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Strong Start to 2020, Focused on Execution and Achievement

Clinical execution around cabozantinib in 2020-2021

- On track to have 12 label-enabling trials enrolling by year-end
- 6 top-line data readouts anticipated throughout 2020
- 4 new potential indications in 2021

Continued pipeline progress

- Expect to advance XL092 into ICI combination cohorts
- Aiming to file up to 3 new INDs from internal/collaborative efforts

Positive clinical readouts for cabozantinib/ICI combinations

- Positive top-line results from Phase 3 CheckMate -9ER trial in RCC
- Encouraging preliminary data from Phase 1b COSMIC-021 Cohort 6 in mCRPC and Phase 1b CheckMate 040 trial in HCC
- Compelling efficacy and tolerability in ICI combination strategies highlight important role of cabozantinib as TKI backbone

RCC = renal cell carcinoma
mCRPC = metastatic castration-resistant prostate cancer
HCC = hepatocellular carcinoma

ICI = immune checkpoint inhibitor
TKI = tyrosine kinase inhibitor
IND = investigational new drug application

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Clinical Development Update

Gisela Schwab, M.D.

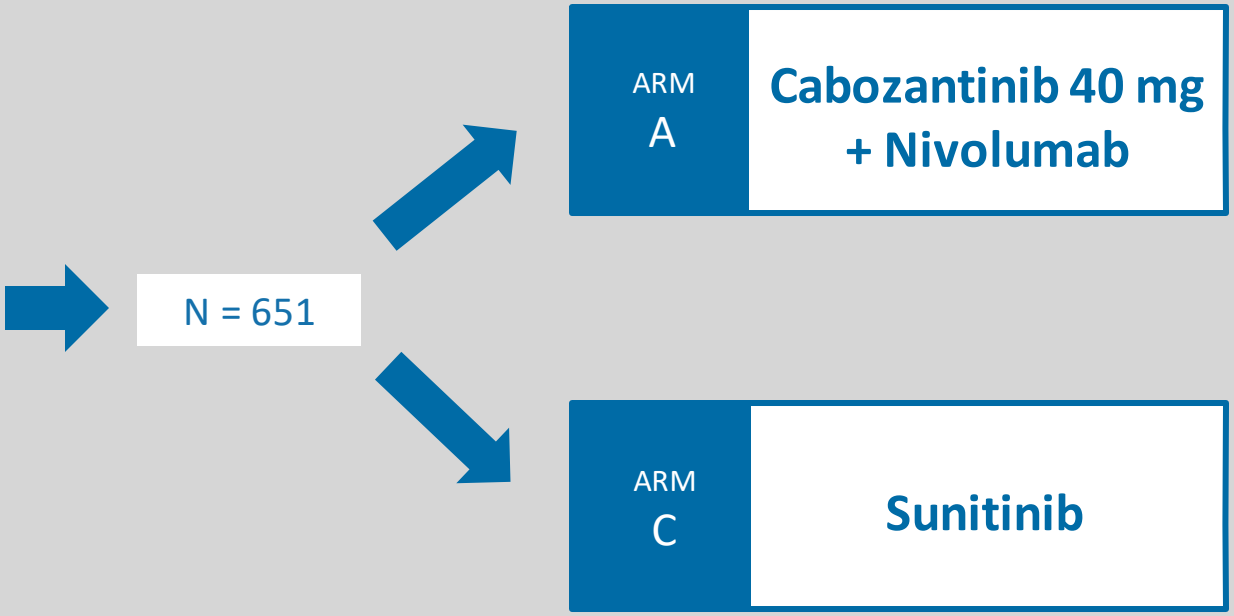
President, Product Development and Medical Affairs & CMO

CheckMate -9ER: Phase 3 Pivotal Trial of Cabozantinib + Nivolumab in First-line RCC

(Sponsored by BMS, with co-funding from Exelixis, Ipsen and Takeda)

CheckMate -9ER (Ph 3)

- A study of cabo + nivo vs sunitinib in previously untreated advanced or metastatic RCC of all risk categories
- Requires histologically confirmed disease with a clear cell component



Key Study Objectives

- **Primary:** PFS (assessed by blinded independent central review)
- **Secondary:** OS, ORR

Top-line results announced in April 2020. BMS and Exelixis expect to jointly file for regulatory approval in 2020.

PFS = progression-free survival
ORR = objective response rate
OS = overall survival

BMS = Bristol Myers Squibb
RCC = renal cell carcinoma

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CheckMate -9ER: Positive Topline Results Announced, Meeting Primary and Key Secondary Endpoints with Favorable Safety Profile

Primary Endpoint: Progression-free Survival

Cabozantinib + nivolumab significantly reduced risk of disease progression or death vs sunitinib (HR = 0.51, p<0.0001)

Secondary Endpoint: Overall Survival

Cabo + nivo significantly improved OS vs sunitinib (HR = 0.60, p<0.001)

Secondary Endpoint: Objective Response

Cabo + nivo significantly improved ORR vs sunitinib

Preliminary Analysis of Safety Data

Favorable safety profile for cabozantinib 40 mg + nivolumab, with low rate of discontinuations due to AEs

Detailed results will be submitted for presentation at an upcoming medical conference

ORR = objective response rate
OS = overall survival
HR = hazard ratio
AE = adverse event

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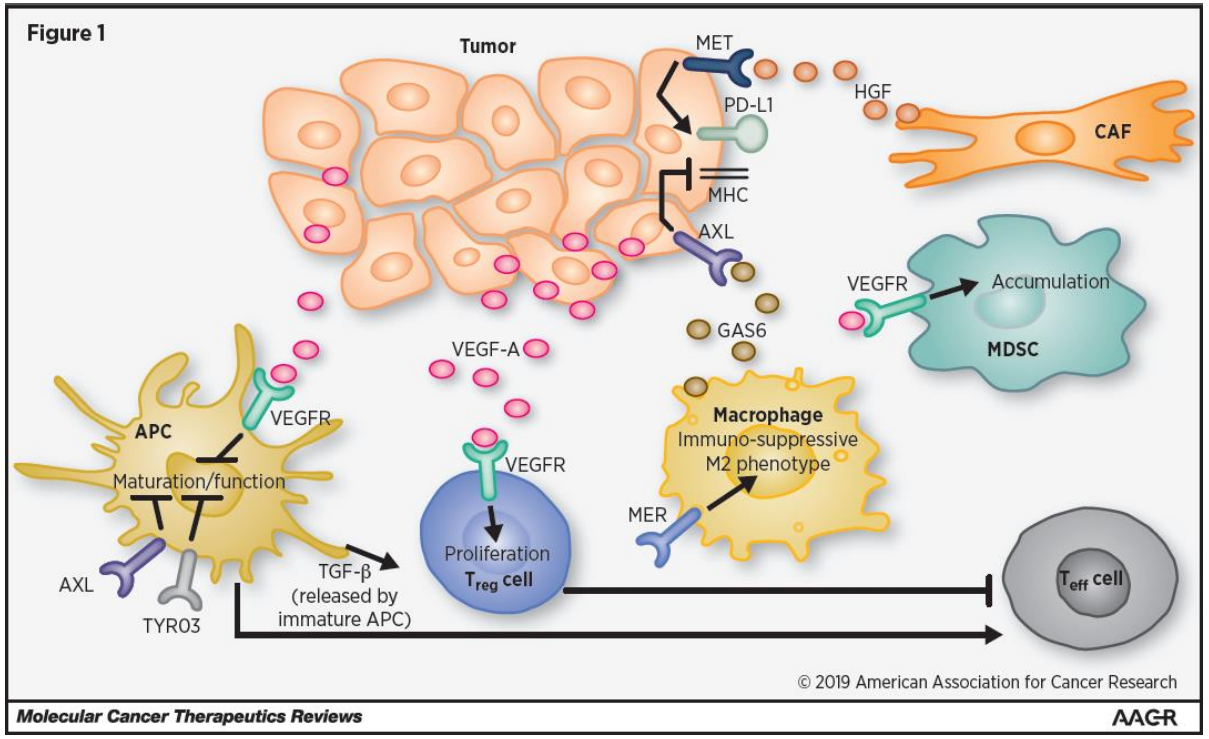
Accumulating Clinical Support that Cabozantinib May Enhance Response to Immune Checkpoint Inhibitors



- Cabozantinib potentially creates immune-permissive environment, enhancing activity of ICIs
  - Immunosuppressive properties of cabo may render tumors more responsive to checkpoint inhibitors
- Growing body of evidence across clinical studies for potentially synergistic effects of cabo + ICI combos
  - Cabo + atezo (COSMIC-021 Cohort 6 in mCRPC)
  - Cabo + nivo (CheckMate-9ER in RCC, CheckMate 040 in HCC)
- Tolerable safety profile consistent with established safety signals for TKIs / ICIs

mCRPC = metastatic castration-resistant prostate cancer
RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
ICI = immune checkpoint inhibitor
TKI = tyrosine kinase inhibitor

Growing Body of Evidence Further Strengthens Basis for Ongoing and Near-Term Planned Development Programs for Cabozantinib and ICI Combinations

Ongoing Potential Label-enabling Trials

CheckMate 9ER
Ph3: 1L RCC

COSMIC 311
Ph3: DTC

COSMIC 312
Ph3: 1L aHCC

COSMIC 313
Ph3: 1L RCC

COSMIC 021
Ph1b: Multiple Tumor Types

CANTATA
Ph2: 2L/3L RCC

EXAMINER CLINICAL TRIAL
Post-marketing Trial: MTC

PDIGREE [CTEP]
Ph3: 1L aRCC

CABINET [CTEP]
Ph3: NET & Carcinoid

Near-Term Planned Phase 3 Trials

CONTACT-01
Ph3 NSCLC

CONTACT-02
Ph3 mCRPC

CONTACT-03
Ph3 RCC

1L = first-line
2L = second-line
3L = third-line
RCC = renal cell carcinoma
aHCC = advanced hepatocellular carcinoma
DTC = differentiated thyroid cancer
MTC = medullary thyroid cancer
mCRPC = metastatic castration-resistant prostate cancer
NSCLC = non-small cell lung cancer
CTEP = National Cancer Institute Cancer Therapy Evaluation Program
NET = neuroendocrine tumors
ICI = immune checkpoint inhibitors

12 Cabozantinib-related Abstracts Accepted to ASCO 2020, Including Readouts and Updates from COSMIC-021 and Collaborative Trials

COSMIC 021

Ph1b: Multiple Tumor Types

- **Cohort 7 (NSCLC)** - *Abstract 9610 - Cabozantinib in combination with atezolizumab in NSCLC patients previously treated with an immune checkpoint inhibitor: Results from cohort 7 of the COSMIC-021 study.*
- **Cohort 2 (2L+ UC)** - *Abstract 5013 - Cabozantinib in combination with atezolizumab in UC previously treated with platinum-containing chemotherapy: Results from cohort 2 of the COSMIC-021 study.*
- **Cohort 6 (mCRPC)** - *Abstract 5564 - Cabozantinib in combination with atezolizumab in patients with mCRPC: Results of cohort 6 of the COSMIC-021 study.*

CTEP

Ph2: EC

- **Phase 2 (EC)** - *Abstract 6010 - A randomized phase II study of cabozantinib and nivolumab versus nivolumab in recurrent EC.*

NSCLC = non-small cell lung cancer
UC = urothelial carcinoma
mCRPC = metastatic castration-resistant prostate cancer

CTEP = National Cancer Institute Cancer Therapy Evaluation Program
EC = endometrial cancer

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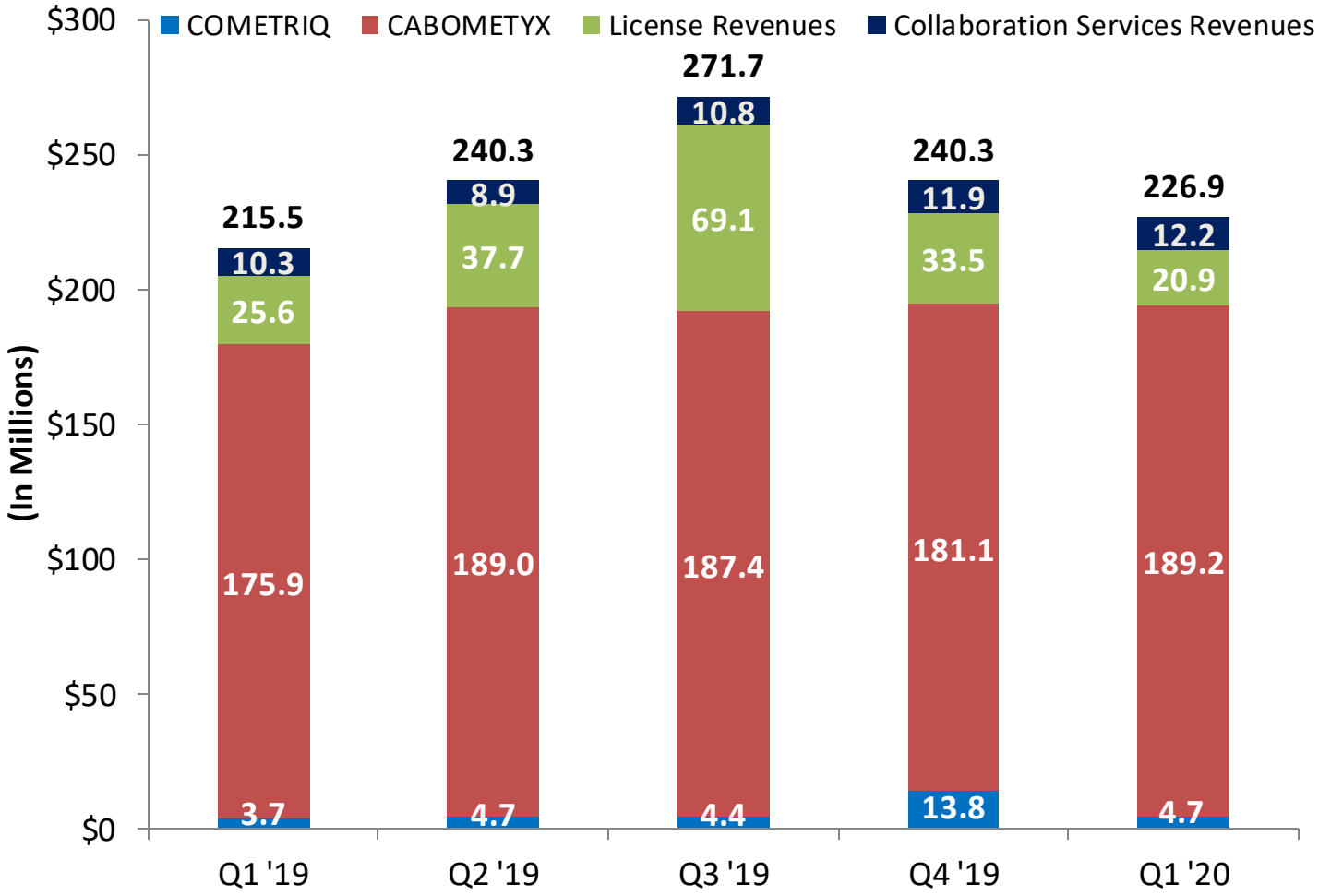
Financial Update

Chris Senner

EVP and CFO

Q1’20 Total Revenues

(See press release at www.exelixis.com for full details)



Q1’20 Notes

- Total revenues of $226.9M
- $193.9M in net product revenues
- $189.2M in CABOMETYX® net product revenues
- $4.7M in COMETRIQ® net product revenues
- License revenues for Q1’20 includes $17.9M in royalties from Ipsen

Amounts may not sum due to rounding.
Adoption of ASU 2018-18 in Q1'20 impacted the presentation of our revenues. Net product revenues and License revenues are recorded in accordance with Topic 606 and presented separately from Collaboration services revenues which are recorded in accordance with Topic 808.

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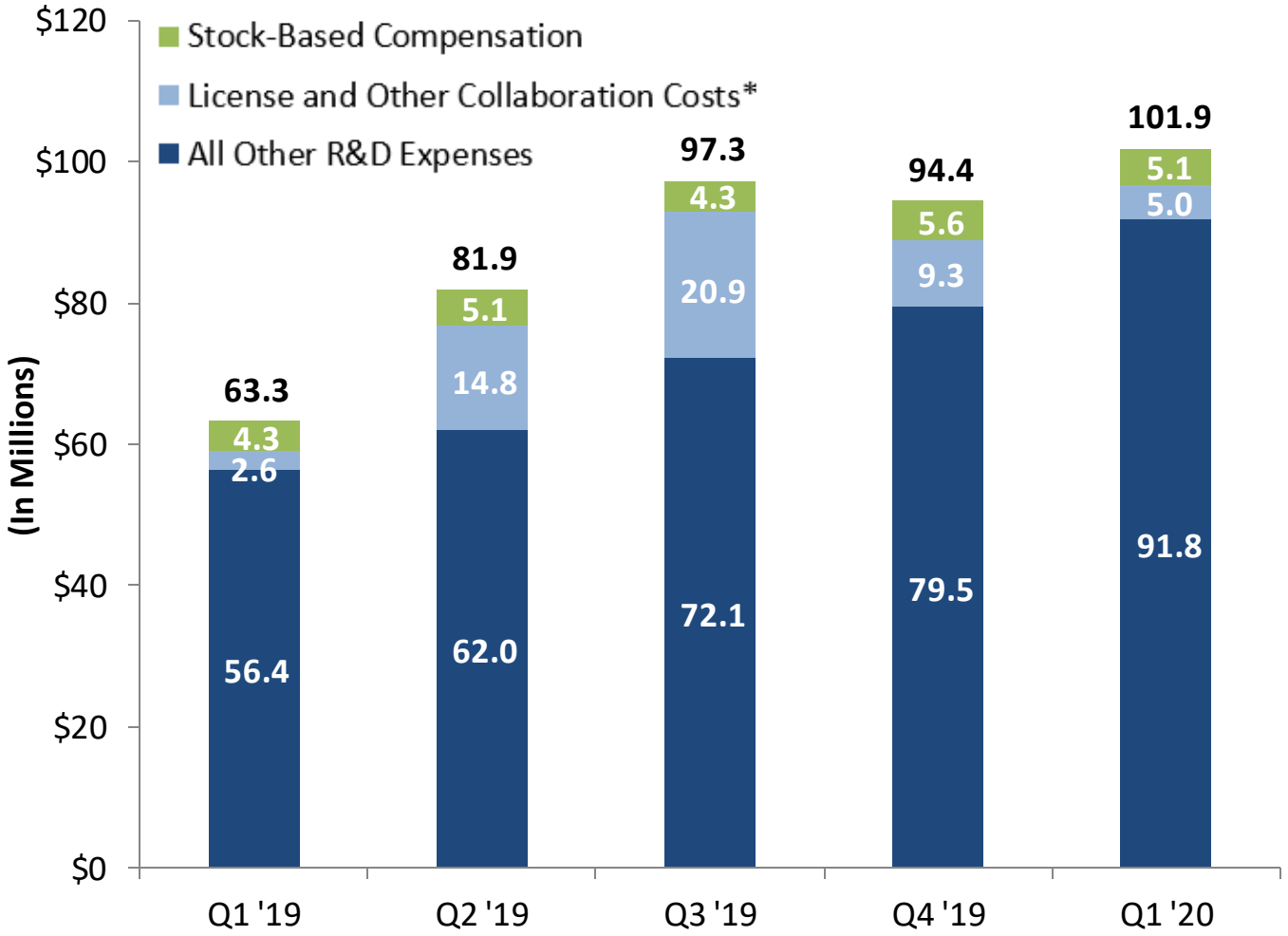
Q1’20 R&D Expenses

(See press release at www.exelixis.com for full details)



Q1’20 Notes

- GAAP R&D expenses of $101.9M
- Non-GAAP** R&D expenses of $96.8M (excl. stock-based compensation expenses, before tax effect)
- Increase in R&D expenses vs. Q4’19 primarily due to higher clinical trials spend (COSMIC-312 and COSMIC-313)

Amounts may not sum due to rounding
A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.
**License and other collaboration costs includes upfront and R&D funding for our in-licensing agreements*
***Non-GAAP R&D expenses is comprised of all R&D expenses except stock-based compensation, before tax effect*

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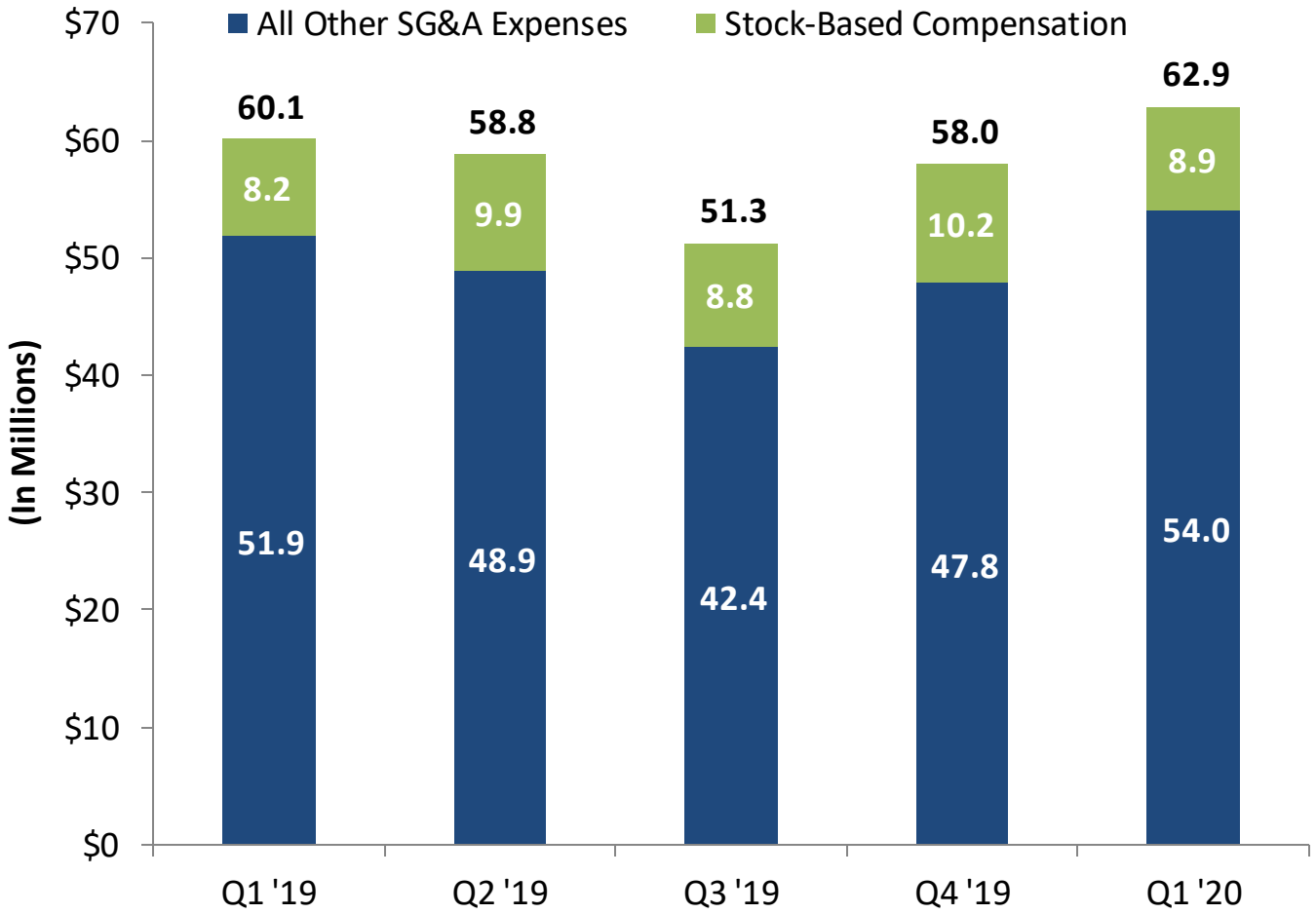
Q1’20 SG&A Expenses

(See press release at www.exelixis.com for full details)



Q1’20 Notes

- GAAP SG&A expenses of $62.9M
- Non-GAAP SG&A expenses of $54.0M (excl. stock-based compensation expenses, before tax effect)
- Increase in GAAP SG&A expenses vs. Q4’19 primarily due to higher Branded Prescription Drug Fee and FTE expenses

Amounts may not sum due to rounding
A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

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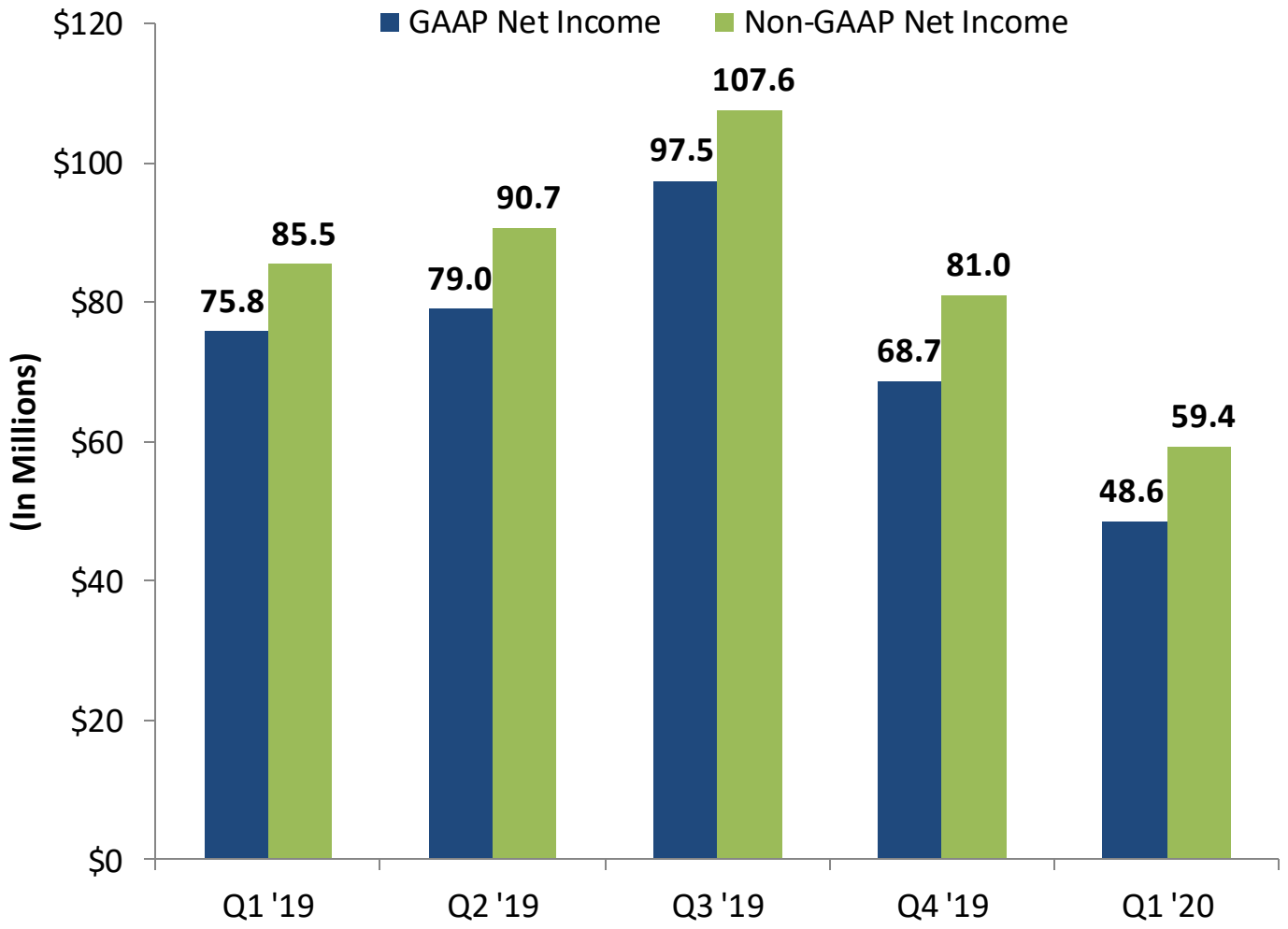
Q1’20 Net Income

(See press release at www.exelixis.com for full details)



Q1’20 Notes

- GAAP net income of $48.6M
- Non-GAAP net income of $59.4M
- Non-GAAP net income excludes stock-based compensation expenses, net of tax effect
- Decrease in GAAP net income vs. Q4’19 primarily due to lower license revenues and higher operating expenses

A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

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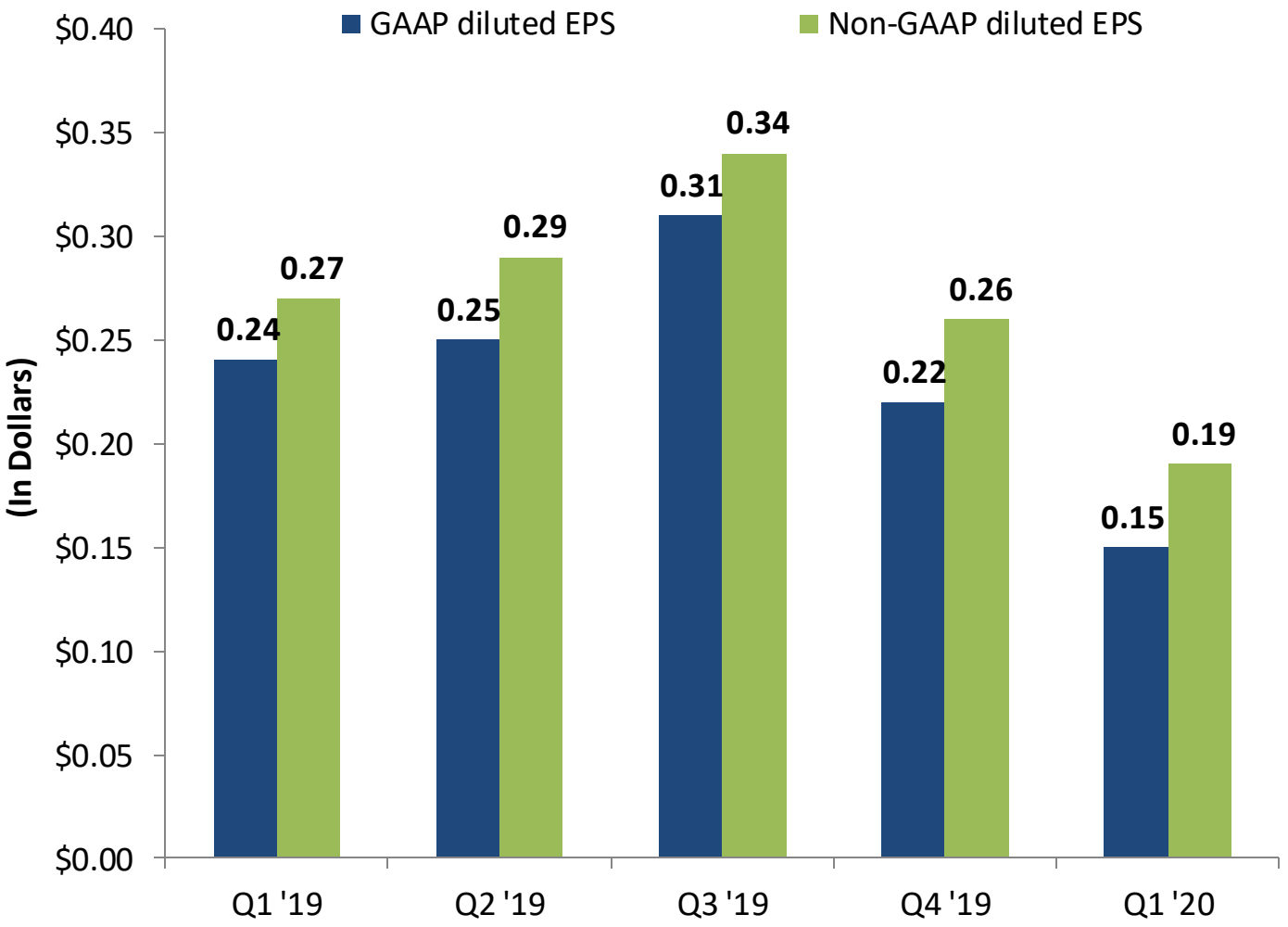
Q1’20 Diluted Earnings Per Share (EPS)

(See press release at www.exelixis.com for full details)



Q1’20 Notes

- GAAP diluted EPS of $0.15
- Non-GAAP diluted EPS of $0.19
- Non-GAAP diluted EPS excludes stock-based compensation expenses, net of tax effect
- Decrease in GAAP diluted EPS vs. Q4’19 primarily due to lower license revenues and higher operating expenses

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Fiscal Year 2020 Financial Guidance*

	Guidance
Total Revenues	$850M - $900M
Net Product Revenues	$725M - $775M
Cost of Goods Sold	4% - 5% of net product revenues
R&D Expenses	$460M - $500M Includes **$25M** in non-cash stock-based compensation
SG&A Expenses	$230M - $250M Includes **$30M** in non-cash stock-based compensation
Effective Tax Rate	20% - 22%
Cash and Investments** (at year-end 2020)	$1.5B - $1.6B

**The financial guidance reflects U.S. GAAP amounts.*
***This cash guidance does not include any potential new business development activity, which remains a key priority for Exelixis as it continues to build toward becoming a multi-product oncology company.*

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Commercial Update

PJ Haley

EVP, Commercial

CABOMETYX Commercial Performance

Q1'20 Highlights

- CABOMETYX remains #1 prescribed TKI in a growing TKI market
- 2L new patient market share grew to 45%
- Prescriber base increased by 31% Y/Y and 6% Q/Q
- Average weekly demand stable Q/Q
- Utilization across academic / community, clinical risk groups and lines of therapy

1L RCC

- ICI combinations at ~75% share
- CABOMETYX 1L single agent new patient share (NPS) stable
- CheckMate -9ER provides opportunity for growth in market share and duration

2L+ RCC

- CABOMETYX continues to capture majority of 2L+ RCC TKI monotherapy market
- 2L TKI market grew driven by more ICI pretreated patients starting 2L treatment

2L+ HCC

- Relative contribution to demand stable at ~7%
- Continues to be well-positioned among TKIs
- Potential atezo / bev approval in 1L may create more TKI opportunity in 2L+

1L = first-line
2L = second-line
TKI = tyrosine kinase inhibitor

RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
ICI = immune checkpoint inhibitor

Exelixis Internal Market Research Q2 2020
IQVIA National Prescription Audit™ April 2020
IQVIA BrandImpact March 2020

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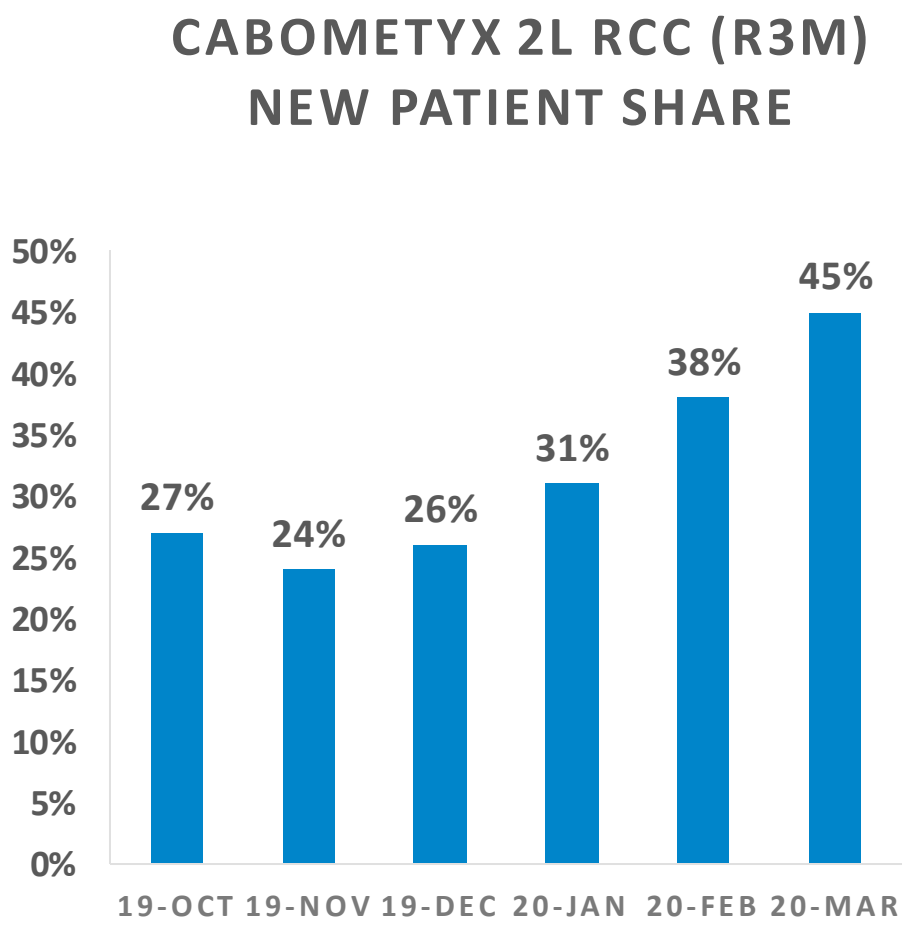
2L RCC Market Share Increased in Q1’20



- Increase in 2L RCC New Patient Share driven by two key dynamics:
  - More ICI patients progressing from 1L to 2L
  - CABOMETYX capturing higher market share post-ICI
- Growth potential remains in 2L as more 1L ICI combo patients progress into 2L setting

1L = first-line
2L = second-line
R3M = rolling three month

RCC = renal cell carcinoma
ICI = immune checkpoint inhibitor

Source: IQVIA BrandImpact March 2020

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CABOMETYX Commercial Performance

Q1'20 Highlights

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Exelixis Internal Market Research, Q2 2020
IQVIA National Prescription Audit™ April 2020
IQVIA BrandImpact March 2020

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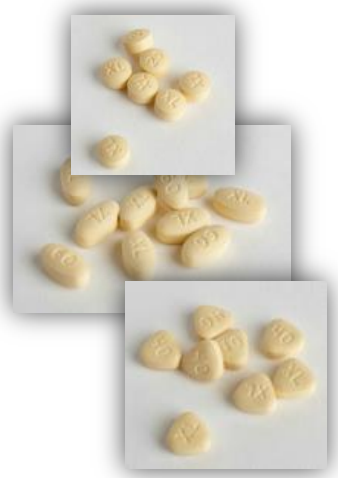
Q1’20 CABOMETYX Commercial Summary

CABOMETYX®
(cabozantinib) tablets
60 mg | 40 mg | 20 mg



- #1 single-agent TKI prescribed in RCC
- Well positioned in currently competitive markets (RCC & HCC)
- Long-term growth driven by future indications, including ICI combinations, starting with 1L RCC (CheckMate -9ER), then 1L/2L mCRPC, 1L HCC, 2L DTC, 2L NSCLC

1L = first-line
2L = second-line
TKI = tyrosine kinase inhibitor
RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
DTC = differentiated thyroid cancer
mCRPC = metastatic castration-resistant prostate cancer
NSCLC = non-small cell lung cancer

Exelixis Internal Market Research Q2 2020
IQVIA National Prescription Audit™ April 2020
IQVIA BrandImpact March 2020

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Closing

Michael M. Morrissey, Ph.D.

President and CEO

Anticipated Key Milestones for 2020

Program	Milestone	Timing
CheckMate -9ER	✓ Top-line results from Phase 3 trial of cabozantinib + nivolumab in 1L RCC	Apr 2020
	❑ File for regulatory approval for cabo + nivo combo in 1L RCC based on positive top-line results	2020
COSMIC-021	✓ Present data from mCRPC cohort of Phase 1b trial of cabozantinib + atezolizumab at ASCO GU	Feb 2020
	❑ Present data from NSCLC, mCRPC and UC cohorts of Phase 1b trial at ASCO	May 29, 2020
CONTACT-01/02/03	❑ Initiate 3 new pivotal trials of cabozantinib + atezolizumab in NSCLC, mCRPC and RCC	2020
COSMIC-311	✓ Complete enrollment of first 100 patients in Phase 3 trial of cabozantinib vs placebo in DTC	Feb 2020
	❑ Analysis of first 100 patients for co-primary endpoint of ORR and interim analysis of PFS	2H 2020
COSMIC-312	❑ Complete enrollment of the Phase 3 trial of cabozantinib + atezolizumab vs sorafenib in HCC	1H 2020
	❑ Analysis for co-primary endpoints of PFS and OS (event-driven)	2H 2020
COSMIC-313	❑ Continue enrollment in phase 3 trial of triplet combination cabozantinib, nivolumab + ipilimumab vs combination of nivolumab + ipilimumab in 1L RCC, with enrollment completion in early 2021	2020
XL092	❑ Initiate enrollment of dose expansion cohorts and potential combination cohorts with ICIs	2020
Discovery	❑ File INDs for up to 3 compounds currently in preclinical development	YE 2020

1L = first-line
RCC = renal cell carcinoma
HCC = hepatocellular carcinoma
DTC = differentiated thyroid cancer
mCRPC = metastatic castration-resistant prostate cancer
NSCLC = non-small cell lung cancer
UC = urolethial cancer
ICIs = immune checkpoint inhibitors
IND = Investigational New Drug application
ORR = objective response rate
PFS = progression-free survival
OS = overall survival

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Q&A Session

First Quarter 2020 Financial Results

Tuesday, May 5, 2020

Nasdaq: EXEL

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Financial Appendix

GAAP Financial Highlights: Q1'20

(in millions, except per share amounts)

	Q1'19	Q4'19	Q1'20	YoY Delta	QoQ Delta
Total revenues	**$215.5 M**	**$240.3 M**	**$226.9 M**	**+5%**	**-6%**
Cost of goods sold	$7.5 M	$10.5 M	$9.3 M	+24%	-12%
R&D expenses	$63.3 M	$94.4 M	$101.9 M	+61%	+8%
SG&A expenses	$60.1 M	$58.0 M	$62.9 M	+5%	+8%
Total operating expenses	**$130.9 M**	**$163.0 M**	**$174.1 M**	**+33%**	**+7%**
Other income (expense), net	$6.1 M	$7.7 M	$7.2 M	+18%	-6%
Income tax provision	$14.9 M	$16.3 M	$11.4 M	-23%	-30%
Net income	$75.8 M	$68.7 M	$48.6 M	-36%	-29%
Net income per share, diluted	**$0.24**	**$0.22**	**$0.15**	**-38%**	**-32%**
Ending cash and investments	**$1,019.4 M**	**$1,388.6 M**	**$1,440.4 M**	**+41%**	**+4%**

Amounts may not sum due to rounding

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Non-GAAP Financial Highlights: Q1'20

(in millions, except per share amounts)

	Q1'19	Q4'19	Q1'20	YoY Delta	QoQ Delta
Total revenues	**$215.5 M**	**$240.3 M**	**$226.9 M**	**+5%**	**-6%**
Cost of goods sold	$7.5 M	$10.5 M	$9.3 M	+24%	-12%
R&D expenses [(a)(b)]	$59.0 M	$88.8 M	$96.8 M	+64%	+9%
SG&A expenses [(a)(b)]	$51.9 M	$47.8 M	$54.0 M	+4%	+13%
Total operating expenses [(a)(b)]	**$118.4 M**	**$147.1 M**	**$160.1 M**	**+35%**	**+9%**
Other income (expense), net	$6.1 M	$7.7 M	$7.2 M	+18%	-6%
Income tax provision [(a)]	$17.7 M	$19.8 M	$14.6 M	-18%	-26%
Net income [(a)]	$85.5 M	$81.0 M	$59.4 M	-31%	-27%
Net income per share, diluted [(a)]	**$0.27**	**$0.26**	**$0.19**	**-30%**	**-27%**
Ending cash and investments	**$1,019.4 M**	**$1,388.6 M**	**$1,440.4 M**	**+41%**	**+4%**

Amounts may not sum due to rounding

[(a)] *A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.*

[(b)] *Amounts reflect non-GAAP adjustment before tax effect*

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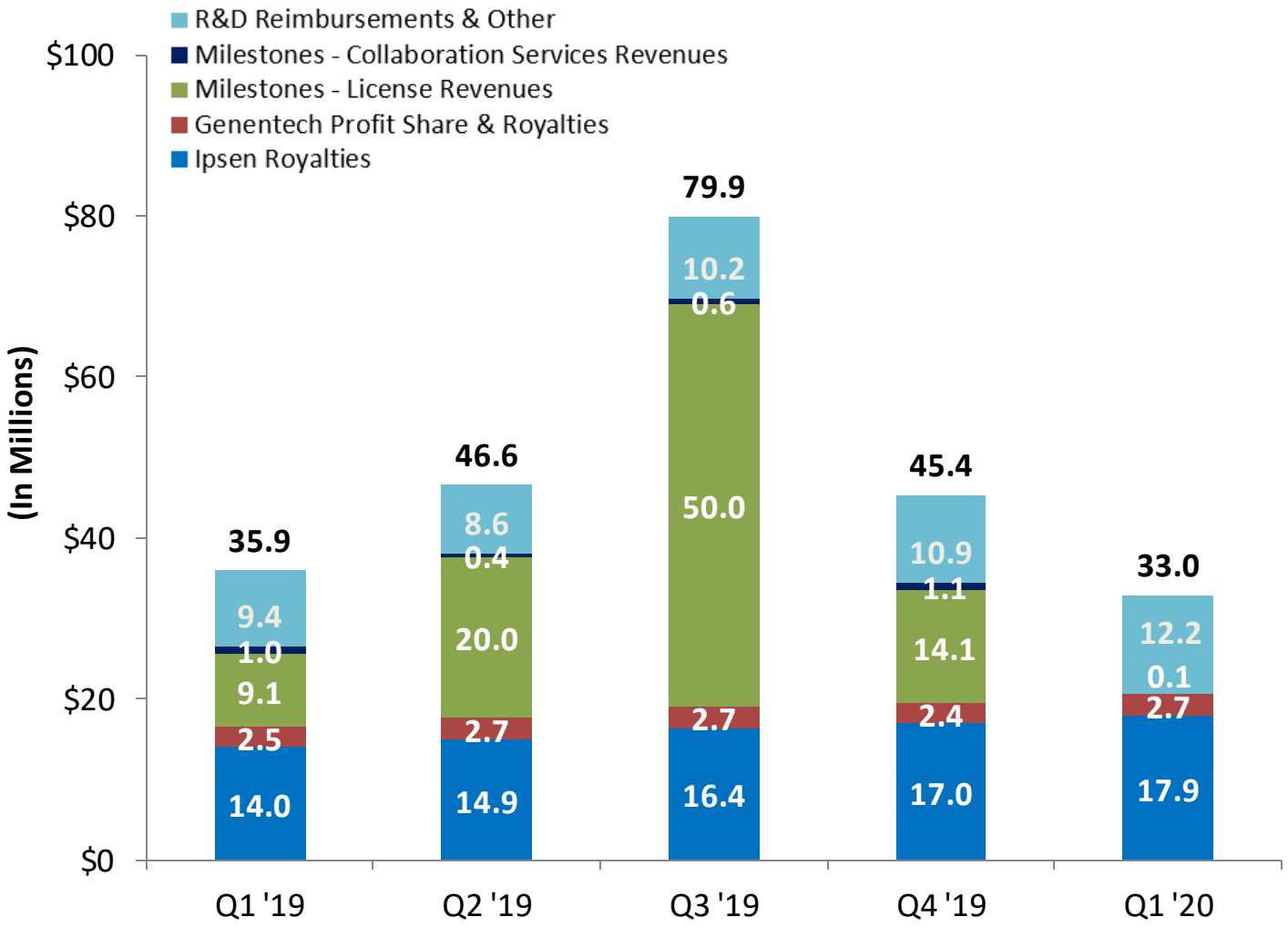
Collaboration Revenues Detail

(See press release at www.exelixis.com for full details)



Q1'19 – Q1'20 Notes

- Q1'20 Ipsen royalty to Exelixis of $17.9M
- Genentech collaboration:
  - Q1'20 ex-US COTELLIC royalties $1.3M
  - Q1'20 US profit share $1.4M
- Major revenue milestones by quarter:
  - Q1'20: No newly triggered milestones
  - Q4'19: Takeda HCC 2L NDA filing in Japan and Ipsen 2L HCC & 1L RCC approvals in Canada
  - Q3'19: Ipsen four consecutive quarters of cumulative sales exceeding $250M
  - Q2'19: Daiichi Sankyo MINNEBRO launch
  - Q1'19: Takeda 2L RCC NDA filing in Japan

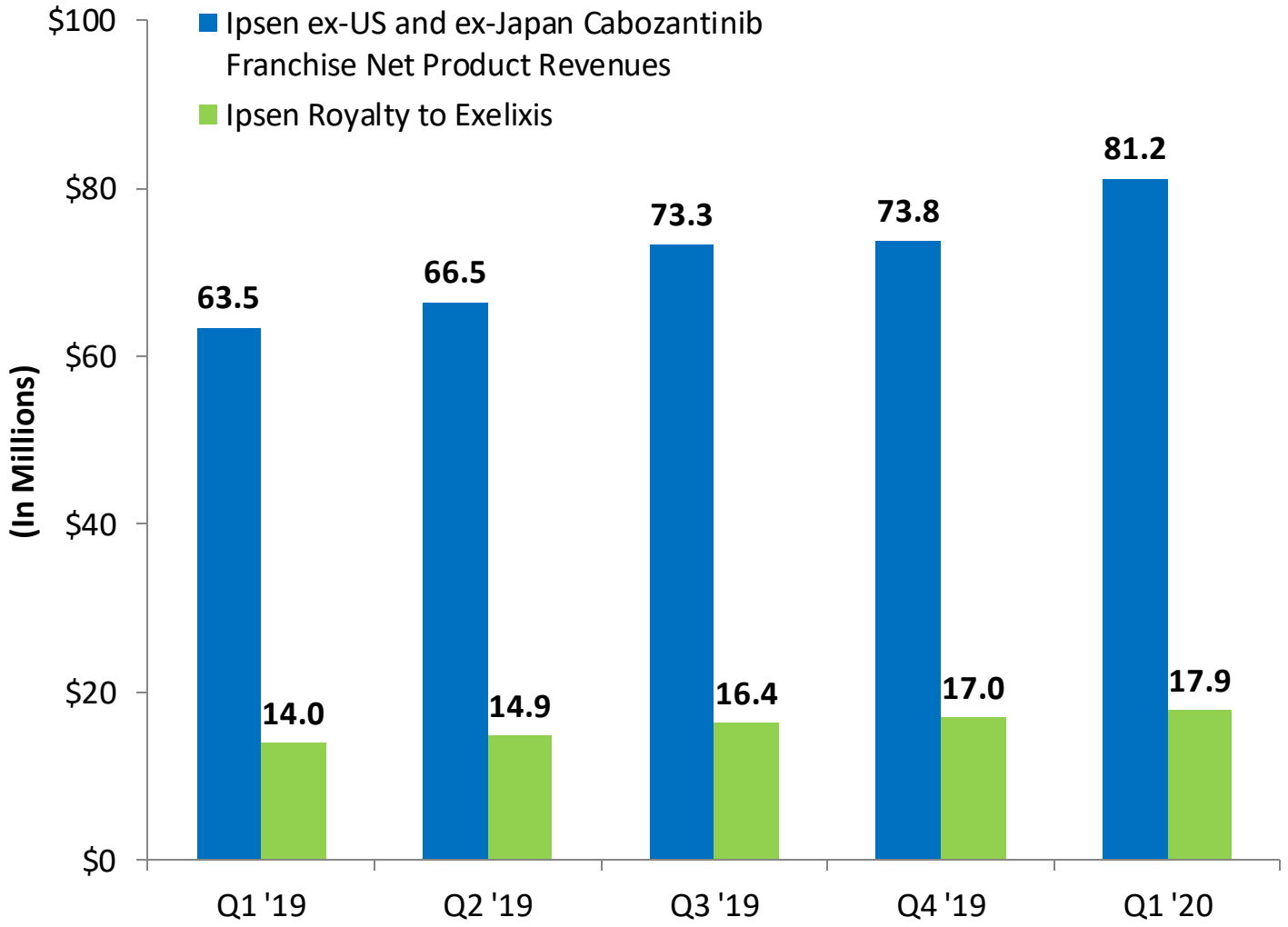
Amounts may not sum due to rounding.

RCC = renal cell carcinoma
HCC = hepatocellular carcinoma

1L = first-line
2L = second-line
NDA = new drug application

Ipsen Royalties

(See press release at www.exelixis.com for full details)

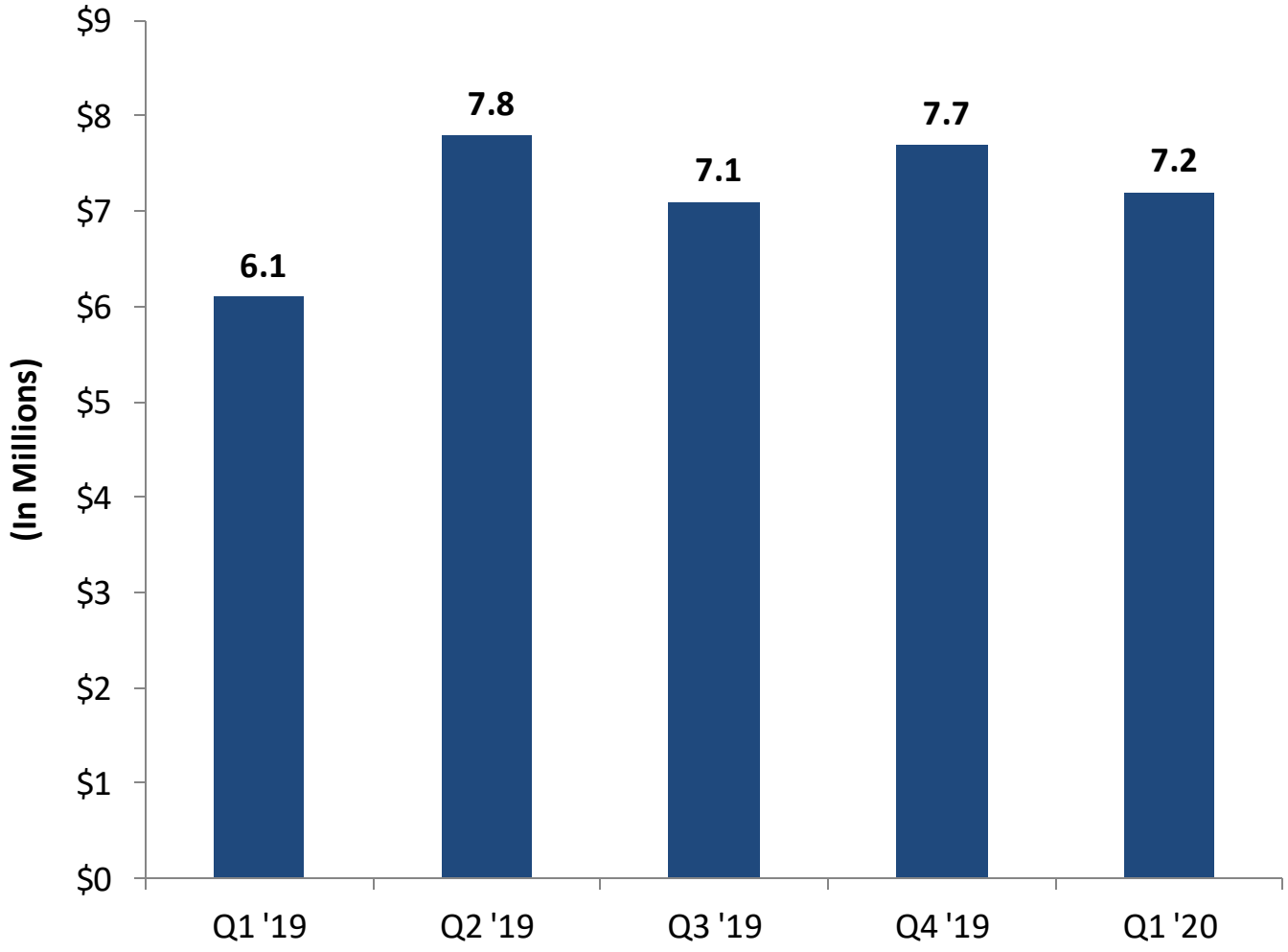


Q1'20 Notes

- Q1'20 Ipsen ex-US and ex-Japan Cabozantinib franchise net product revenues of $81.2M
- Q1'20 Ipsen royalty to Exelixis of $17.9M

Q1’20 Other Income (Expense), net

(See press release at www.exelixis.com for full details)



Q1’20 Notes

- Other income (expense), net in Q1’20 of $7.2M, primarily consists of interest income from growing cash balance
- Past five quarters primarily reflect interest income

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GAAP to Non-GAAP Reconciliation

(in millions, except per share amounts)

Non-GAAP Financial Measures

To supplement Exelixis' financial results presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), Exelixis uses certain non-GAAP financial measures in this presentation and the accompanying tables. This presentation and the tables that follow present certain financial information on a GAAP and a non-GAAP basis for Exelixis for the periods specified, along with reconciliations of the non-GAAP financial measures presented to the most directly comparable GAAP measures. Exelixis believes that the presentation of these non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors. In particular, Exelixis believes that each of these non-GAAP financial measures, when considered together with its financial information prepared in accordance with GAAP, can enhance investors' and analysts' ability to meaningfully compare Exelixis' results from period to period, and to identify operating trends in Exelixis' business. Exelixis also regularly uses these non-GAAP financial measures internally to understand, manage and evaluate its business and to make operating decisions.

These non-GAAP financial measures are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. Exelixis encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP financial information and the reconciliation between these presentations, to more fully understand Exelixis' business. Reconciliations between GAAP and non-GAAP results are presented in the tables that follow.

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20
Research and development expenses reconciliation:					
GAAP Research and development expenses	$ 63.3	$ 81.9	$ 97.3	$ 94.4	$ 101.9
Stock-based compensation expenses[1]	(4.3)	(5.1)	(4.3)	(5.6)	(5.1)
Non-GAAP Research and development expenses	$ 59.0	$ 76.8	$ 93.0	$ 88.8	$ 96.8
Selling, general and administrative expenses reconciliation:					
GAAP Selling, general and administrative expenses	$ 60.1	$ 58.8	$ 51.3	$ 58.0	$ 62.9
Stock-based compensation expenses[1]	(8.2)	(9.9)	(8.8)	(10.2)	(8.9)
Non-GAAP Selling, general and administrative expenses	$ 51.9	$ 48.9	$ 42.4	$ 47.8	$ 54.0
Operating expenses reconciliation:					
GAAP Operating expenses	$ 130.9	$ 148.3	$ 156.1	$ 163.0	$ 174.1
Stock-based compensation - Research and development expenses[1]	(4.3)	(5.1)	(4.3)	(5.6)	(5.1)
Stock-based compensation - Selling, general and administrative expenses[1]	(8.2)	(9.9)	(8.8)	(10.2)	(8.9)
Non-GAAP Operating expenses	$ 118.4	$ 133.2	$ 143.0	$ 147.1	$ 160.1
Income tax provision					
GAAP Income tax provision	$ 14.9	$ 20.7	$ 25.2	$ 16.3	$ 11.4
Income tax effect of stock-based compensation - Research and development[2]	1.0	1.1	1.0	1.3	1.1
Income tax effect of stock-based compensation - Selling, general and administrative[2]	1.8	2.2	2.0	2.3	2.0
Non-GAAP Income tax provision	$ 17.7	$ 24.1	$ 28.2	$ 19.8	$ 14.6

Amounts may not sum due to rounding

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GAAP to Non-GAAP Reconciliation (continued)

(in millions, except per share amounts)

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20
Net Income reconciliation:					
GAAP Net Income	$ 75.8	$ 79.0	$ 97.5	$ 68.7	$ 48.6
Stock-based compensation - Research and development[1]	4.3	5.1	4.3	5.6	5.1
Stock-based compensation - Selling, general and administrative[1]	8.2	9.9	8.8	10.2	8.9
Income tax effect of the stock-based compensation adjustments[2]	(2.8)	(3.4)	(3.0)	(3.6)	(3.2)
Non-GAAP Net Income	$ 85.5	$ 90.7	$ 107.6	$ 81.0	$ 59.4
Net Income per share - diluted:					
GAAP Net Income per share - diluted	$ 0.24	$ 0.25	$ 0.31	$ 0.22	$ 0.15
Stock-based compensation - Research and development[1]	0.01	0.02	0.01	0.02	0.02
Stock-based compensation - Selling, general and administrative[1]	0.03	0.03	0.03	0.03	0.03
Income tax effect of the stock-based compensation adjustments[2]	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Non-GAAP Net Income per share - diluted	$ 0.27	$ 0.29	$ 0.34	$ 0.26	$ 0.19
Shares used in computing net income per share, diluted	314.6	314.9	315.5	315.0	315.8

[1] Non-cash stock-based compensation expense used for GAAP reporting in accordance with ASC 718

[2] Income tax effect on the non-cash stock-based compensation expense adjustments

Amounts may not sum due to rounding

Collaboration Revenues

(in millions)

Partner	Compound	Description	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20
Roche (Genentech)	**COTELLIC**	**Profit Share & Royalties on Ex-U.S. sales**	**$ 2.5**	**$ 2.7**	**$ 2.7**	**$ 2.4**	**$ 2.7**
Ipsen Royalties	**Cabozantinib**	**Royalties on Ex-U.S. sales**	**$ 14.0**	**$ 14.9**	**$ 16.4**	**$ 17.0**	**$ 17.9**
Milestones:							
Ipsen	Cabozantinib	Amortization of Milestones Triggered prior to Q1'18	0.3	0.2	0.2	0.4	-
Ipsen	Cabozantinib	$50M M/S 1L RCC Approval	0.1	0.1	0.1	0.2	-
Ipsen	Cabozantinib	$40M M/S EMA 2L HCC Approval	0.1	-	0.1	0.1	-
Ipsen	Cabozantinib	$20M M/S initiation Phase 3 1L HCC	0.1	-	-	0.1	-
Ipsen	Cabozantinib	$50M Net sales 4 consecutive quarters >$250M	-	-	50.0	-	-
Ipsen	Cabozantinib	$3M MAA approval 1L RCC (Canada)	-	-	-	3.0	-
Ipsen	Cabozantinib	$2M MAA approval 2L HCC (Canada)	-	-	-	2.0	-
Takeda	Cabozantinib	$16M M/S Japan NDA filing 2L RCC [1]	9.4	0.1	0.2	0.2	0.1
Takeda	Cabozantinib	$10M M/S Japan NDA filing 2L HCC	-	-	-	9.1	-
Daiichi Sankyo	MR CS-3150/MINNEBRO	$20M M/S Launch of product	-	20.0	-	-	-
		Subtotal Milestones	**$ 10.0**	**$ 20.4**	**$ 50.6**	**$ 15.1**	**$ 0.1**
		Milestones License revenues	*$ 9.1*	*$ 20.0*	*$ 50.0*	*$ 14.1*	*$ -*
		Milestones Collaboration services revenues	*$ 1.0*	*$ 0.4*	*$ 0.6*	*$ 1.1*	*$ 0.1*
R&D Reimbursements & Other:							
Ipsen	Cabozantinib	R&D reimbursement and Product Supply	6.7	6.9	8.9	9.2	11.1
Ipsen	Cabozantinib	$200M Upfront fee	0.6	0.2	0.3	0.6	-
Takeda	Cabozantinib	R&D reimbursement and Product Supply	2.0	1.3	0.9	1	0.8
Takeda	Cabozantinib	$50M Upfront fee	0.1	0.1	0.1	0.1	0.1
Daiichi Sankyo & royalties	MR CS-3150/MINNEBRO		-	0.1	-	-	0.2
		Subtotal R&D Reimbursments & Other	**$ 9.4**	**$ 8.6**	**$ 10.2**	**$ 10.9**	**$ 12.2**
Total License revenues			**$ 25.6**	**$ 37.7**	**$ 69.1**	**$ 33.5**	**$ 20.9**
Total Collaboration services revenues			**$ 10.3**	**$ 8.9**	**$ 10.8**	**$ 11.9**	**$ 12.2**
TOTAL COLLABORATION REVENUES			**$ 35.9**	**$ 46.6**	**$ 79.9**	**$ 45.4**	**$ 33.0**

[1] Milestone amount has been updated in accordance with the Takeda Second Amendment to the Collaboration and License Agreement, executed on May 7, 2019

Adoption of ASU 2018-18 in Q1'20 impacted the presentation of our revenues. Net product revenues and license revenues are recorded in accordance with Topic 606 and presented separately from collaboration services revenues which are recorded in accordance with Topic 808.

Amounts may not sum due to rounding

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First Quarter 2020 Financial Results

Tuesday, May 5, 2020

Nasdaq: EXEL

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