

Second Quarter 2021 Financial Results

Thursday, August 5, 2021

Nasdaq: EXEL



Today's Agenda

Introduction

Susan Hubbard

EVP, Public Affairs and Investor Relations

Second Quarter 2021 Highlights and Development Update

Michael M. Morrissey, Ph.D.

President & CEO

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

Safe Harbor Statement

This presentation, including any oral presentation accompanying it, contains forward-looking statements, including, without limitation, statements related to: Exelixis' goal to exit 2020 with an annualized run-rate of approximately \$1.5 billion for U.S. RCC; Exelixis' planned discovery, development and regulatory activities for the remainder of 2021, including potential sNDA submissions in 1L HCC and mCRPC, pending positive regulatory feedback, the FDA's review of Exelixis' sNDA for DTC and related PDUFA date, continued progress on the late-stage COSMIC and CONTACT trials of cabozantinib-ICI combinations and on the XL092 development program, and moving small molecule and ADC discovery programs toward development candidate status; Exelixis' updated 2021 financial guidance; the therapeutic and commercial potential of CABOMETYX in combination with nivolumab in 1L RCC, driven by demand growth, growth in new patient market share and longer treatment duration for CABOMETYX; the potential that the updated NCCN RCC guidelines will support the launch of CABOMETYX in combination with nivolumab in RCC, and that the strong launch performance and early adoption of the combination position the cabozantinib franchise for significant revenue growth in 2021 and beyond; and Exelixis' plans to provide further updates regarding its ongoing mission to help cancer patients recover longer and live stronger. 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' clinical trial, drug discovery and commercial 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 and other Exelixis products; Exelixis' dependence on third-party vendors for the development, manufacture and supply of its products and product candidates; 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 August 5, 2021, 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.

Second Quarter 2021 Highlights and Development Update

Michael M. Morrissey, Ph.D.

President & CEO

Strong CABOMETYX® Revenue Growth and Development Progress in Q2

Strong performance of CABOMETYX + nivolumab combination in 1L RCC

- Record cabozantinib net product revenue and total revenue driven by strong demand for the combination across all segments of 1L RCC market
- 59% year-over-year net product revenue growth
- Near-term goal remains to exit 2022 with \$1.5B RCC annualized run-rate in the U.S., based on our launch assumptions, trajectory and duration of treatment

Advanced key 2021 discovery, development and regulatory activities

- Clinical data readouts from COSMIC-312/1L HCC and COSMIC-021 Cohort 6/mCRPC
 - Update to be provided on potential regulatory path following discussions with FDA
 - Data from both trials to be presented at upcoming medical meetings
- sNDA for COSMIC-311/DTC accepted by the FDA, PDUFA date of Dec. 4, 2021
- COSMIC and CONTACT pivotal studies evaluating cabozantinib-ICI combinations on track
- Significant progress with XL092 program; Phase 1 trials for XL102 and XB002 underway
- Efforts ongoing to discover new small molecule and ADC development candidates

Estimate more than 20,000 patients treated with cabozantinib globally each quarter*

1L = first-line
RCC = renal cell carcinoma
HCC = hepatocellular carcinoma

mCRPC = metastatic castration-resistant prostate cancer
sNDA = supplemental New Drug Application
DTC = differentiated thyroid cancer





FDA = U.S. Food and Drug Administration
PDUFA = Prescription Drug User Fee Act
ICI = immune checkpoint inhibitor

ADC = antibody-drug conjugate

*Source: Internal Exelixis data

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Updates from the Ongoing Phase 3 Development Program for Cabozantinib

Study	Setting	Status Update	Next Milestone(s)
 Cabozantinib	DTC RAI refractory, up to 2 prior VEGFR TKIs	Analysis in Q4 2020: Trial met primary endpoint of PFS; Q1 2021: FDA granted Breakthrough Therapy Designation; Q3 2021: sNDA submission accepted by U.S. FDA	PDUFA Date: Dec. 4, 2021
 Cabozantinib + Atezolizumab	1L aHCC	Q2 2021: Top-line analysis announced, study met primary endpoint PFS, trend toward OS	Discuss data with FDA; File sNDA in Q4 2021, FDA-dependent
 Cabozantinib + Nivolumab + Ipilimumab	1L aRCC IMDC intermediate and poor risk	Global enrollment completed in March 2021	Event-driven analysis in late 2021/early 2022
 Cabozantinib + Atezolizumab	Multiple Tumors	Expanded cohorts in mCRPC (Cohort 6) and ICI-pretreated NSCLC (Cohort 7) fully enrolled Q2 2021: Final analysis of ORR by BIRC of Cohort 6	Discuss mCRPC data with FDA; File sNDA in 2H 2021, FDA-dependent
CONTACT.01 Cabozantinib + Atezolizumab	Metastatic NSCLC, after ICI and platinum chemo	Actively enrolling globally	Complete study enrollment
CONTACT.02 Cabozantinib + Atezolizumab	mCRPC, after one NHT	Actively enrolling globally	Complete study enrollment
CONTACT.03 Cabozantinib + Atezolizumab	aRCC, w/progression during or following ICI	Actively enrolling globally	Complete study enrollment

Diverse and Rapidly Evolving Early-stage Pipeline

Encompassing Multiple Modalities & Mechanisms across Small Molecules and Biologics

Program Name	Mechanism	Discovery / Preclinical	IND	Phase 1a	Phase 1b	Phase 2 / 3
XL092	Next-generation TKI targeting MET/VEGFR/AXL/MER					
XL102	Potent, selective, orally bioavailable CDK7 inhibitor					
XB002	Next-generation TF-targeting ADC					
XL114	Undisclosed					
Aurigene Collaboration Programs	Undisclosed					
StemSynergy Collaboration Program	CK1α activators					
StemSynergy Collaboration Program	Selective notch inhibitors					
Exelixis Discovery Programs	Undisclosed					
Biologics Programs <i>Invenra, NBE Therapeutics, Catalent, Gamamabs (AMRII) & Adagene Collaborations</i>	Undisclosed					

TKI = tyrosine kinase inhibitor
CDK7 = cyclin-dependent kinase 7
CK1α = casein kinase 1 alpha

TF = tissue factor
ADC = antibody-drug conjugate
IND = Investigational New Drug application

Strong CABOMETYX® Revenue Growth and Development Progress in Q2

Strong performance of CABOMETYX + nivolumab combination in 1L RCC

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*Source: Internal Exelixis data

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Financial Results & Guidance

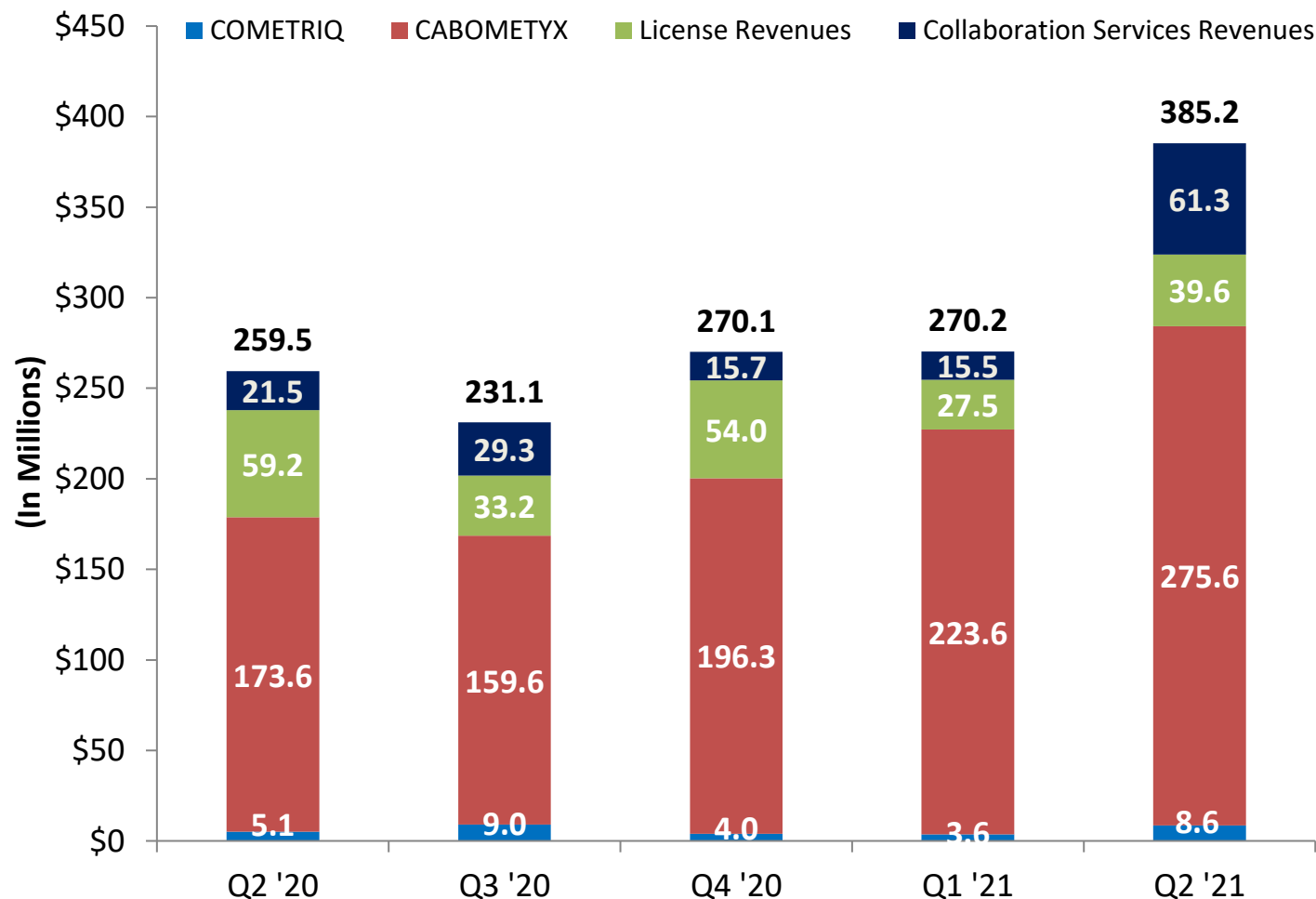
Chris Senner

EVP & CFO



Q2'21 Total Revenues

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

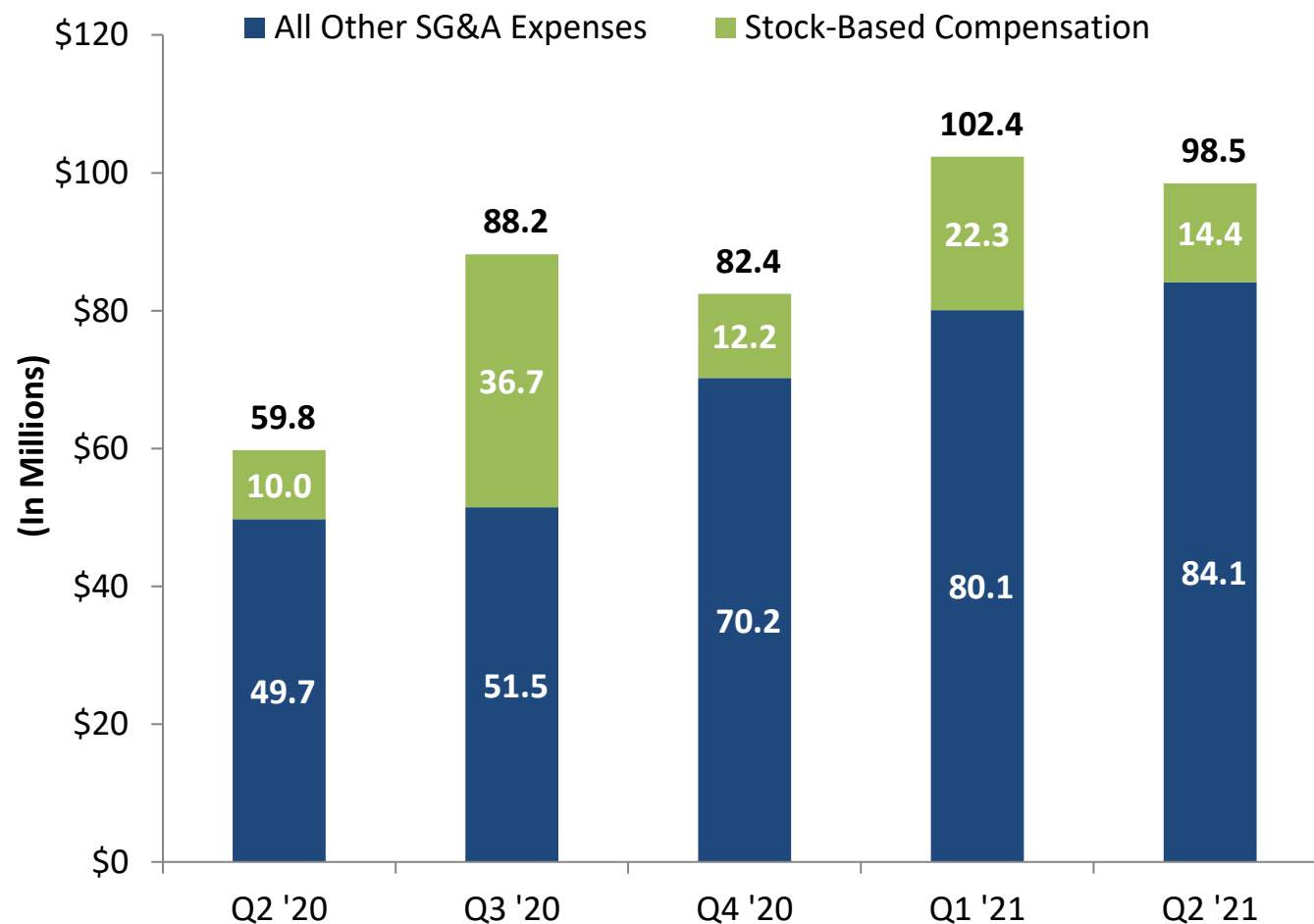


Q2'21 Notes

- \$284.2M in net product revenues
- Q2'21 license revenues include:
 - Cabozantinib royalties to Exelixis of \$24.9M
 - Development milestone of \$10.8M
- Q2'21 collaboration services revenues include \$46.0M related to Ipsen COSMIC-311 opt-in reimbursements

Q2'21 SG&A Expenses

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



Q2'21 Notes

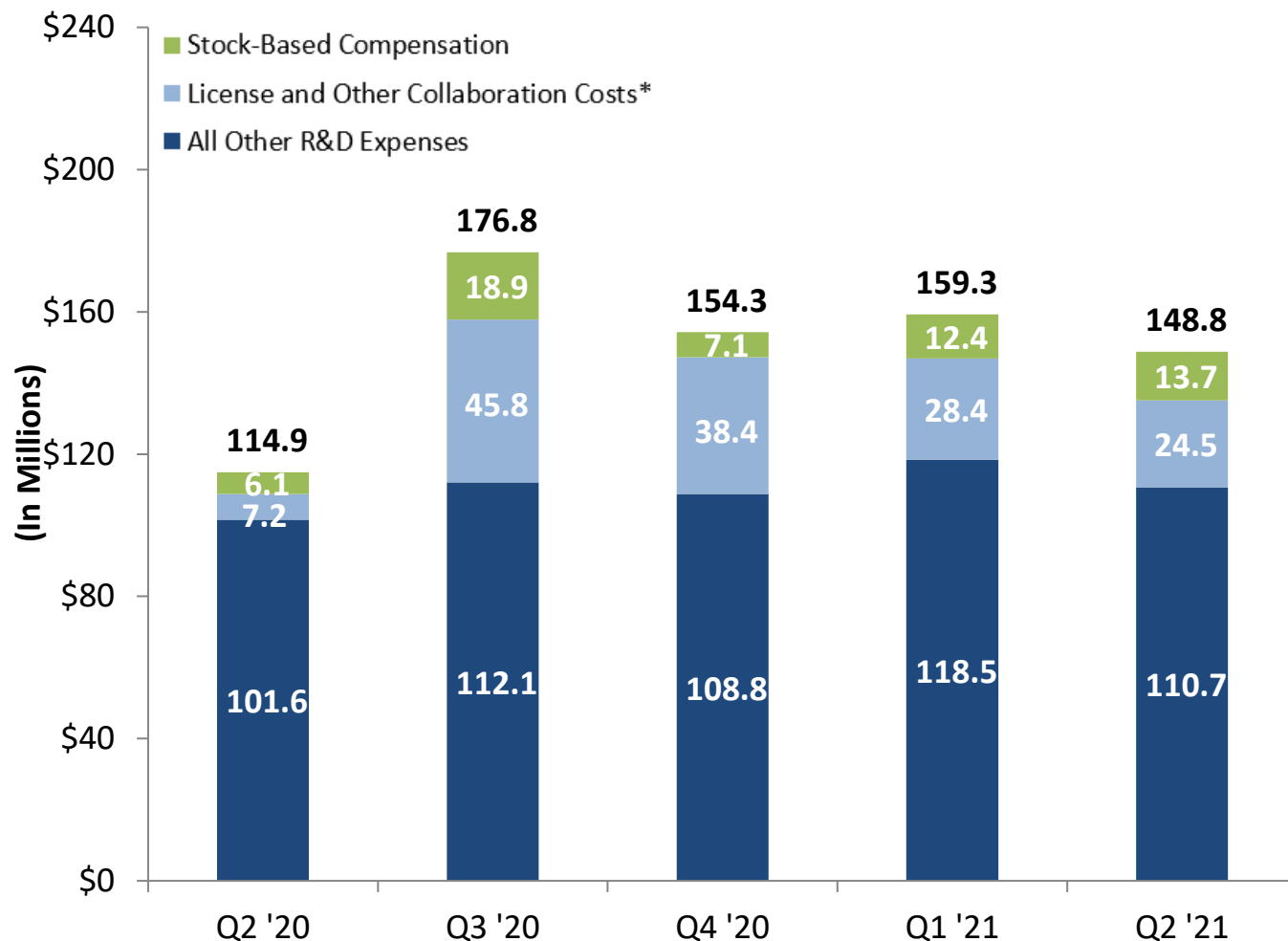
- GAAP SG&A expenses of \$98.5M
- Decrease in GAAP SG&A expenses vs. Q1'21 primarily due to lower stock-based compensation, partially offset by higher marketing spend
- Non-GAAP SG&A expenses of \$84.1M (excludes stock-based compensation expenses, before tax effect)

Amounts may not sum due to rounding

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

Q2'21 R&D Expenses

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



Q2'21 Notes

- GAAP R&D expenses of \$148.8M
- Decrease in R&D expenses vs. Q1'21 primarily due to lower clinical trials and license and other collaboration costs
 - License and other collaboration costs include \$14.0M of expense related to GamaMabs asset acquisition
- Non-GAAP R&D expenses of \$135.1M (excludes stock-based compensation expenses, before tax effect)

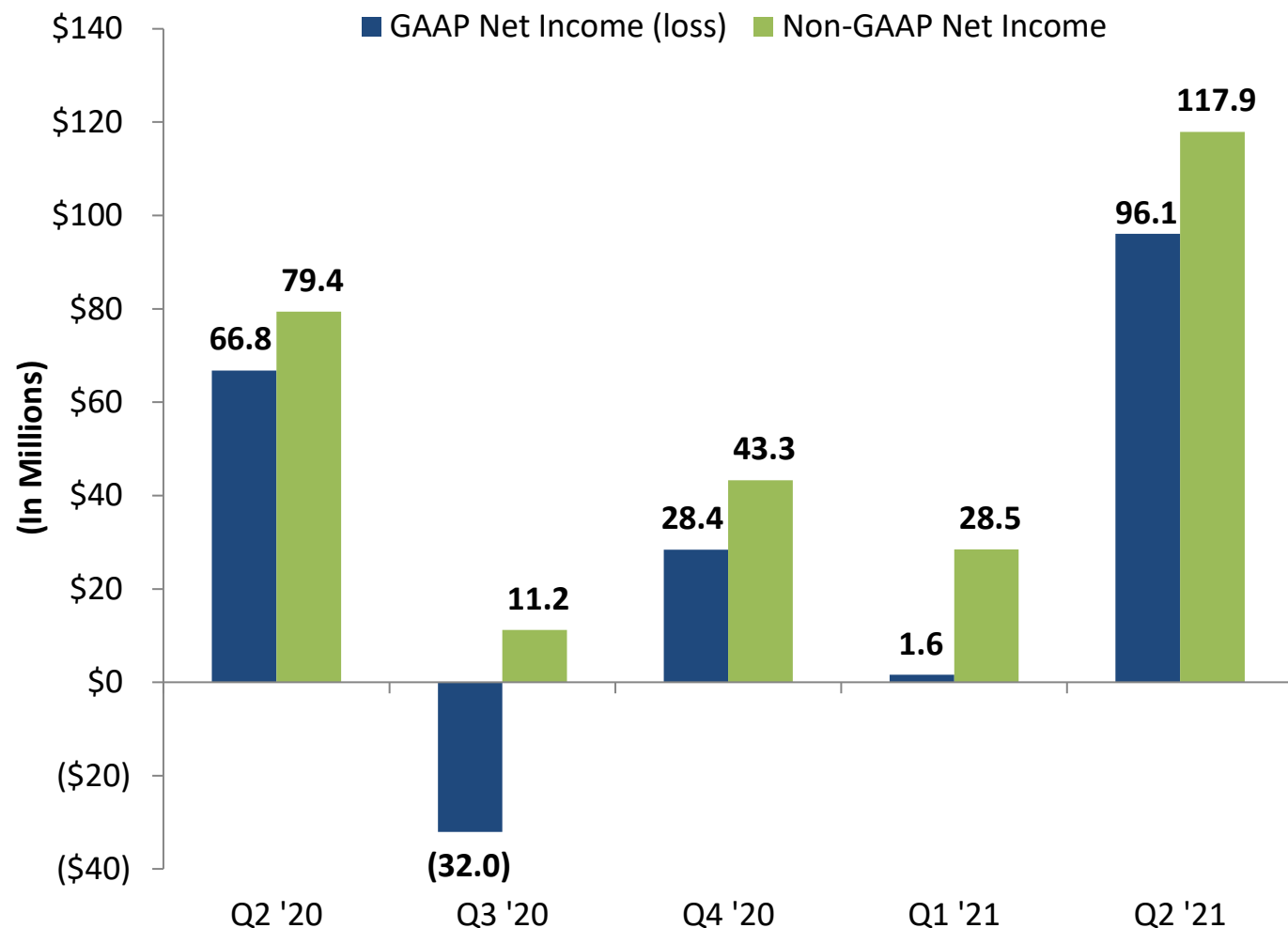
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A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

*License and other collaboration costs include upfront, option exercise, program initiation, and development milestone fees; R&D funding for certain of our collaboration and licensing agreements; and asset acquisition costs.

Q2'21 Net Income (Loss)

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

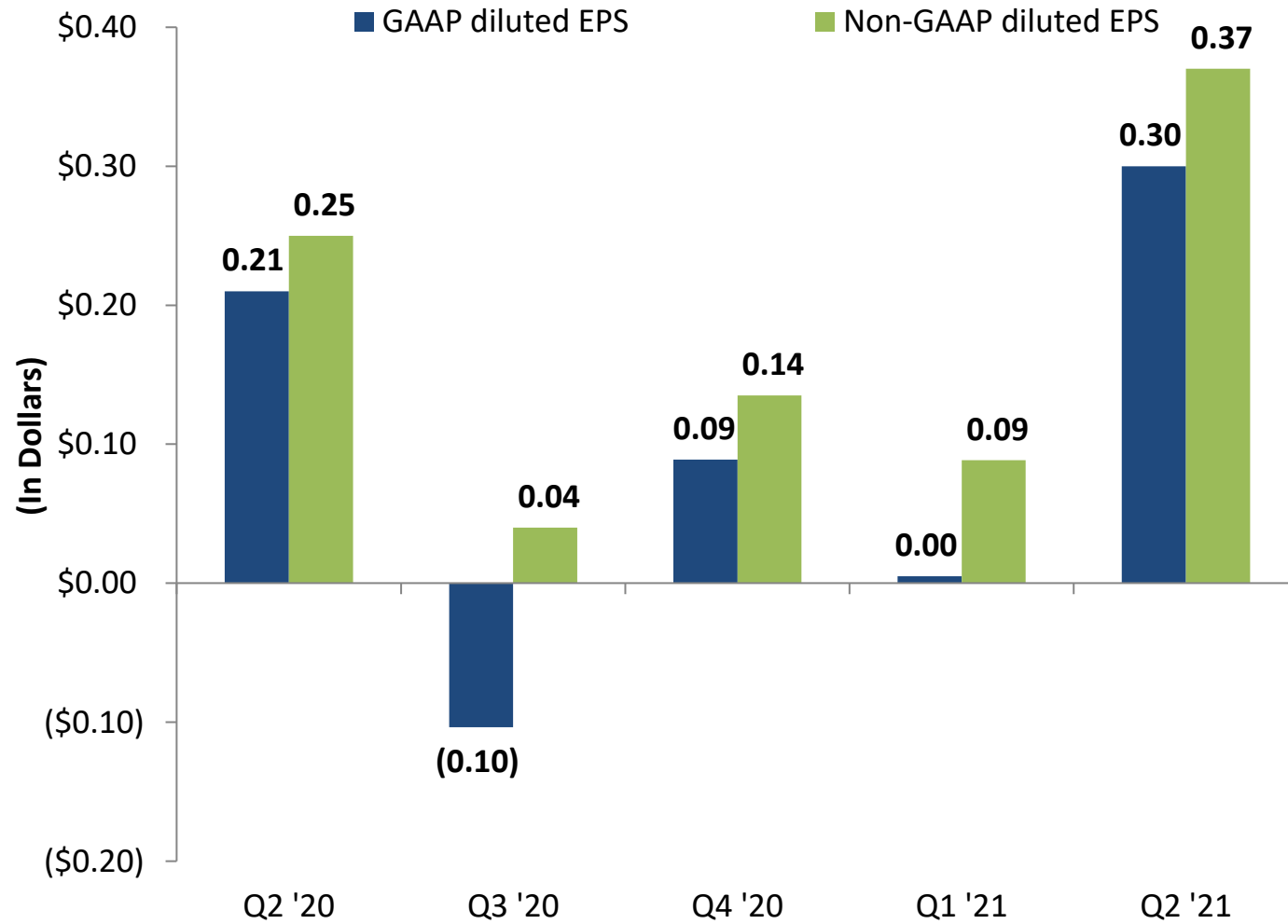


Q2'21 Notes

- GAAP net income of \$96.1M
- Increase in GAAP net income vs. Q1'21 primarily due to higher net product revenues and collaboration services revenues
- Non-GAAP net income of \$117.9M (excludes stock-based compensation expenses, net of tax effect)

Q2'21 Diluted Earnings (Loss) Per Share

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



Q2'21 Notes

- GAAP diluted earnings per share of \$0.30
- Increase in GAAP EPS vs. Q1'21 primarily due to higher net product revenues and collaboration services revenues
- Non-GAAP diluted EPS of \$0.37 (excludes stock-based compensation expenses, net of tax effect)

GAAP Financial Highlights: Q2'21

(in millions, except per share amounts)

	<u>Q2'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>YoY Delta</u>	<u>QoQ Delta</u>
Total revenues	\$259.5 M	\$270.2 M	\$385.2 M	+48%	+43%
Cost of goods sold	\$9.2 M	\$13.2 M	\$14.9 M	+61%	+13%
R&D expenses	\$114.9 M	\$159.3 M	\$148.8 M	+29%	-7%
SG&A expenses	\$59.8 M	\$102.4 M	\$98.5 M	+65%	-4%
Total operating expenses	\$183.9 M	\$274.8 M	\$262.2 M	+43%	-5%
Other income, net	\$5.2 M	\$2.6 M	\$1.9 M	-64%	-27%
Income tax provision (benefit)	\$13.9 M	\$(3.6) M	\$28.8 M	+108%	n/a
Net income	\$66.8 M	\$1.6 M	\$96.1 M	+44%	n/a
Net income per share, diluted	\$0.21	\$0.00	\$0.30	+43%	n/a
Ending cash and investments⁽¹⁾	\$1,540.2 M	\$1,564.1 M	\$1,739.1 M	+13%	+11%

n/a = not applicable

Amounts may not sum due to rounding

⁽¹⁾ Cash and Investments is composed of cash, cash equivalents, restricted cash equivalents and investments

Fiscal Year 2021 Financial Guidance*

	Current Guidance <i>(updated on August 5, 2021)</i>	Previous Guidance <i>(as provided on May 6, 2021)</i>
Total Revenues	\$1,300M - \$1,400M	\$1,150M - \$1,250M
Net Product Revenues	\$1,050M - \$1,150M	\$950M - \$1,050M
Cost of Goods Sold	5% - 6% of net product revenues	5% - 6% of net product revenues
R&D Expenses	\$650M - \$700M Includes \$45M in non-cash stock-based compensation	\$600M - \$650M Includes \$45M in non-cash stock-based compensation
SG&A Expenses	\$375M - \$425M Includes \$60M in non-cash stock-based compensation	\$375M - \$425M Includes \$60M in non-cash stock-based compensation
Effective Tax Rate	20% - 22%	20% - 22%
Cash and Investments^{(1) (2)} (at year-end 2021)	\$1.7B - \$1.8B	\$1.6B - \$1.7B

*The financial guidance reflects U.S. GAAP amounts.

⁽¹⁾This cash and investments guidance does not include any potential new business development activity.

⁽²⁾ Cash and Investments is composed of cash, cash equivalents, restricted cash equivalents and investments

Commercial Update

PJ Haley

EVP, Commercial



CABOMETYX: Significant Adoption in 1H 2021

CABOMETYX + nivolumab

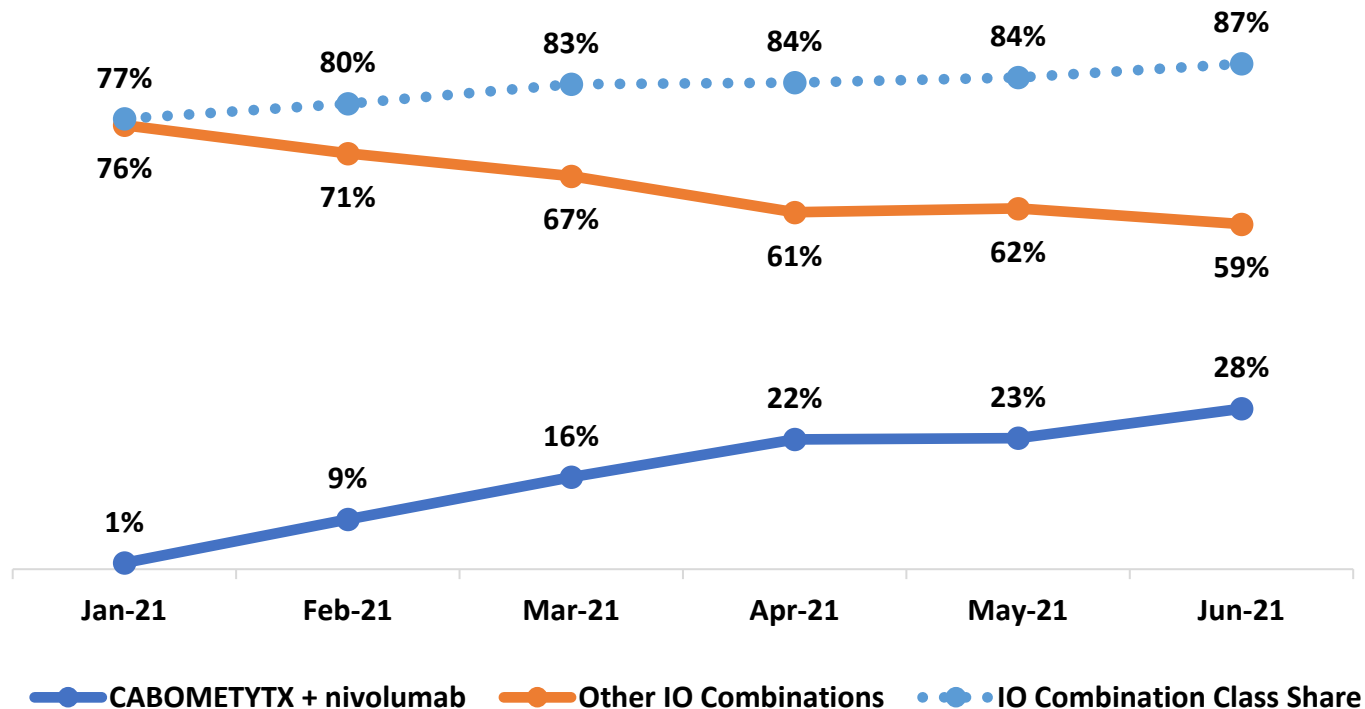
*Strong differentiation
vs other ICI combination
therapies currently
available*

- Growth driven by CABOMETYX + nivolumab 1L launch
- CABOMETYX 1L RCC market share has grown significantly
- CABOMETYX 1L RCC uptake is broad
- 2L monotherapy share remained stable in Q2
- CABOMETYX was the #1 prescribed TKI in RCC market in Q2'21

Strong launch performance and early adoption position CABOMETYX for strong growth

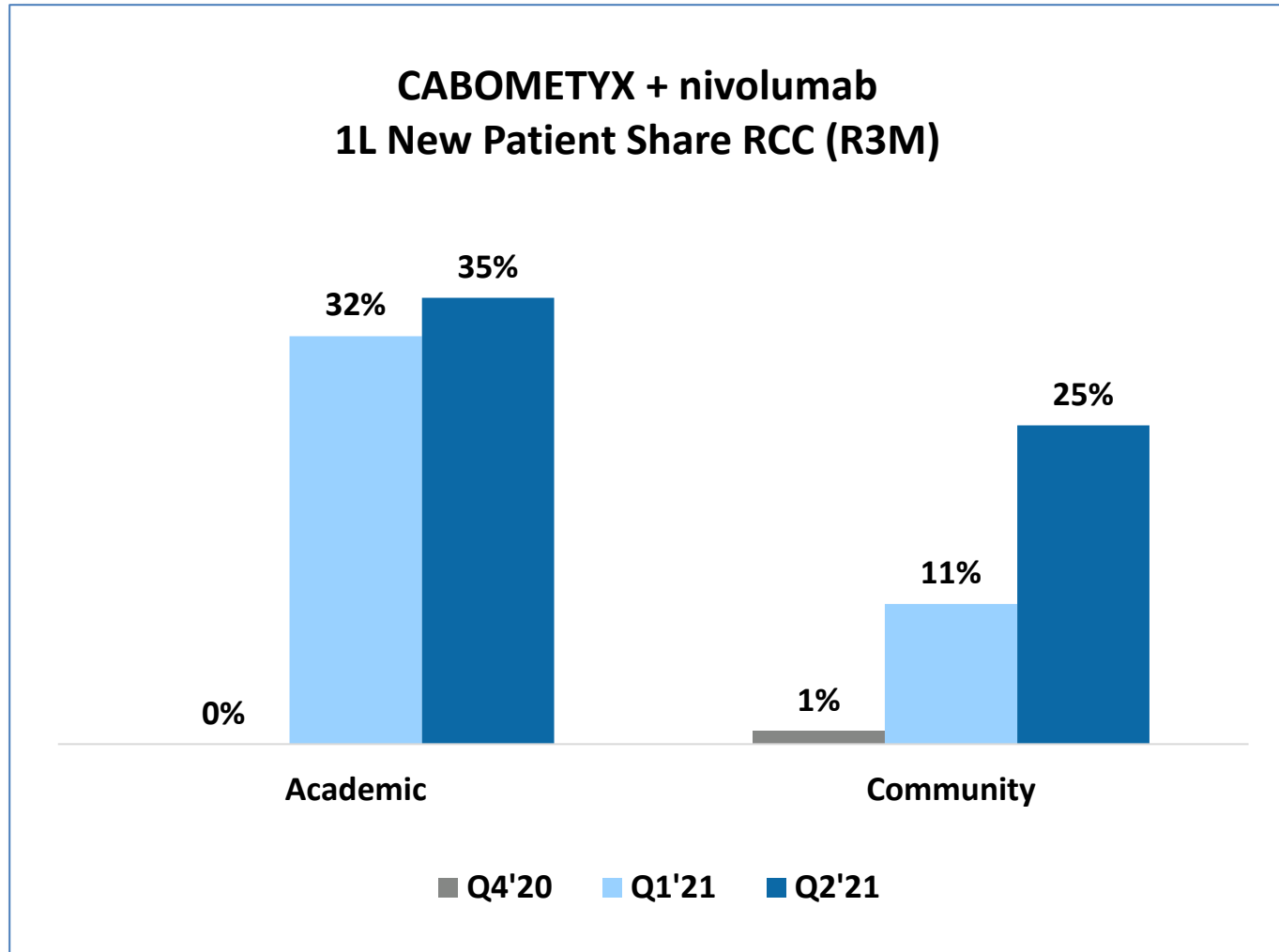
CABOMETYX + Nivolumab Uptake Driving Expansion of ICI Class in 1L RCC

1L New Patient Share in 1L RCC (R3M)



- CABOMETYX achieved significant 1L RCC new patient share in combination with nivolumab since approval on Jan. 22, 2021
- Q2 market share was 28%
- CABOMETYX + nivolumab has taken share from all competitors
- CABOMETYX + nivolumab has also increased overall market penetration of ICI combinations in the 1L setting

Broad Adoption in Academic and Community Settings



- Increased new patient share among academic prescribers
- More than doubling of new patient share in community setting
- Adoption across all patient risk groups

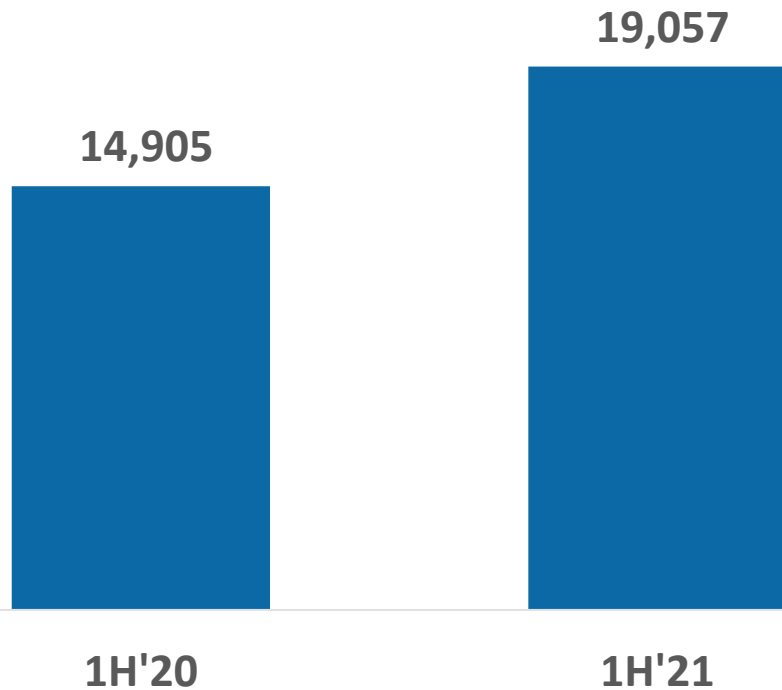
CABOMETYX + Nivolumab Offers a Balance of Data to RCC Providers and Patients



- Early and sustained improvement in OS with consistent benefit across all IMDC risk groups and subgroups
- Low discontinuation rate with simple dose adjustments to help manage adverse events
- Favorable quality of life data

Launch of CABOMETYX + Nivolumab Represents Inflection Point in Demand

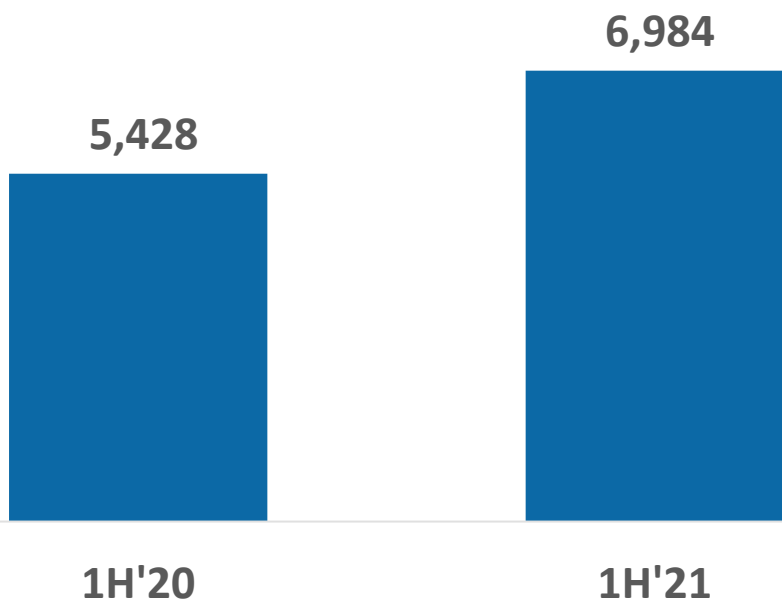
CABOMETYX TRx



- Strong demand growth in 1H 2021
 - 1H'21 vs. 1H'20 TRx Growth: +28%
- Demand growth driven by successful launch of CABOMETYX + nivolumab in 1L RCC
- Inflection in demand driven by new patient starts and refills in 1L setting (stable dynamics in 2L)

New Patient Starts Growth Driven by CABOMETYX + Nivolumab

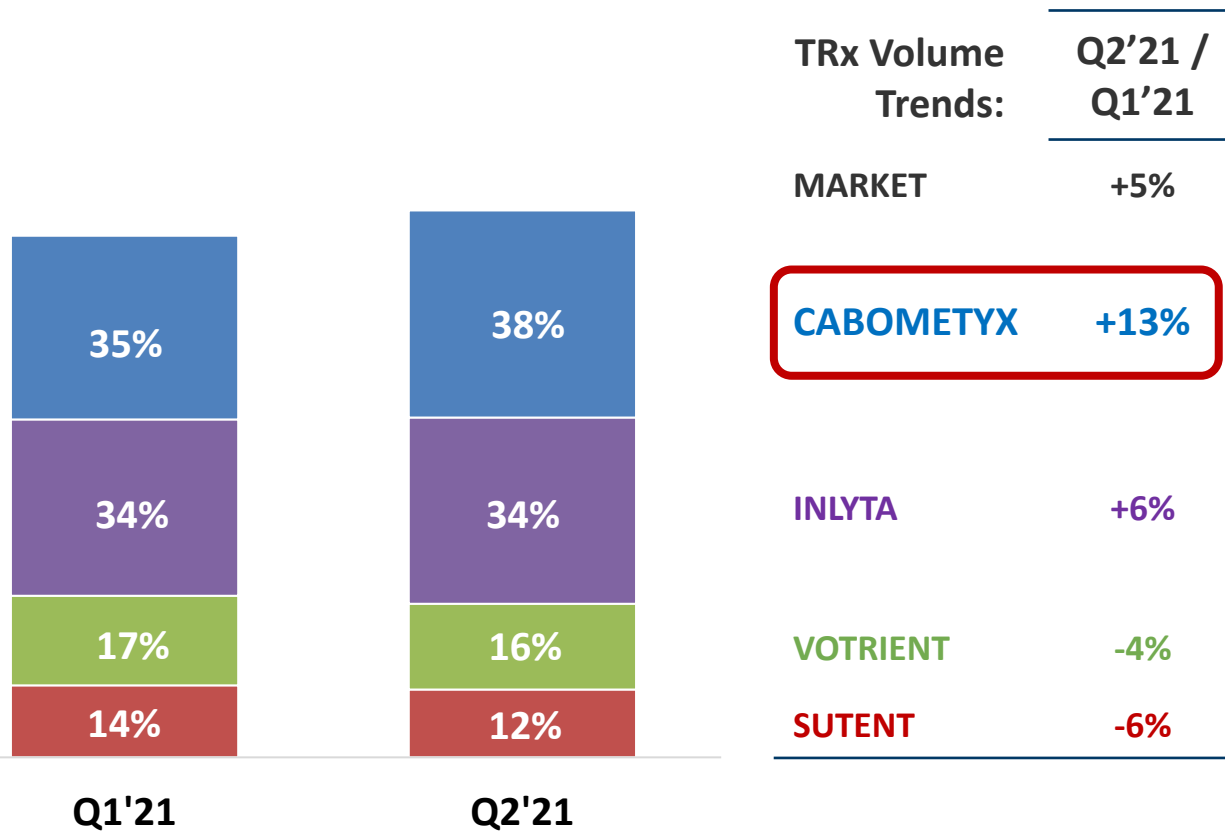
CABOMETYX NRx



- Strong NRx growth in 1H 2021
 - 1H'21 vs. 1H'20 NRx Growth: +29%
 - NRx stable Q2/Q1 despite TKI NRx market declining 5%
 - Internal data for NPS show larger increase than NRx
- Nearly doubling of 40 mg NPS since launch in January
- 2L monotherapy new patient share is stable, while 3L+ is declining as CABOMETYX is being used in earlier lines of therapy

CABOMETYX Business Summary - #1 TKI in RCC

TRx Market Share of TKIs



- CABOMETYX was the #1 prescribed TKI in RCC market in Q2'21
- Strong TRx market share growth driven by adoption of CABOMETYX + nivolumab in 1L RCC
- TKI TRx market increased by 5% in Q2'21

CABOMETYX Now NCCN Preferred Across Both 1L Clear and Non-Clear Cell RCC

NCCN National Comprehensive Cancer Network® **NCCN Guidelines Version 1.2022** **Kidney Cancer** [NCCN Guidelines Index](#) [Table of Contents](#) [Discussion](#)

PRINCIPLES OF SYSTEMIC THERAPY FOR RELAPSE OR STAGE IV DISEASE

FIRST-LINE THERAPY FOR CLEAR CELL HISTOLOGY			
Risk	Preferred Regimens	Other Recommended Regimens	Useful in Certain Circumstances
Favorable ^a	<ul style="list-style-type: none"> Axitinib + pembrolizumab^b (category 1) Cabozantinib + nivolumab^b (category 1) Lenvatinib + pembrolizumab^b (category 1) 	<ul style="list-style-type: none"> Axitinib + avelumab^b Cabozantinib (category 2B) Ipilimumab + nivolumab^b Pazopanib Sunitinib 	<ul style="list-style-type: none"> Active surveillance^c Axitinib (category 2B) High-dose IL-2^d (category 2B)
Poor/intermediate ^a	<ul style="list-style-type: none"> Axitinib + pembrolizumab^b (category 1) Cabozantinib + nivolumab^b (category 1) Ipilimumab + nivolumab^b (category 1) Lenvatinib + pembrolizumab^b (category 1) Cabozantinib 	<ul style="list-style-type: none"> Axitinib + avelumab^b Pazopanib Sunitinib 	<ul style="list-style-type: none"> Axitinib (category 2B) High-dose IL-2^d (category 3) Temsirolimus^e (category 3)

SUBSEQUENT THERAPY FOR CLEAR CELL HISTOLOGY

Preferred Regimens	Other Recommended Regimens	Useful in Certain Circumstances
<ul style="list-style-type: none"> Cabozantinib (category 1) Lenvatinib + everolimus (category 1) Nivolumab^b (category 1) 	<ul style="list-style-type: none"> Axitinib Axitinib + avelumab^b Cabozantinib Ipilimumab Lenvatinib Pazopanib Sunitinib Tivozanib Axitinib 	

NCCN Guidelines updated on 7/1/21 to list CABOMETYX as a preferred regimen for Non-Clear Cell RCC based on PAPMET trial

NCCN National Comprehensive Cancer Network® **NCCN Guidelines Version 1.2022** **Kidney Cancer** [NCCN Guidelines Index](#) [Table of Contents](#) [Discussion](#)

PRINCIPLES OF SYSTEMIC THERAPY FOR RELAPSE OR STAGE IV DISEASE

SYSTEMIC THERAPY FOR NON-CLEAR CELL HISTOLOGY ^h		
Preferred Regimens	Other Recommended Regimens	Useful in Certain Circumstances
<ul style="list-style-type: none"> Clinical trial Cabozantinib Sunitinib 	<ul style="list-style-type: none"> Lenvatinib + everolimus Nivolumab^b Pembrolizumab^b 	<ul style="list-style-type: none"> Axitinib Bevacizumab^f Bevacizumab^f + erlotinib for selected patients with advanced papillary RCC including hereditary leiomyomatosis and renal cell carcinoma (HLRCC)-associated RCC Bevacizumab^f + everolimus Erlotinib Everolimus Pazopanib Temsirolimus^g (category 1 for poor-prognosis risk group; category 2A for other risk groups)

CABOMETYX NCCN-preferred as a single agent and in combination

1L = first-line

RCC = renal cell carcinoma

NCCN = National Comprehensive Cancer Network

CABOMETYX: Significant Adoption in 1H 2021

CABOMETYX + nivolumab

*Strong differentiation
vs other ICI combination
therapies currently
available*

- **Growth driven by CABOMETYX + nivolumab 1L launch**
 - TRx growth: +28% 1H 2021 / 1H 2020
 - NRx growth: +29% 1H 2021 / 1H 2020
- **CABOMETYX 1L RCC market share has grown significantly**
 - Q2'21 1L combination New Patient Share = 28%
- **CABOMETYX 1L RCC uptake is broad**
 - Strong uptake in academic and community
 - Adoption across all patient risk groups
- **2L monotherapy share remained stable in Q2**
- **CABOMETYX was the #1 prescribed TKI in RCC market in Q2'21**

Strong launch performance and early adoption position CABOMETYX for strong growth

Closing

Michael M. Morrissey, Ph.D.

President and CEO



Strong Second Quarter 2021 Results and Progress

- Record cabozantinib net product revenues and total revenues
- Updated Full Year 2021 financial guidance
- Progress across ongoing cabozantinib pivotal trials
- Growing clinical development program for XL092
- Diverse and rapidly maturing early-stage pipeline: XL102, XB002 and potential development candidates

Thank You, Gisela!

15+ Years of Dedication to Exelixis and the Patients We Serve



Gisela M. Schwab, M.D.

President, Product Development and
Medical Affairs and Chief Medical Officer

- An outstanding CMO, colleague and friend
- A proven leader, team builder, and mentor with a sharp eye for talent
- An indelible impact on our company and the oncology community at large

Q&A Session



Second Quarter 2021 Financial Results

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Financial Appendix



Non-GAAP Financial Highlights: Q2'21

(in millions, except per share amounts)

	<u>Q2'20</u>	<u>Q1'21</u>	<u>Q2'21</u>	<u>YoY Delta</u>	<u>QoQ Delta</u>
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Cost of goods sold	\$9.2 M	\$13.2 M	\$14.9 M	+61%	+13%
R&D expenses ^{(a)(b)}	\$108.8 M	\$146.9 M	\$135.1 M	+24%	-8%
SG&A expenses ^{(a)(b)}	\$49.7 M	\$80.1 M	\$84.1 M	+69%	+5%
Total operating expenses ^{(a)(b)}	\$167.8 M	\$240.2 M	\$234.1 M	+40%	-3%
Other income, net	\$5.2 M	\$2.6 M	\$1.9 M	-64%	-27%
Income tax provision ^(a)	\$17.5 M	\$4.2 M	\$35.0 M	+100%	+739%
Net income ^(a)	\$79.4 M	\$28.5 M	\$117.9 M	+49%	+314%
Net income per share, diluted ^(a)	\$0.25	\$0.09	\$0.37	+48%	+311%
Ending cash and investments ^(c)	\$1,540.2 M	\$1,564.1 M	\$1,739.1 M	+13%	+11%

Amounts may not sum due to rounding

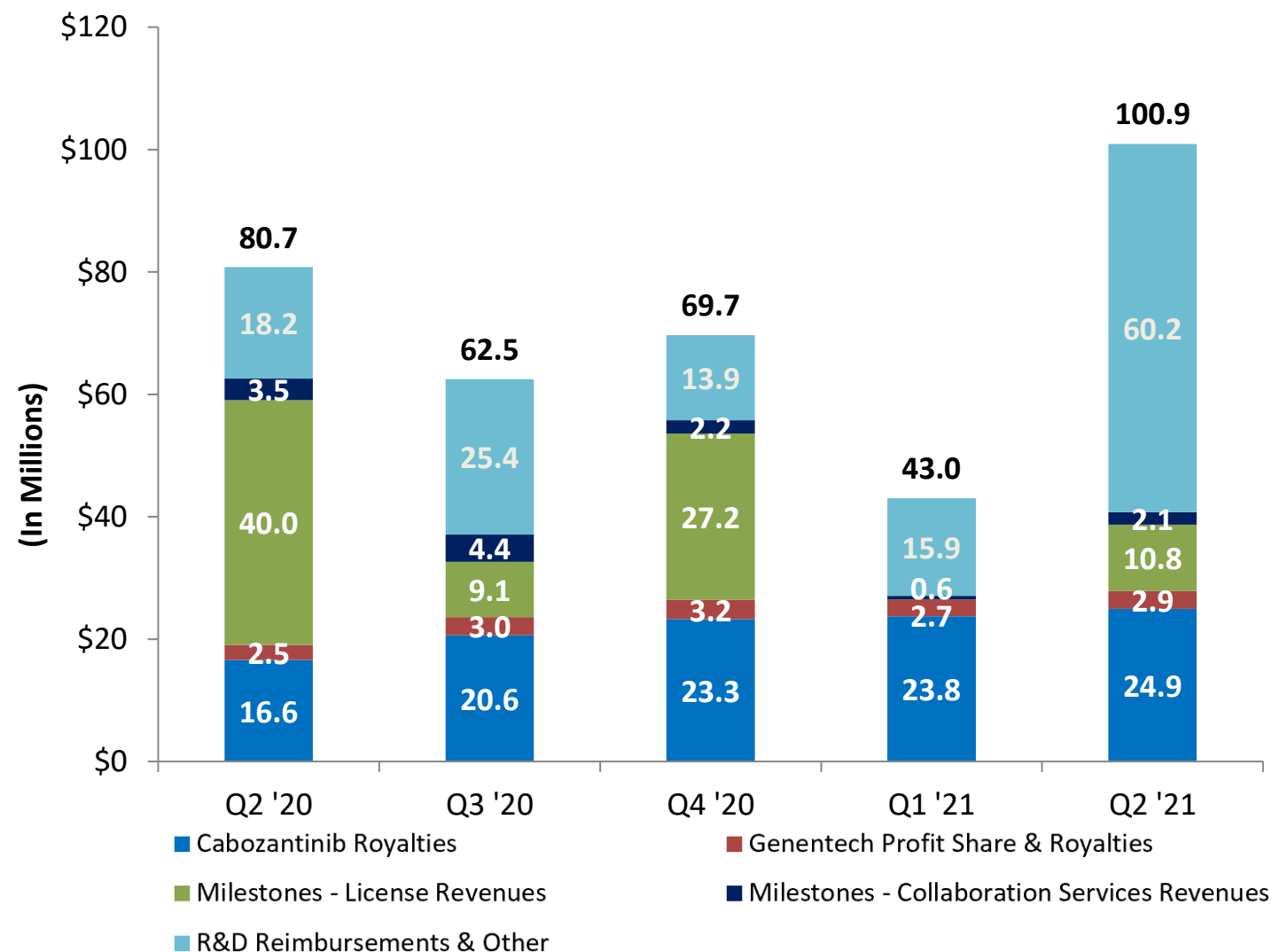
^(a) A reconciliation of our GAAP to non-GAAP financial results is at the end of this presentation.

^(b) Amounts reflect non-GAAP adjustment before tax effect

^(c) Cash and Investments is composed of cash, cash equivalents, restricted cash equivalents and investments

Collaboration Revenues Detail

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



Q2'20 – Q2'21 Notes

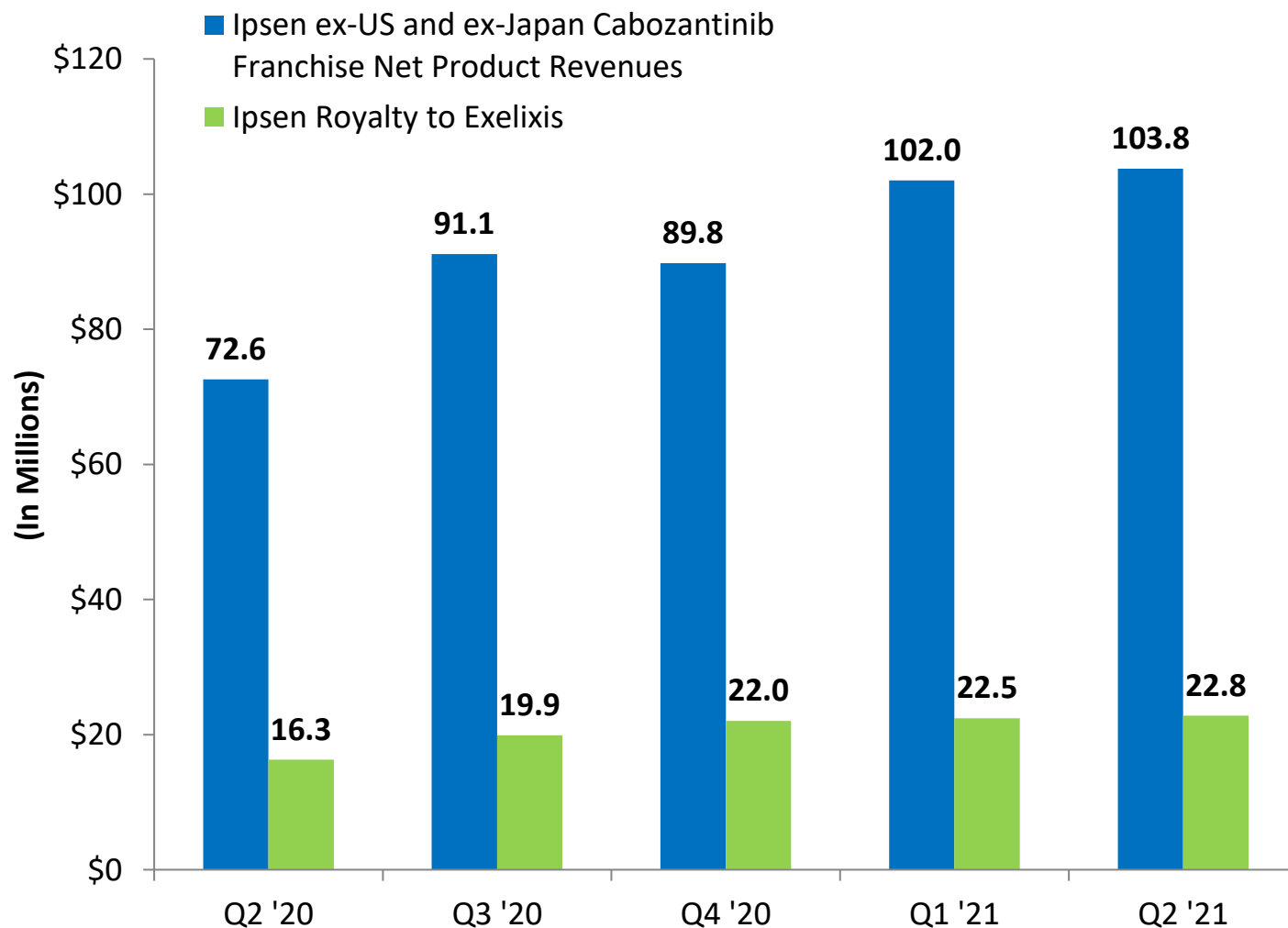
- Q2'21 cabozantinib royalties to Exelixis of \$24.9M
- Genentech collaboration:
 - Q2'21 ex-US COTELLIC® royalties \$0.8M
 - Q2'21 US COTELLIC® profit share \$2.2M
- Significant milestone revenues by quarter:
 - Q2'21: Development milestone
 - Q1'21: No new milestone license revenues recognized
 - Q4'20: Takeda 2L HCC 1st commercial sale and initiation of two phase 3 clinical trials
 - Q3'20: Takeda regulatory filing 1L RCC (9ER)
 - Q2'20: Takeda RCC 1st commercial sale and Ipsen Tier 1 additional indication for initiation of phase 3

1L = first-line
2L = second-line
RCC = renal cell carcinoma
HCC = hepatocellular carcinoma

Amounts may not sum due to rounding

Ipsen Royalties

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

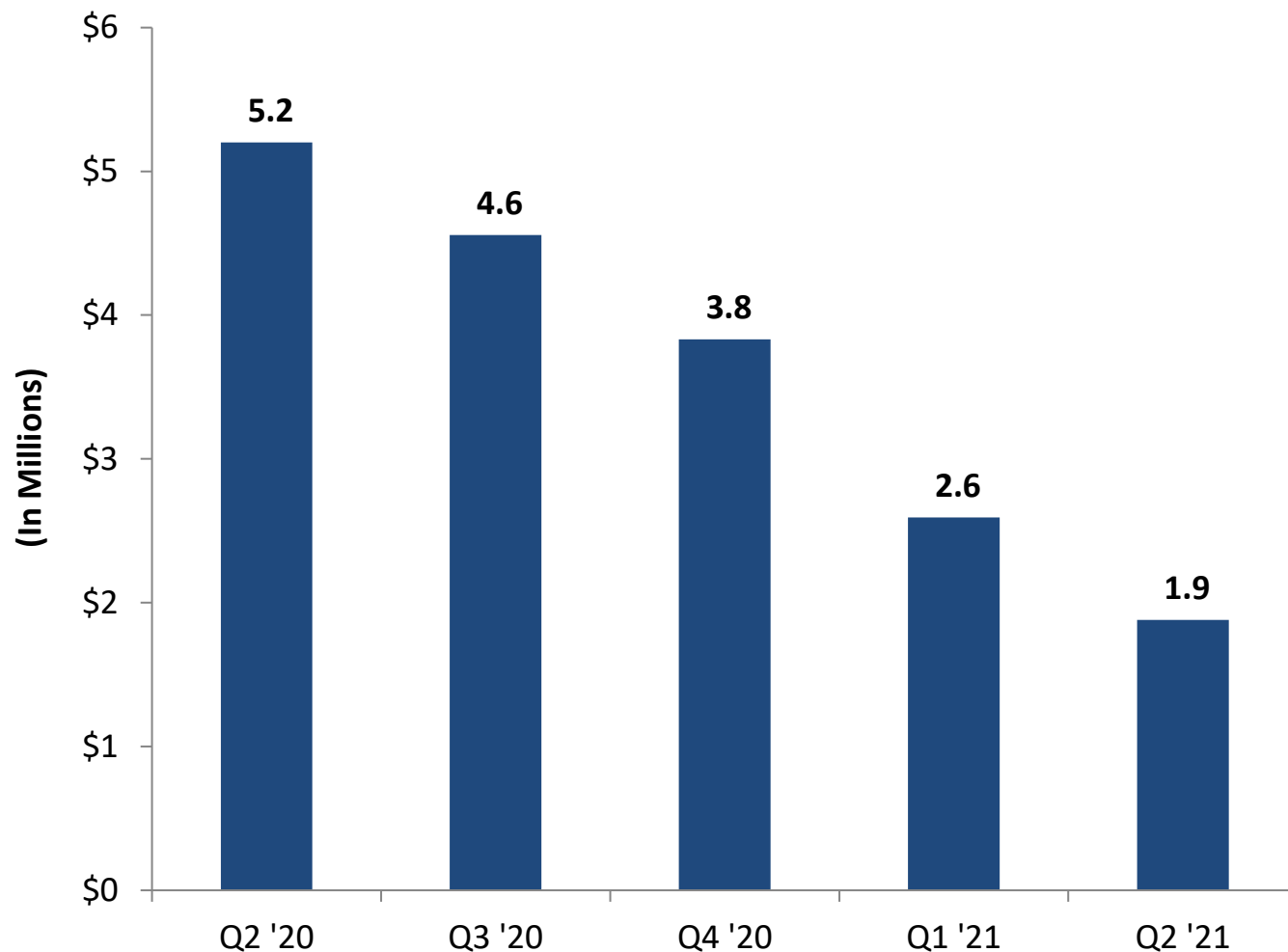


Q2'21 Notes

- Q2'21 Ipsen ex-U.S. and ex-Japan Cabozantinib franchise net product revenues of \$103.8M
- Q2'21 Ipsen royalty to Exelixis of \$22.8M

Other Income, net

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



Q2'21 Notes

- Other income, net in Q2'21 of \$1.9M, primarily consists of interest income from cash and investments
- Decrease in other income, net vs Q1'21 due to declining yields from cash and investments*
- Past five quarters primarily reflect interest income

GAAP to Non-GAAP Reconciliation

(in millions, except per share amounts)

Non-GAAP Financial Measures

To supplement Exelisis' financial results presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), Exelisis 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 Exelisis for the periods specified, along with reconciliations of the non-GAAP financial measures presented to the most directly comparable GAAP measures. Exelisis believes that the presentation of these non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors. In particular, Exelisis 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 Exelisis' results from period to period, and to identify operating trends in Exelisis' business. Exelisis 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. Exelisis 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 Exelisis' business. Reconciliations between GAAP and non-GAAP results are presented in the tables that follow.

	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
<u>Research and development expenses reconciliation:</u>					
GAAP Research and development expenses	\$ 114.9	\$ 176.8	\$ 154.3	\$ 159.3	\$ 148.8
Stock-based compensation expenses ⁽¹⁾	(6.1)	(18.9)	(7.1)	(12.4)	(13.7)
Non-GAAP Research and development expenses	<u>\$ 108.8</u>	<u>\$ 157.8</u>	<u>\$ 147.2</u>	<u>\$ 146.9</u>	<u>\$ 135.1</u>
<u>Selling, general and administrative expenses reconciliation:</u>					
GAAP Selling, general and administrative expenses	\$ 59.8	\$ 88.2	\$ 82.4	\$ 102.4	\$ 98.5
Stock-based compensation expenses ⁽¹⁾	(10.0)	(36.7)	(12.2)	(22.3)	(14.4)
Non-GAAP Selling, general and administrative expenses	<u>\$ 49.7</u>	<u>\$ 51.5</u>	<u>\$ 70.2</u>	<u>\$ 80.1</u>	<u>\$ 84.1</u>
<u>Operating expenses reconciliation:</u>					
GAAP Operating expenses	\$ 183.9	\$ 273.7	\$ 245.8	\$ 274.8	\$ 262.2
Stock-based compensation - Research and development expenses ⁽¹⁾	(6.1)	(18.9)	(7.1)	(12.4)	(13.7)
Stock-based compensation - Selling, general and administrative expenses ⁽¹⁾	(10.0)	(36.7)	(12.2)	(22.3)	(14.4)
Non-GAAP Operating expenses	<u>\$ 167.8</u>	<u>\$ 218.0</u>	<u>\$ 226.5</u>	<u>\$ 240.2</u>	<u>\$ 234.1</u>
<u>Income tax provision</u>					
GAAP Income tax provision (benefit)	\$ 13.9	\$ (6.0)	\$ (0.3)	\$ (3.6)	\$ 28.8
Income tax effect of stock-based compensation - Research and development ⁽²⁾	1.4	4.2	1.6	2.8	3.0
Income tax effect of stock-based compensation - Selling, general and administrative ⁽²⁾	2.3	8.2	2.8	5.0	3.2
Non-GAAP Income tax provision	<u>\$ 17.5</u>	<u>\$ 6.4</u>	<u>\$ 4.1</u>	<u>\$ 4.2</u>	<u>\$ 35.0</u>

GAAP to Non-GAAP Reconciliation (continued)

(in millions, except per share amounts)

	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>Q1'21</u>	<u>Q2'21</u>
<u>Net Income (loss) reconciliation:</u>					
GAAP Net Income (loss)	\$ 66.8	\$ (32.0)	\$ 28.4	\$ 1.6	\$ 96.1
Stock-based compensation - Research and development ⁽¹⁾	6.1	18.9	7.1	12.4	13.7
Stock-based compensation - Selling, general and administrative ⁽¹⁾	10.0	36.7	12.2	22.3	14.4
Income tax effect of the stock-based compensation adjustments ⁽²⁾	(3.6)	(12.4)	(4.3)	(7.8)	(6.2)
Non-GAAP Net Income	<u>\$ 79.4</u>	<u>\$ 11.2</u>	<u>\$ 43.3</u>	<u>\$ 28.5</u>	<u>\$ 117.9</u>
<u>Net Income (loss) per share, diluted:</u>					
GAAP Net Income (loss) per share, diluted	\$ 0.21	\$ (0.10)	\$ 0.09	\$ 0.00	\$ 0.30
Stock-based compensation - Research and development ⁽¹⁾	0.02	0.06	0.02	0.04	0.04
Stock-based compensation - Selling, general and administrative ⁽¹⁾	0.03	0.12	0.04	0.07	0.04
Income tax effect of the stock-based compensation adjustments ⁽²⁾	(0.01)	(0.04)	(0.01)	(0.02)	(0.02)
Non-GAAP Net Income per share, diluted	<u>\$ 0.25</u>	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.09</u>	<u>\$ 0.37</u>
Weighted-average shares used to compute GAAP net income (loss) per share, diluted	318.1	309.1	319.5	321.3	322.9
Weighted-average shares used to compute non-GAAP earnings per share, diluted	318.1	318.5	319.5	321.3	322.9

⁽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

Collaboration Revenues

(in millions)

Partner	Compound	Description	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Roche (Genentech)	COTELLIC	Profit Share & Royalties on Ex-U.S. sales	\$ 2.5	\$ 3.0	\$ 3.2	\$ 2.7	2.94
Partner Royalties	Cabozantinib	Royalties on ex-U.S.	16.6	20.6	23.3	23.8	24.93
Milestones:							
Ipsen	Cabozantinib	Amortization of Milestones Triggered prior to Q1'18	0.4	0.5	0.3	(0.2)	0.1
Ipsen	Cabozantinib	\$50M M/S 1L RCC Approval	0.1	0.2	0.1	(0.1)	0.0
Ipsen	Cabozantinib	\$40M M/S EMA 2L HCC Approval	0.1	0.2	0.1	(0.1)	0.0
Ipsen	Cabozantinib	\$20M M/S initiation Phase 3 1L HCC	0.1	0.1	-	(0.0)	0.0
Ipsen	Cabozantinib	\$20M M/S Additional Indication/Initiation Phase 3	18.8	0.1	-	(0.0)	0.0
Ipsen	Cabozantinib	\$12.5M M/S Development milestone	-	-	-	-	11.8
Takeda	Cabozantinib	\$10M M/S initiation of Phase 3 1L RCC	-	0.1	-	0.0	0.0
Takeda	Cabozantinib	\$16M M/S Japan regulatory filing 2L RCC ⁽¹⁾	0.2	1.3	0.3	0.3	0.3
Takeda	Cabozantinib	\$10M M/S Japan regulatory filing 2L HCC	-	0.2	-	0.0	0.0
Takeda	Cabozantinib	\$26M M/S 1st Commercial Sale in Japan - 2L RCC	19.1	1.5	0.4	0.4	0.3
Takeda	Cabozantinib	\$5M M/S 1st Commercial Sale in Japan - 1L RCC as a single agent	4.6	0.1	-	0.0	0.0
Takeda	Cabozantinib	\$10M M/S Japan regulatory filing 1L RCC	-	9.2	0.1	0.1	0.0
Takeda	Cabozantinib	\$15M M/S 1st Commercial Sale in Japan - 2L HCC	-	-	14.0	0.1	0.1
Takeda	Cabozantinib	\$10M M/S Additional Indication/Initiation Phase 3	-	-	9.3	0.1	0.0
Takeda	Cabozantinib	\$5M M/S Additional Indication/Initiation Phase 3	-	-	4.7	0.0	0.0
Subtotal Milestones			\$ 43.5	\$ 13.5	\$ 29.4	\$ 0.6	\$ 12.9
<i>Milestones License revenues</i>			<i>\$ 40.0</i>	<i>\$ 9.1</i>	<i>\$ 27.2</i>	<i>\$ -</i>	<i>\$ 10.8</i>
<i>Milestones Collaboration services revenues</i>			<i>\$ 3.5</i>	<i>\$ 4.4</i>	<i>\$ 2.2</i>	<i>\$ 0.6</i>	<i>\$ 2.1</i>
R&D Reimbursements & Other:							
Ipsen	Cabozantinib	R&D reimbursement and Product Supply	16.6	14.3	10.6	12.1	56.0
Ipsen	Cabozantinib	\$200M Upfront fee	0.5	0.8	0.4	(0.3)	0.1
Takeda	Cabozantinib	R&D reimbursement and Product Supply	0.7	9.2	2.4	3.0	3.0
Takeda	Cabozantinib	\$50M Upfront fee	0.1	0.6	0.1	0.2	0.1
Daiichi Sankyo & royalties	MR CS-3150/MINNEBRO		0.2	0.6	0.4	1.0	0.9
Subtotal R&D Reimbursments & Other			\$ 18.2	\$ 25.4	\$ 13.9	\$ 15.9	\$ 60.2
Total License revenues			\$ 59.2	\$ 33.2	\$ 54.0	\$ 27.5	\$ 39.6
Total Collaboration services revenues			21.5	29.3	15.7	15.5	61.3
TOTAL COLLABORATION REVENUES			\$ 80.7	\$ 62.5	\$ 69.7	\$ 43.0	\$ 100.9

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

Second Quarter 2021 Financial Results

Thursday, August 5, 2021

Nasdaq: EXEL

