

REFINITIV

DELTA REPORT

10-Q

EXEL - EXELIXIS, INC.

10-Q - MARCH 29, 2024 COMPARED TO 10-Q - SEPTEMBER 29, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2056
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 CHANGES	233
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 DELETIONS	1187
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 ADDITIONS	636
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934



For the quarterly period ended September 29, 2023 March 29, 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_Logo_RGB_2023.jpg

EXELIXIS, INC.

(Exact name of registrant as specified in its charter)

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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.001 \$0.001 Par Value per Share	EXEL	The Nasdaq Stock Market LLC

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 **October 23, 2023** **April 22, 2024**, there were **310,974,113** **291,292,704** shares of the registrant's common stock outstanding.

EXELIXIS, INC.
QUARTERLY REPORT ON FORM 10-Q
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		PART I - FINANCIAL INFORMATION		
Item 1. Financial Statements Statements.				
		EXELIXIS, INC.		
		CONDENSED CONSOLIDATED BALANCE SHEETS		
		(in thousands, except per share data)		
		(unaudited)		
		September 30, 2023	December 31, 2022	March 31, 2024 December 31, 2023
ASSETS	ASSETS			
ASSETS				
ASSETS				
Current assets:	Current assets:			
Current assets:				
Current assets:				
Cash and cash equivalents				

Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	\$ 396,859	\$ 501,195
Short-term investments	Short-term investments	706,528	807,273
Trade receivables, net	Trade receivables, net	248,113	214,784
Inventory	Inventory	24,978	33,299
Prepaid expenses and other current assets			
Prepaid expenses and other current assets			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	66,891	62,211
Total current assets	Total current assets	1,443,369	1,618,762
Long-term investments	Long-term investments	811,680	756,731
Property and equipment, net	Property and equipment, net	121,039	110,624
Deferred tax assets, net	Deferred tax assets, net	230,990	231,110
Goodwill	Goodwill	63,684	63,684
Right-of-use assets and other	Right-of-use assets and other	306,148	290,578
Total assets	Total assets	<u>\$2,976,910</u>	<u>\$3,071,489</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	\$ 26,450	\$ 32,667
Accrued compensation and benefits	Accrued compensation and benefits	81,398	77,158
Accrued clinical trial liabilities	Accrued clinical trial liabilities	62,842	65,072
Rebates and fees due to customers	Rebates and fees due to customers	54,374	50,350
Accrued collaboration liabilities	Accrued collaboration liabilities	27,269	20,188
Other current liabilities	Other current liabilities	124,483	78,924
Total current liabilities	Total current liabilities	376,816	324,359

Long-term portion of operating lease liabilities	Long-term portion of operating lease liabilities	190,858	190,170		
Other long-term liabilities	Other long-term liabilities	61,616	68,533		
Total liabilities	Total liabilities	629,290	583,062		
Commitments and contingencies (Note 10)	Commitments and contingencies (Note 10)			Commitments and contingencies (Note 10)	
Stockholders' equity:	Stockholders' equity:				
Preferred stock, \$0.001 par value, 10,000 shares authorized and no shares issued	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: 310,970 and 323,951 at September 30, 2023, and December 31, 2022, respectively		311	324		
Preferred stock, \$0.001 par value, 10,000 shares authorized and no shares issued					
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: 295,032 and 302,793 at March 31, 2024, and December 31, 2023, respectively					
Additional paid-in capital	Additional paid-in capital	2,487,370	2,536,849		
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(14,012)	(14,521)		
Accumulated deficit	Accumulated deficit	(126,049)	(34,225)		
Total stockholders' equity	Total stockholders' equity	2,347,620	2,488,427		
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$2,976,910	\$3,071,489		

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 March 31,
		Three Months Ended September 30,		Nine Months Ended September 30,		
		2023	2022	2023	2022	
Revenues:	Revenues:					
Revenues:						
Revenues:						
Net product revenues						
Net product revenues						
Net product revenues	Net product revenues	\$ 426,497	\$ 366,482	\$ 1,199,543	\$ 1,023,824	
License revenues	License revenues	42,367	34,384	133,406	123,977	
License revenues						
License revenues						
Collaboration services revenues						
Collaboration services revenues						
Collaboration services revenues	Collaboration services revenues	3,056	10,872	17,607	39,344	
Total revenues	Total revenues	471,920	411,738	1,350,556	1,187,145	
Total revenues						
Total revenues						
Operating expenses:						
Operating expenses:						
Operating expenses:	Operating expenses:					
Cost of goods sold	Cost of goods sold	18,774	15,305	50,794	41,989	
Cost of goods sold						
Cost of goods sold						
Research and development						
Research and development						
Research and development	Research and development	332,585	198,837	799,401	554,989	
Selling, general and administrative	Selling, general and administrative	138,144	114,983	411,264	340,605	
Selling, general and administrative						
Selling, general and administrative						
Restructuring						
Restructuring						
Restructuring						
Total operating expenses	Total operating expenses	489,503	329,125	1,261,459	937,583	
Income (loss) from operations		(17,583)	82,613	89,097	249,562	
Total operating expenses						
Total operating expenses						
Income from operations						

Income from operations					
Income from operations					
Interest income	Interest income	23,112	9,498	65,155	16,077
Other income (expense), net		289	(69)	230	140
Interest income					
Interest income					
Other expense, net					
Other expense, net					
Other expense, net					
Income before income taxes					
Income before income taxes					
Income before income taxes	Income before income taxes	5,818	92,042	154,482	265,779
Provision for income taxes	Provision for income taxes	4,777	18,832	32,235	53,324
Provision for income taxes					
Provision for income taxes					
Net income					
Net income					
Net income	Net income	\$ 1,041	\$ 73,210	\$ 122,247	\$ 212,455
Net income per share:	Net income per share:				
Net income per share:					
Net income per share:					
Basic					
Basic					
Basic	Basic	\$ 0.00	\$ 0.23	\$ 0.38	\$ 0.66
Diluted	Diluted	\$ 0.00	\$ 0.23	\$ 0.38	\$ 0.65
Diluted					
Diluted					
Weighted-average common shares outstanding:					
Weighted-average common shares outstanding:					
Weighted-average common shares outstanding:	Weighted-average common shares outstanding:				
Basic	Basic	315,496	322,148	321,373	320,949
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	319,247	325,066	324,277	324,420

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

		Three Months Ended March 31,							
		Three Months Ended March 31,							
		Three Months Ended March 31,							
		2024							
Net income									
Net income									
Net income	Net income	\$	1,041	\$	73,210	\$	122,247	\$	212,455
Other comprehensive income (loss):	Other comprehensive income (loss):								
Net unrealized gains (losses) on available-for-sale debt securities, net of tax impact of \$(126), \$2,457, \$(121) and \$4,752, respectively		425	(8,621)	509	(16,780)				
Other comprehensive income (loss):									
Other comprehensive income (loss):									
Net unrealized gains (losses) on available-for-sale debt securities, net of tax impact of \$433 and \$(1,507), respectively									
Net unrealized gains (losses) on available-for-sale debt securities, net of tax impact of \$433 and \$(1,507), respectively									
Net unrealized gains (losses) on available-for-sale debt securities, net of tax impact of \$433 and \$(1,507), respectively									
Comprehensive income	Comprehensive income	\$	1,466	\$	64,589	\$	122,756	\$	195,675
Comprehensive income									
Comprehensive income									

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

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

	Three Months Ended September 30, 2023					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2023	320,253	\$ 320	\$ 2,530,869	\$ (14,437)	\$ 11,186	\$ 2,527,938
Net income	—	—	—	—	1,041	1,041
Other comprehensive income	—	—	—	425	—	425
Issuance of common stock under equity incentive plans	1,052	1	7,089	—	—	7,090
Stock transactions associated with taxes withheld on equity awards	—	—	(9,751)	—	—	(9,751)
Repurchases of common stock	(10,335)	(10)	(81,666)	—	(138,276)	(219,952)
Stock-based compensation	—	—	40,829	—	—	40,829
Balance at September 30, 2023	310,970	\$ 311	\$ 2,487,370	\$ (14,012)	\$ (126,049)	\$ 2,347,620

	Three Months Ended September 30, 2022					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss		Total Stockholders' Equity
	Shares	Amount		Accumulated Deficit		
Balance at June 30, 2022	321,800	\$ 322	\$ 2,477,117	\$ (8,917)	\$ (77,262)	\$ 2,391,260
Net income	—	—	—	—	73,210	73,210
Other comprehensive loss	—	—	—	(8,621)	—	(8,621)
Issuance of common stock under equity incentive plans	741	1	2,847	—	—	2,848
Stock transactions associated with taxes withheld on equity awards	—	—	(4,906)	—	—	(4,906)
Stock-based compensation	—	—	37,611	—	—	37,611
Balance at September 30, 2022	322,541	\$ 323	\$ 2,512,669	\$ (17,538)	\$ (4,052)	\$ 2,491,402

Continued on next page

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

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2024				
	Common Stock		Common Stock	Accumulated			Total Stockholders'
	Shares			Paid-in Capital	Other Comprehensive Loss	Accumulated Deficit	
Balance at December 31, 2023							
Balance at December 31, 2023							
Balance at December 31, 2023							
Net income							
Other comprehensive loss							
Issuance of common stock under equity incentive plans							
Stock transactions associated with taxes withheld on equity awards							
Repurchases of common stock							
Stock-based compensation							
Balance at March 31, 2024							
	Nine Months Ended September 30, 2023						

		Common Stock		Additional	Accumulated		Total
		Shares	Amount	Paid-in	Other	Accumulated	Stockholders'
				Capital	Comprehensive	Deficit	Equity
Three Months Ended March 31, 2023							
Three Months Ended March 31, 2023							
Three Months Ended March 31, 2023							
		Common Stock					
		Shares					
Balance at December 31, 2022							
Balance at December 31, 2022							
Balance at December 31, 2022	Balance at December 31, 2022	323,951	\$ 324	\$2,536,849	\$ (14,521)	\$ (34,225)	\$ 2,488,427
Net income	Net income	—	—	—	—	122,247	122,247
Other comprehensive income	Other comprehensive income	—	—	—	509	—	509
Issuance of common stock under equity incentive and stock purchase plans		3,962	4	24,413	—	—	24,417
Stock transactions associated with taxes withheld on equity awards		—	—	(23,096)	—	—	(23,096)
Repurchases of common stock		(16,943)	(17)	(133,678)	—	(214,071)	(347,766)
Stock-based compensation		—	—	82,882	—	—	82,882
Balance at September 30, 2023		310,970	\$ 311	\$2,487,370	\$ (14,012)	\$ (126,049)	\$ 2,347,620
Nine Months Ended September 30, 2022							
		Common Stock		Additional	Accumulated		Total
		Shares	Amount	Paid-in	Other	Accumulated	Stockholders'
				Capital	Comprehensive	Deficit	Equity
Balance at December 31, 2021		318,842	\$ 319	\$2,427,561	\$ (758)	\$ (216,507)	\$ 2,210,615
Net income		—	—	—	—	212,455	212,455
Other comprehensive loss		—	—	—	(16,780)	—	(16,780)
Issuance of common stock under equity incentive and stock purchase plans		3,699	4	18,676	—	—	18,680
Issuance of common stock under equity incentive plans							
Stock transactions associated with taxes withheld on equity awards		—	—	(16,091)	—	—	(16,091)
Stock-based compensation		—	—	82,523	—	—	82,523
Balance at September 30, 2022		322,541	\$ 323	\$2,512,669	\$ (17,538)	\$ (4,052)	\$ 2,491,402

Balance at
March 31,
2023

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

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

		Nine Months Ended September 30,	
		2023	2022
2024		Three Months Ended March 31,	
Net income			
Net income			
Net income	Net income	\$122,247	\$ 212,455
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		
Adjustments to reconcile net income to net cash provided by operating activities:			
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	Depreciation		
Depreciation	Depreciation	19,191	14,929
Stock-based compensation	Stock-based compensation	82,039	81,718
Stock-based compensation			
Stock-based compensation			
Non-cash lease expense	Non-cash lease expense	21,475	11,931
Non-cash lease expense			
Acquired in-process research and development technology	Acquired in-process research and development technology	128,500	4,500
Acquired in-process research and development technology			
Acquired in-process research and development technology			

Other, net			
Other, net			
Other, net	Other, net	(12,372)	2,890
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Changes in operating assets and liabilities:			
Changes in operating assets and liabilities:			
Trade receivables, net			
Trade receivables, net			
Trade receivables, net	Trade receivables, net	(33,804)	66,890
Inventory	Inventory	(14,503)	(9,836)
Inventory			
Inventory			
Prepaid expenses and other assets			
Prepaid expenses and other assets			
Prepaid expenses and other assets	Prepaid expenses and other assets	2,430	(35,166)
Accrued collaboration liabilities	Accrued collaboration liabilities	1,081	(64,976)
Accrued collaboration liabilities			
Accrued collaboration liabilities			
Accounts payable and other liabilities			
Accounts payable and other liabilities			
Accounts payable and other liabilities	Accounts payable and other liabilities	6,469	3,585
Net cash provided by operating activities	Net cash provided by operating activities	322,753	288,920
Net cash provided by operating activities			
Net cash provided by operating activities			
Cash flows from investing activities:	Cash flows from investing activities:		
Cash flows from investing activities:			
Cash flows from investing activities:			
Purchases of property, equipment and other, net			

Purchases of property, equipment and other, net			
Purchases of property, equipment and other, net			
Acquired in-process research and development technology			
Acquired in-process research and development technology			
Acquired in-process research and development technology			
Purchases of investments			
Purchases of investments			
Purchases of investments	Purchases of investments	(823,847)	(1,079,411)
Proceeds from maturities and sales of investments	Proceeds from maturities and sales of investments	884,989	826,768
Acquired in-process research and development technology		(122,500)	(8,000)
Proceeds from maturities and sales of investments			
Proceeds from maturities and sales of investments			
Purchases of property, equipment and other		(27,334)	(17,989)
Net cash used in investing activities		(88,692)	(278,632)
Net cash provided by (used in) investing activities			
Net cash provided by (used in) investing activities			
Net cash provided by (used in) investing activities			
Cash flows from financing activities:			
Cash flows from financing activities:			
Cash flows from financing activities:	Cash flows from financing activities:		
Payments for repurchases of common stock	Payments for repurchases of common stock	(341,082)	—
Proceeds from issuance of common stock under equity incentive and stock purchase plans		24,339	18,680
Payments for repurchases of common stock			
Payments for repurchases of common stock			
Proceeds from issuance of common stock under equity incentive plans			
Proceeds from issuance of common stock under equity incentive plans			

Proceeds from issuance of common stock under equity incentive plans			
Taxes paid related to net share settlement of equity awards			
Taxes paid related to net share settlement of equity awards			
Taxes paid related to net share settlement of equity awards	Taxes paid related to net share settlement of equity awards	(23,136)	(16,091)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(339,879)	2,589
Net cash provided by (used in) financing activities			
Net cash provided by (used in) financing activities			
Net increase (decrease) in cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	(105,818)	12,877
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	502,677	663,891
Cash and cash equivalents at beginning of period			
Cash and cash equivalents at beginning of period			
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$396,859	\$ 676,768
Supplemental cash flow disclosures:			
Non-cash operating activities:			
Right-of-use assets obtained in exchange for lease obligations			
		\$ 13,612	\$ 121,958
Cash and cash equivalents at end of period			
Cash and cash equivalents at end of period			

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 and other biotherapeutics. (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 67 other countries as of the date of this Quarterly Report on Form 10-Q: countries: as CABOMETYX® (cabozantinib) tablets for advanced renal cell carcinoma (RCC) (both alone and in combination with Bristol-Myers Squibb Company's OPDIVO® (nivolumab)) (BMS) nivolumab, for previously treated hepatocellular carcinoma (HCC) and for previously treated, radioactive iodine-refractory iodine (RAI)-refractory differentiated thyroid cancer; cancer (DTC); and as COMETRIQ® (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® (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® (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 31st. 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 period ended March 29, 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 period ended March 31, 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 nine three months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 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, 2022 December 31, 2023, included in Part II, Item 8 of our Annual Report on Form 10-K, filed with the SEC on February 7, 2023 February 6, 2023 (Fiscal 2022 2023 Form 10-K).

We have adopted a 52- or 53-week fiscal year policy that ends on the Friday closest to December 31st. Fiscal year 2023, which is a 52-week fiscal year, will end on December 29, 2023 and fiscal year 2022, which was a 52-week fiscal year, ended on December 30, 2022. For convenience, references in this report as of and for the fiscal periods ended September 29, 2023, and as of and for the fiscal years ending December 29, 2023 and ended December 30, 2022 are indicated as being as of and for the periods ended September 30, 2023, and the years ending December 31, 2023 and ended December 31, 2022, respectively.

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, of products, 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 ~~nine~~three months ended ~~September 30, 2023~~ March 31, 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 ~~2022~~ 2023 Form 10-K.

Recently Adopted Accounting Pronouncements

There were no new accounting pronouncements adopted by us since our filing of the Fiscal ~~2022~~ 2023 Form 10-K, which could have a significant effect on our Condensed Consolidated Financial Statements.

Recent Accounting Pronouncements Not Yet Adopted

~~There were no new accounting pronouncements~~In November 2023, the Financial Accounting Standards Board (FASB) issued ~~Since~~ ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which enhances the disclosures required for operating segments in our ~~filing~~ 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 ~~the Fiscal 2022 Form 10-K, which could have a significant effect~~ ASU 2023-07 on our ~~Condensed~~ Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, 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 September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
Product revenues:					
Product revenues:					
Product revenues:	Product revenues:				
Gross product revenues	Gross product revenues	\$ 590,442	\$ 496,141	\$ 1,674,937	\$ 1,427,451
Gross product revenues					
Gross product revenues					
Discounts and allowances					
Discounts and allowances					
Discounts and allowances	Discounts and allowances	(163,945)	(129,659)	(475,394)	(403,627)
Net product revenues	Net product revenues	426,497	366,482	1,199,543	1,023,824
Net product revenues					
Net product revenues					
Collaboration revenues:					
Collaboration revenues:					
Collaboration revenues:	Collaboration revenues:				

License revenues	License revenues	42,367	34,384	133,406	123,977
License revenues					
License revenues					
Collaboration services revenues					
Collaboration services revenues					
Collaboration services revenues	Collaboration services revenues	3,056	10,872	17,607	39,344
Total collaboration revenues	Total collaboration revenues	45,423	45,256	151,013	163,321
Total collaboration revenues					
Total collaboration revenues					
Total revenues	Total revenues	\$ 471,920	\$ 411,738	\$ 1,350,556	\$ 1,187,145
Total revenues					
Total revenues					

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

	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
Affiliates of AmerisourceBergen Corporation				
Affiliates of AmerisourceBergen Corporation				
Affiliates of AmerisourceBergen Corporation				
Affiliates of McKesson Corporation				
Affiliates of McKesson Corporation				
Affiliates of McKesson Corporation				
Affiliates of CVS Health Corporation				
Affiliates of CVS Health Corporation				
Affiliates of CVS Health Corporation				
Accredo Health, Incorporated				
Accredo Health, Incorporated				
Accredo Health, Incorporated				
Affiliates of Optum Specialty Pharmacy				
Affiliates of Optum Specialty Pharmacy				
Affiliates of Optum Specialty Pharmacy				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Affiliates of McKesson Corporation	18 %	18 %	17 %	18 %
Affiliates of AmerisourceBergen Corporation	18 %	18 %	17 %	16 %
Affiliates of CVS Health Corporation	17 %	19 %	17 %	17 %
Accredo Health, Incorporated	12 %	11 %	12 %	10 %
Affiliates of Optum Specialty Pharmacy	10 %	9 %	10 %	9 %

Ipsen Pharma SAS	8 %	8 %	8 %	11 %
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The percentage of trade receivables by customer who individually accounted for 10% or more of our trade receivables were as follows:

		September 30, 2023	December 31, 2022
		March 31, 2024	
		March 31, 2024	
		March 31, 2024	
Affiliates of McKesson Corporation			
Affiliates of McKesson Corporation			
Affiliates of McKesson Corporation	Affiliates of McKesson Corporation	22 %	22 %
Affiliates of AmerisourceBergen Corporation	Affiliates of AmerisourceBergen Corporation	19 %	18 %
Affiliates of AmerisourceBergen Corporation			
Affiliates of AmerisourceBergen Corporation			
Ipsen Pharma SAS			
Ipsen Pharma SAS			
Ipsen Pharma SAS	Ipsen Pharma SAS	18 %	20 %
Affiliates of CVS Health Corporation	Affiliates of CVS Health Corporation	14 %	18 %
Affiliates of CVS Health Corporation			
Affiliates of CVS Health Corporation			
Cardinal Health, Inc.	Cardinal Health, Inc.	9 %	11 %
Cardinal Health, Inc.			
Cardinal Health, Inc.			

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
U.S.					
U.S.					
U.S.	U.S.	\$ 429,605	\$ 369,480	\$ 1,213,089	\$ 1,033,160
Europe	Europe	36,021	34,818	106,286	131,585
Europe					
Europe					
Japan					
Japan					
Japan	Japan	6,294	7,440	31,181	22,400
Total revenues	Total revenues	\$ 471,920	\$ 411,738	\$ 1,350,556	\$ 1,187,145
Total revenues					
Total revenues					

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*. 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 **pay paid** on sales of products containing cabozantinib by our collaboration partners.

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,			
		2024			
CABOMETYX					
CABOMETYX					
CABOMETYX	CABOMETYX	\$ 422,155	\$ 361,385	\$ 1,187,220	\$ 1,003,356
COMETRIQ	COMETRIQ	4,342	5,097	12,323	20,468
COMETRIQ					
COMETRIQ					
Net product revenues	Net product revenues	\$ 426,497	\$ 366,482	\$ 1,199,543	\$ 1,023,824
Net product revenues					
Net product revenues					

Product Sales Discounts and Allowances

The activities and ending reserve balances for each significant category of discounts and allowances **which (which)** constitute variable **consideration, 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, 2022		\$ 26,881	\$ 14,924	\$ 35,426	\$ 77,231
		Chargebacks, Discounts for Prompt Payment and Other			
		Chargebacks, Discounts for Prompt Payment and Other			
		Chargebacks, Discounts for Prompt Payment and Other			
Balance at December 31, 2023			Other Customer Credits/Fees and Co-pay Assistance	Rebates	Total
Provision related to sales made in:	Provision related to sales made in:				
Current period					

Current period					
Current period	Current period	308,103	40,923	129,922	478,948
Prior periods	Prior periods	293	(1,168)	(2,679)	(3,554)
Payments and customer credits issued	Payments and customer credits issued	(313,660)	(38,497)	(124,477)	(476,634)
Balance at September 30, 2023		\$ 21,617	\$ 16,182	\$ 38,192	\$ 75,991
Balance at March 31, 2024					

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):

		September 30, 2023	December 31, 2022		
March 31, 2024				March 31, 2024	December 31, 2023
Contract assets ⁽¹⁾	Contract assets ⁽¹⁾	\$ 635	\$ 1,659		
Contract assets ⁽¹⁾					
Contract assets ⁽¹⁾					
Contract liabilities:	Contract liabilities:				
Contract liabilities:					
Current portion ⁽²⁾					
Current portion ⁽²⁾					
Current portion ⁽²⁾	Current portion ⁽²⁾	\$ 6,974	\$ 7,488		
Long-term portion ⁽³⁾	Long-term portion ⁽³⁾	6,371	6,582		
Total contract liabilities	Total contract liabilities	\$ 13,345	\$ 14,070		

⁽¹⁾ Presented in other long-term assets in the accompanying Condensed Consolidated Balance Sheets.

⁽²⁾ Presented in other current liabilities in the accompanying Condensed Consolidated Balance Sheets.

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

During the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, we recognized **\$4.9** **\$1.6** million and **\$6.6** **\$2.0** million, respectively, in revenues that were included in the beginning deferred revenues balance for those periods.

During the three **and nine** months ended **September 30, 2023, March 31, 2024 and 2023**, we recognized **\$41.1** **\$45.9** million and **\$133.0** **\$37.9** million, respectively, in revenues for performance obligations satisfied in previous **periods, as compared to \$33.9 million and \$125.0 million for the corresponding prior year** periods. Such revenues were primarily related to royalty payments allocated to our license performance obligations for our collaborations with Ipsen, Takeda, Daiichi Sankyo and **Genentech and the recognition of license revenues for the achievement of certain milestones allocated to the license performance obligations for our collaborations with Ipsen and Takeda. Genentech.**

As of **September 30, 2023, \$63.8 million** **March 31, 2024, \$52.8 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 **2022 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 **2022 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 **and license** 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.

Revenues under the collaboration **and license** agreement **as amended**, with Ipsen were as follows (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31, 2024			
License revenues					
License revenues					
License revenues	License revenues	\$ 34,777	\$ 27,607	\$ 98,607	\$ 103,389
Collaboration	Collaboration				
services revenues	services revenues	1,244	7,211	7,679	28,196
Collaboration services revenues					
Collaboration services revenues					
Total collaboration	Total collaboration				
revenues	revenues	\$ 36,021	\$ 34,818	\$ 106,286	\$ 131,585
Total collaboration revenues					
Total collaboration revenues					

As of **September 30, 2023, \$32.2 million** **March 31, 2024, \$28.4 million** of the transaction price for this collaboration **and license** 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 and license 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 and license agreement as amended, with Takeda were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
License revenues	\$ 2,974	\$ 2,690	\$ 17,185	\$ 7,755
Collaboration services revenues	1,812	3,661	9,928	11,148
Total collaboration revenues	\$ 4,786	\$ 6,351	\$ 27,113	\$ 18,903

During the three and nine months ended September 30, 2023, we recognized \$0.1 million and \$9.9 million, respectively, in revenues in connection with a commercial milestone of \$11.0 million from Takeda upon their achievement of \$150.0 million of cumulative net sales of cabozantinib in Japan.

	Three Months Ended March 31,	
	2024	2023
License revenues	\$ 2,710	\$ 2,849
Collaboration services revenues	3,185	3,374
Total collaboration revenues	\$ 5,895	\$ 6,223

As of September 30, 2023 March 31, 2024, \$31.6 million \$24.4 million of the transaction price for this collaboration and license 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 (GSK) (now GSK plc, or GSK), that required us to pay a 3% royalty to GSK on the worldwide net sales of any product incorporating 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 \$17.5 million \$16.7 million and \$50.2 million \$15.4 million during the three and nine months ended September 30, 2023, respectively, as compared to \$14.9 million March 31, 2024 and \$42.6 million for the corresponding prior year periods.

2023, respectively.

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 drug candidates 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 or acquire the intellectual property 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 (as defined below), we have terminated certain of our in-licensing collaboration arrangements including Aurigene, BioInvent International AB, Cybexa Therapeutics LLC, NBE-Therapeutics AG and STORM Therapeutics LTD. The termination of these agreements will be effective in April 2024.

During the three and nine months ended September 30, 2023 March 31, 2024, we recognized \$103.5 million and \$165.0 million, respectively, \$22.8 million within research and development expenses on the Condensed Consolidated Statements of Income, primarily related to upfront development milestone payments for the purchase or in-licensing of intellectual property and development milestone payments related to costs of intellectual property that have not yet achieved technological feasibility, research and development funding and other fees.

In September 2023, we entered into an exclusive global license agreement with Insilico Medicine US Inc. and its parent company, Insilico Medicine Hong Kong Limited, along with certain other affiliated entities (individually and collectively referred to as Insilico). Under the terms of the agreement, we made an upfront payment of \$80.0 million to obtain an exclusive, worldwide license to develop and commercialize XL309 (formerly ISM3091), and other USP1-targeting compounds which was recognized as research and development expenses as noted above given the intellectual property has not yet achieved technological feasibility. Insilico is eligible to receive up to \$100.0 million upon achievement of potential future development milestones and up to \$775.0 million upon achievement of commercial milestones, as well as tiered royalties on future net sales of products.

As of September 30, 2023 March 31, 2024, in conjunction with these the active collaborative in-licensing arrangements and asset purchase agreements, we are subject to potential future development milestone payments of up to \$774.0 \$509.6 million, regulatory milestone payments of up to \$615.2 \$365.4 million and commercial milestone payments of up to \$3.9 \$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):

		September 30, 2023			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		March 31, 2024			
		Amortized Cost			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities available-for-sale:	Debt securities available-for-sale:				
Commercial paper	Commercial paper				
Commercial paper	Commercial paper	\$ 386,363	\$ —	\$ —	\$ 386,363
Corporate bonds	Corporate bonds	832,075	123	(12,103)	820,095
U.S. Treasury and government-sponsored enterprises	U.S. Treasury and government-sponsored enterprises	441,576	4	(5,754)	435,826
Municipal bonds	Municipal bonds	6,000	—	(85)	5,915
Total debt securities available-for-sale	Total debt securities available-for-sale	1,666,014	127	(17,942)	1,648,199
Cash					
Money market funds	Money market funds	182,464	—	—	182,464
Certificates of deposit	Certificates of deposit	84,404	—	—	84,404
Total cash, cash equivalents and investments	Total cash, cash equivalents and investments	\$1,932,882	\$ 127	\$ (17,942)	\$1,915,067

December 31, 2022

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities available-for-sale:				
Commercial paper	\$ 722,018	\$ —	\$ —	\$ 722,018
Corporate bonds	810,439	541	(13,132)	797,848
U.S. Treasury and government-sponsored enterprises	338,218	48	(5,679)	332,587
Municipal bonds	16,385	—	(223)	16,162
Total debt securities available-for-sale	1,887,060	589	(19,034)	1,868,615
Cash	41	—	—	41
Money market funds	94,344	—	—	94,344
Certificates of deposit	103,681	—	—	103,681
Total cash, cash equivalents and investments	\$ 2,085,126	\$ 589	\$ (19,034)	\$ 2,066,681

As of September 30, 2023, there are no restrictions on cash, cash equivalents or investments. As of December 31, 2022, \$1.5 million in certificates of deposit were used to collateralize letters of credit agreements and were classified as other long-term assets based upon the remaining term of the underlying restriction.

	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 \$12.1 million \$11.9 million and \$7.3 million \$13.1 million as of September 30, 2023 March 31, 2024 and December 31, 2022 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 nine months ended September 30, 2023 March 31, 2024 and 2022, 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):

September 30, 2023		March 31, 2024				March 31, 2024	
In an Unrealized Loss Position Less than 12 Months		In an Unrealized Loss Position Less than 12 Months		In an Unrealized Loss Position 12 Months or Greater		Total	
Fair Value		Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	Gross Unrealized Losses						
	Fair Value						
Corporate bonds	Corporate bonds	\$ 772,154	\$ (12,103)				
Corporate bonds							

Corporate bonds			
U.S. Treasury and government-sponsored enterprises	U.S. Treasury and government-sponsored enterprises	420,831	(5,754)
Municipal bonds	Municipal bonds	5,915	(85)
Total	Total	<u>\$1,198,900</u>	<u>\$ (17,942)</u>
December 31, 2022			
		Gross	
		Unrealized	
		Fair Value	Losses

December 31, 2023				December 31, 2023			
In an Unrealized Loss Position Less than 12 Months				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
Corporate bonds	Corporate bonds	\$ 706,711	\$ (13,132)				
U.S. Treasury and government-sponsored enterprises	U.S. Treasury and government-sponsored enterprises	308,307	(5,679)				
Municipal bonds	Municipal bonds	15,792	(223)				
Total	Total	<u>\$1,030,810</u>	<u>\$ (19,034)</u>				

There were 350 263 and 285 230 debt securities available-for-sale in an unrealized loss position as of September 30, 2023 March 31, 2024 and December 31, 2022, 2023, respectively. As of September 30, 2023, all securities had been in an unrealized loss position for less than twelve months except for 135 debt securities available-for-sale with an aggregate fair value of \$468.0 million and an aggregate \$10.6 million unrealized loss. As of December 31, 2022, all securities had been in an unrealized loss position for less than twelve months except for 81 debt securities available-for-sale with an aggregate fair value of \$237.6 million and an aggregate \$6.1 million unrealized loss. During the nine three months ended September 30, 2023 March 31, 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):

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Maturing in one year or less	Maturing in one year or less	\$ 836,519	\$1,114,884		
Maturing after one year through five years	Maturing after one year through five years	811,680	753,731		

Total debt securities available-for-sale	Total debt securities available-for-sale	\$1,648,199	\$1,868,615
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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):

		September 30, 2023					
		Level 1	Level 2	Total			
		March 31, 2024			March 31, 2024		
		Level 1	Level 2	Total	Level 1	Level 2	Total
Commercial paper	Commercial paper	\$ —	\$ 386,363	\$ 386,363			
Corporate bonds	Corporate bonds	—	820,095	820,095			
U.S. Treasury and government-sponsored enterprises	U.S. Treasury and government-sponsored enterprises	—	435,826	435,826			
Municipal bonds	Municipal bonds	—	5,915	5,915			
Total debt securities available-for-sale	Total debt securities available-for-sale	—	1,648,199	1,648,199			
Money market funds	Money market funds	182,464	—	182,464			
Certificates of deposit	Certificates of deposit	—	84,404	84,404			
Total financial assets carried at fair value	Total financial assets carried at fair value	\$182,464	\$1,732,603	\$1,915,067			

		December 31, 2022		
		Level 1	Level 2	Total
		December 31, 2023		
		Level 1	Level 2	Total
Commercial paper	Commercial paper	\$ —	\$ 722,018	\$ 722,018
Corporate bonds	Corporate bonds	—	797,848	797,848
U.S. Treasury and government-sponsored enterprises	U.S. Treasury and government-sponsored enterprises	—	332,587	332,587
Municipal bonds	Municipal bonds	—	16,162	16,162
Total debt securities available-for-sale	Total debt securities available-for-sale	—	1,868,615	1,868,615
Money market funds	Money market funds	94,344	—	94,344
Certificates of deposit	Certificates of deposit	—	103,681	103,681
Total financial assets carried at fair value	Total financial assets carried at fair value	\$94,344	\$1,972,296	\$2,066,640

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 September 30, 2023 March 31, 2024, we had one forward contract outstanding to sell €3.9 €3.6 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 gain on the forward contract is immaterial as of September 30, 2023 March 31, 2024. The forward contract is considered a Level 2 in the fair value hierarchy of our fair value measurements. The net realized gains (losses) we recognized on the maturity of forward contracts were immaterial for each of the nine three months ended September 30, 2023 March 31, 2024 and \$1.5 million for the corresponding prior year period. Realized 2023 and unrealized gains and losses on our forward contracts are included in other income (expense), expense, net on our Condensed Consolidated Statements of Income.

NOTE 6. INVENTORY

Inventory consisted of the following (in thousands):

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Raw materials	Raw materials	\$ 8,014	\$ 8,077		
Work in process	Work in process	51,668	43,564		
Finished goods	Finished goods	17,940	10,635		
Total	Total	\$ 77,622	\$ 62,276		
Balance Sheet classification:	Balance Sheet classification:				
Balance Sheet classification:	Balance Sheet classification:				
Current portion included in inventory	Current portion included in inventory				
Current portion included in inventory	Current portion included in inventory				
Current portion included in inventory	Current portion included in inventory	\$ 24,978	\$ 33,299		
Long-term portion included in other long-term assets	Long-term portion included in other long-term assets	52,644	28,977		
Total	Total	\$ 77,622	\$ 62,276		

NOTE 7. STOCKHOLDERS' EQUITY

Stock-based Compensation

We have several equity incentive plans under which we granted stock options and restricted stock units (RSUs), including performance-based restricted stock units (PSUs), to employees and directors. As of September 30, 2023, 28,107,770 March 31, 2024, 22.5 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.

We allocated the stock-based compensation expense for our equity incentive plans and our 2000 Employee Stock Purchase Plan (ESPP) as follows (in thousands):

	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,		
	2024		
	Three Months Ended September 30,		Nine Months Ended September 30,
Research and development			
	2023	2022	2023 2022

Research and development									
Research and development	Research and development	\$	12,438	\$	16,438	\$	25,279	\$	34,886
Selling, general and administrative	Selling, general and administrative		28,040		20,899		56,760		46,832
Selling, general and administrative									
Selling, general and administrative									
Total stock-based compensation expense	Total stock-based compensation expense	\$	40,478	\$	37,337	\$	82,039	\$	81,718
Total stock-based compensation expense									
Total stock-based compensation expense									

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Stock options	\$ 1,882	\$ 3,299	\$ 5,966	\$ 10,470
RSUs	18,440	22,233	50,804	54,234
PSUs	19,463	11,331	22,129	14,621
ESPP	693	474	3,140	2,393
Total stock-based compensation expense	\$ 40,478	\$ 37,337	\$ 82,039	\$ 81,718

	Three Months Ended March 31,	
	2024	2023
Stock options	\$ 1,738	\$ 2,207
Restricted stock units	15,434	12,607
Performance stock units	727	794
Employee stock purchase plan	1,214	1,053
Total stock-based compensation expense	\$ 19,113	\$ 16,661

During the nine three months ended September 30, 2023 March 31, 2024, we granted 357,233 0.1 million stock options with a weighted average weighted-average exercise price of \$20.41 \$23.24 per share and a weighted average weighted-average grant date fair value of \$9.45 \$10.08 per share. Stock options granted during the nine months ended September 30, 2023 have vesting conditions and contractual lives of a similar nature to those described in "Note 8. Employee Benefit Plans" of the "Notes to Consolidated Financial Statements" included in Part II, Item 8 of our Fiscal 2022 Form 10-K. As of September 30, 2023 March 31, 2024, there were 8,537,173 7.7 million stock options outstanding and \$11.8 \$8.1 million of related unrecognized compensation expense.

In April 2023, February 2024, we awarded to certain employees an aggregate of 849,866 1.3 million RSUs (the target amount number) that are subject to a total shareholder return (TSR) market condition (the 2023 2024 TSR-based RSUs). The TSR market condition is based on our relative TSR percentile rank compared to companies in the NASDAQ Nasdaq Biotechnology Index during the performance period, which is December 31, 2022 December 30, 2023 through January 2, 2026 January 1, 2027. Depending on the results relative to the TSR market condition, the holders of the 2023 2024 TSR-based RSUs may earn up to 175% of the target amount number of shares. 50% of the shares earned pursuant to the 2023 2024 TSR-based RSU awards will vest at the end of the performance period, and the remainder will vest approximately one year later, subject to an employee's continuous service. These 2023 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 2, 2026 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 \$26.05 \$20.19 per share for the 2023 2024 TSR-based RSUs:

Fair value of Exelixis common stock on grant date	\$ 19.48 21.71
Expected volatility	40.26 36.68 %
Risk-free interest rate	3.75 4.42 %
Dividend yield	— %

The Monte Carlo simulation model assumed correlations of returns of the stock prices of the Company's 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 award awards.

During the nine three months ended September 30, 2023 March 31, 2024, we granted 2,879,109 2.8 million service-based RSUs with a weighted weighted- average grant date fair value of \$19.41 \$21.87 per share. As of September 30, 2023 March 31, 2024, there were 12,229,658 15.5 million RSUs outstanding, including RSUs that are subject to a TSR market condition, and \$181.7 \$221.8 million of related unrecognized compensation expense. Service-based RSUs granted to employees during the nine three months ended September 30, 2023 March 31, 2024 have vesting conditions and contractual lives of a similar nature to those described in "Note 8. Employee Benefit Plans" Stockholders' Equity" of the "Notes to Consolidated Financial Statements" included in Part II, Item 8 of our Fiscal 2022 2023 Form 10-K.

As of September 30, 2023 March 31, 2024, there were 3,931,231 2.5 million PSUs outstanding, of which 1,489,209 0.9 million PSUs relate to awards that 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. During the three months ended September 30, 2023, we achieved certain performance conditions for 912,881 PSUs granted during 2020 (the 2020 PSUs) and recognized \$18.1 million of stock-based compensation expense related to the 2020 PSUs. As of September 30, 2023 March 31, 2024, the remaining unrecognized stock-based compensation expense for the PSUs that were either achieved or deemed probable of achievement was \$8.1 \$3.5 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 \$54.0 \$37.8 million. For more information about our PSUs, see "Note 8. Employee Benefit Plans" Stockholders' Equity" of the "Notes to Consolidated Financial Statements" included in Part II, Item 8 of our Fiscal 2022 2023 Form 10-K.

Common Stock Repurchases

In March 2023, January 2024, our Board of Directors authorized a stock repurchase program to acquire up to \$550 million \$450 million of our outstanding common stock before the end of 2023, 2024. During the nine three months ended September 30, 2023 March 31, 2024, we repurchased 16,943,230 8.6 million shares of common stock under our stock repurchase program for an aggregate purchase price of \$344.8 million \$190.7 million. As of September 30, 2023 March 31, 2024, approximately \$205.2 million \$259.3 million remained available for future stock repurchases before the end of 2023, 2024, pursuant to our stock repurchase program.

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. 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, accelerated stock repurchase transactions, 10b5-1 trading plans, exchange transactions, or any combination of such methods. 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 rate for the three and nine months ended September 30, 2023 were 82.1% and 20.9% respectively, March 31, 2024, was 24.3%, as compared to 20.5% and 20.1% 17.1% for the corresponding periods period in 2022, 2023. The effective tax rate for the three months ended September 30, 2023 March 31, 2024, differed from the U.S. federal statutory tax rate of 21% primarily due to non-deductible executive compensation state taxes and the branded prescription drug fee, partially interest on uncertain tax positions, offset by the generation of federal tax credits. The effective tax rate for the nine months ended September 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 non-deductible executive compensation and state taxes. The effective tax rates for the three and nine months ended September 30, 2022 March 31, 2023, differed from the U.S. federal statutory tax rate of 21%, primarily due to excess tax benefits related to the exercise of certain stock options during the periods period and 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 September 30,	Nine Months Ended September 30,
----------------------------------	---------------------------------

		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
2024					
Numerator:					
Numerator:					
Numerator:	Numerator:				
Net income	Net income	\$ 1,041	\$ 73,210	\$ 122,247	\$ 212,455
Net income					
Net income					
Denominator:					
Denominator:					
Denominator:	Denominator:				
Weighted-average common shares outstanding — basic	Weighted-average common shares outstanding — basic	315,496	322,148	321,373	320,949
Weighted-average common shares outstanding — basic					
Weighted-average common shares outstanding — basic					
Dilutive securities	Dilutive securities	3,751	2,918	2,904	3,471
Dilutive securities					
Dilutive securities					
Weighted-average common shares outstanding — diluted					
Weighted-average common shares outstanding — diluted					
Weighted-average common shares outstanding — diluted	Weighted-average common shares outstanding — diluted	319,247	325,066	324,277	324,420
Weighted-average common shares outstanding — diluted					
Net income per share — basic	Net income per share — basic	\$ 0.00	\$ 0.23	\$ 0.38	\$ 0.66
Net income per share — basic					
Net income per share — basic					
Net income per share — diluted	Net income per share — diluted	\$ 0.00	\$ 0.23	\$ 0.38	\$ 0.65
Net income per share — diluted					
Net income per share — diluted					

Basic net income per share is computed using the weighted-average number of common shares outstanding during the period. The diluted net income per share is computed using the weighted-average number of shares and dilutive potential common shares outstanding during the period. Dilutive securities included shares outstanding stock 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Anti-dilutive securities and contingently issuable shares excluded	10,144	15,059	13,164	15,311

	Three Months Ended March 31,	
	2024	2023
Anti-dilutive securities and contingently issuable shares excluded	8,893	15,592

NOTE 10. COMMITMENTS AND CONTINGENCIES

Leases

In May 2023, in connection with the commencement of our lease of laboratory facilities located in Pennsylvania, we recognized a right-of-use asset and an operating lease liability of \$13.2 million. We estimated the lease term to be 60 months taking into consideration our early termination rights.

For more information about our Leases, see "Note 11. Commitments and Contingencies – Leases" of the "Notes to Consolidated Financial Statements" included in Part II, Item 8 of our Fiscal 2022 Form 10-K.

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 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 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. 7,759,473. 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 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 first half of 2024.

Teva ANDA Litigation

In May 2021, we received notice letters from 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) regarding an ANDA Teva submitted to the FDA, 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 are seeking, 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. On July 18, 2023, we

On July 18, 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. We are evaluating Cipla's additional Paragraph IV certifications.

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. During the three months ended March 31, 2024, we recognized \$32.8 million 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 in the three months ended March 31, 2024, and expect the 2024 Restructuring Plan to be substantially completed by 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 three months ended March 31, 2024 were as follows (in thousands):

	Three Months Ended March 31, 2024						
	Accrued at December 31, 2023	Initial Costs	Non-cash Charges	Cash Payments	Accrued at March 31, 2024 ⁽²⁾	Total Costs Incurred to Date	Total Expected Plan Costs
Severance and employee-related costs	\$ —	\$ 15,656	\$ —	\$ (13,868)	\$ 1,788	\$ 15,656	\$ 15,656
Contract termination and other exit costs ⁽¹⁾	—	4,861	—	(18)	4,843	4,861	5,044
Asset impairment	—	12,318	(12,318)	—	—	12,318	12,318
Total restructuring	\$ —	\$ 32,835	\$ (12,318)	\$ (13,886)	\$ 6,631	\$ 32,835	\$ 33,018

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

⁽²⁾ As of March 31, 2024, substantially all restructuring liabilities have been recorded in other current liabilities in the accompanying Condensed Consolidated Balance Sheets.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of **Operations** 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, 2022, December 31, 2023, filed with the Securities and Exchange Commission (SEC) on February 7, 2023 February 6, 2024 (Fiscal 2022 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 2022 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) and other biotherapeutics.

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 67 68 other countries as of the date of this Quarterly Report on Form 10-Q; countries: as CABOMETYX® (cabozantinib) tablets for advanced renal cell carcinoma (RCC) (both alone and in combination with Bristol-Myers Squibb Company's (BMS) OPDIVO® (nivolumab) nivolumab (OPDIVO®)), for previously treated hepatocellular carcinoma (HCC) and for previously treated, radioactive iodine (RAI)-refractory differentiated thyroid cancer (DTC); and as COMETRIQ® (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® (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® (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 support the ongoing investigation of cabozantinib in phase 3 trials for new indications and the advancement of a broad array of diverse biotherapeutics and small molecule programs for the treatment of cancer, exploring multiple modalities as well as to support ongoing company-sponsored and mechanisms of action. Of the clinical-stage assets that have emerged from our drug discovery and preclinical activities thus far, the externally sponsored trials evaluating cabozantinib. The product candidates furthest along are in our pipeline are: zanzalintinib, a next-generation novel, potent, third-generation oral tyrosine kinase inhibitor (TKI) that targets VEGF receptors, MET and the TAM kinases (TYRO3, AXL and MER), and XB002, an ADC that targets a next-generation tissue factor (TF). Both -targeting ADC, administered via intravenous infusion and composed of these a human monoclonal antibody (mAb) against TF that is conjugated to a microtubulin inhibitor (MTI) payload. Our internal drug discovery efforts are supplemented through in-licensing investigational oncology assets are next-generation approaches that build on prior clinical experience, which we believe reduces program risk. We are also focused on conserving capital and managing risks of clinical failure by in-licensing or securing obtaining options to acquire other investigational drug candidates oncology assets from third parties if those assets they demonstrate evidence of clinical success. Recent examples of this approach Examples are: CBX-12 (alphalex™ exatecan), XL309, a clinical-stage first-in-class peptide-drug conjugate (PDC) invented by Cybrexa Therapeutics (Cybrexa) that utilizes Cybrexa's proprietary alphalex technology to enhance the delivery of exatecan, a highly potent, second-generation topoisomerase I inhibitor, to tumor cells; ADU-1805, a clinical-stage and potentially best-in-class monoclonal antibody developed by Sairopa B.V. (Sairopa) that targets SIRPα; and XL309 (formerly ISM3091), a potentially best-in-class small molecule inhibitor of USP1, in-licensed from Insilico (as defined below) which has emerged as a synthetic lethal target in the context of BRCA-mutated tumors; and ADU-1805, a clinical-stage and potentially best-in-class mAb that has potentially broad applicability in BRCA-mutant tumors, 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 OPDIVO, 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 CABOMETYX and COMETRIQ 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 for HCC in adults who have previously been treated with sorafenib. In addition, in March 2021, Ipsen and BMS received regulatory approval from the European Commission (EC) for CABOMETYX in combination with OPDIVO as a first-line treatment nivolumab) and for patients with advanced RCC, followed by additional regulatory approvals for the combination in other territories beyond the EU. In May 2022, we announced that Ipsen received regulatory approval from the EC for CABOMETYX as a monotherapy for the treatment of adult patients with locally advanced or metastatic, RAI-refractory or ineligible previously treated HCC and DTC and who have progressed during or after prior systemic therapy, which followed an approval from Health Canada in April 2022 for a similar DTC indication. indications. With respect to the Japanese market, Takeda received Manufacturing and Marketing Approvals in 2020 from the Japanese Ministry of Health, Labour and Welfare (MHLW) of for monotherapy CABOMETYX as a treatment of patients with curatively unresectable or metastatic RCC and as a treatment of patients with unresectable HCC who that has progressed after cancer chemotherapy. In August 2021, Takeda and Ono Pharmaceutical Co., Ltd., BMS' development and commercialization partner in Japan, received Manufacturing and Marketing Approval from the MHLW of chemotherapy, as well as for CABOMETYX in combination with OPDIVO 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. Building on preclinical and clinical observations that cabozantinib in combination with ICIs may promote a more immune-permissive tumor environment, we initiated several pivotal studies to further explore these combination regimens. The first of these studies to deliver results was CheckMate -9ER, a phase 3 pivotal trial evaluating the combination of CABOMETYX and OPDIVO nivolumab compared to sunitinib in patients with previously untreated, advanced or metastatic RCC. Positive results from CheckMate -9ER served as the basis for the FDA's, EC's FDA, European Commission (EC) and MHLW's MHLW approvals of CABOMETYX in combination with OPDIVO nivolumab as a first-line treatment of patients with advanced RCC in January 2021, March 2021 and August 2021, respectively. We are also collaborating with BMS on COSMIC-313, a phase 3 pivotal trial evaluating the triplet combination of cabozantinib, nivolumab and BMS' CTLA-4 ICI, ipilimumab, versus the combination of nivolumab and ipilimumab in patients with previously untreated advanced intermediate- or poor-risk RCC. We announced top-line results from COSMIC-313 in July 2022, and in September 2022 we presented announced that the data at the Presidential Symposium III at the 2022 European Society for Medical Oncology (ESMO) Congress. The trial met its primary endpoint, demonstrating significant improvement in blinded independent radiology committee (BIRC)-assessed committee-assessed progression-free survival (PFS) at the primary analysis for the triplet combination. At two prespecified interim analyses for the secondary endpoint of overall survival (OS), conducted most recently during the third quarter of 2023, the data did not meet the threshold for statistical significance; therefore, the trial will continue to the next planned analysis of OS, anticipated in 2024. The safety profile observed in the trial was reflective of the known safety profiles for each single agent, as well as the combination regimens used in this study. We plan to discuss a potential regulatory submission with the FDA when the results of the next OS analysis are available, provided such results are supportive.

To further expand our exploration of combinations with ICIs, we also initiated multiple trials evaluating cabozantinib in combination with F. Hoffmann-La Roche Ltd.'s (Roche)'s ICI, atezolizumab, beginning in 2017 with COSMIC-021, a broad phase 1b study evaluating the safety and tolerability of cabozantinib in combination with atezolizumab in patients with a wide variety of locally advanced or metastatic solid tumors. The encouraging efficacy and safety data that emerged from COSMIC-021 have been instrumental in guiding our clinical development strategy for cabozantinib in combination with ICIs. 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 cabozantinib and atezolizumab combination versus a second novel hormonal therapy (NHT) in patients with metastatic castration-resistant prostate cancer (mCRPC) and soft-tissue disease who have been previously treated progressed after treatment with one novel hormonal therapy (NHT), prior NHT, and detailed findings from CONTACT-02 were presented at the American Society of Clinical Oncology (ASCO) Genitourinary Cancers Symposium in January 2024. The trial met one of two primary endpoints, demonstrating a statistically significant improvement in PFS.PFS. At a prespecified interim analysis for the primary endpoint of OS, overall survival (OS), a trend toward improvement of OS was observed; however, the data were immature and did not meet the threshold for statistical significance. Therefore, the trial will continue continues to the next planned OS analysis, as planned. anticipated later in 2024. The safety profile observed in the trial was reflective of the known safety profiles for each single agent, as well as the combination regimen used in this study. Based on feedback from the FDA, we will discuss We are discussing a potential regulatory submission when with the results of the next OS analysis are available. Detailed findings will be presented at a future medical meeting.FDA.

Beyond clinical trials that we or our collaboration partners sponsor, independent Independent investigators also conduct clinical trials evaluating cabozantinib through our Cooperative Research and Development Agreement (CRADA) with the National Cancer Institute's Cancer Therapy Evaluation Program (NCI-CTEP) or our investigator-sponsored trial (IST) program. Over time, As reflected by the data we have obtained results from these externally sponsored completed trials and ongoing clinical trials, have helped advance we believe our development program for CRADA with NCI-CTEP has facilitated and may continue to facilitate the expansion of the cabozantinib franchise by informing subsequent label-enabling trials, including COSMIC-311, our phase 3 pivotal trial evaluating cabozantinib in previously treated patients with RAI-refractory DTC, from which positive results served as the basis for the FDA's and EC's approvals of CABOMETYX for DTC. Most recently, a cost-efficient manner. In August 2023, we announced positive results from the CABINET phase 3 pivotal study which is sponsored by the National Cancer Institute under our CRADA and conducted by the Alliance for Clinical Trials in Oncology (The Alliance). In this study, the independent Data and Safety Monitoring Board (DSMB) unanimously recommended stopping enrollment and unblinding all patients due to dramatic improvements in PFS observed at an interim analysis. CABINET 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; epNET, historically referred to as carcinoid tumors). Data from CABINET demonstrated that cabozantinib substantially prolonged the time without to disease progression or death in both pNET and epNET cohorts, and that the safety profile of cabozantinib observed

in the trial was consistent with its known safety profile. Detailed findings from CABINET were accepted as a late-breaker abstract and presented during a Proffered Paper Session at the ESMO European Society for Medical Oncology Congress on October 22, 2023. The median PFS based on local review for patients who received cabozantinib was 11.4 months for pNET and 8.3 months for epNET, compared to 3.0 months and 3.2 months, respectively, for patients who received placebo, and we plan to discuss in October 2023. We are discussing these results with the FDA, FDA to support a potential regulatory submission later in 2024. In addition to facilitating label expansion for the cabozantinib franchise, data sets from these externally sponsored clinical trials may also prove valuable by informing our development plans for zanzalintinib.

Pipeline Activities

Zanzalintinib

The 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 was 2017. We are evaluating zanzalintinib in a next-generation oral TKI growing development program that targets VEGF receptors, MET, AXL, MER and other kinases implicated in cancer's growth and spread. In designing zanzalintinib, we sought to build upon builds on our prior experience with cabozantinib retaining a similar target profile while improving key characteristics, including the pharmacokinetic half-life, and targets indications with high unmet need, and we have also 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), as well as two one targeted phase 1b/2 trial studying zanzalintinib in combination with AB521, an inhibitor of the transcription factor HIF-2a developed by Arcus Biosciences, Inc. (STELLAR-009), and three phase 3 or phase 2/3 pivotal trials evaluating zanzalintinib in combination with ICIs (STELLAR-303, STELLAR-304 and STELLAR-304) STELLAR-305).

STELLAR-001 is a phase 1b 1b/2 clinical trial evaluating zanzalintinib, both as a monotherapy and in combination with atezolizumab. We have established the recommended dose of 100 mg for both single-agent monotherapy zanzalintinib and zanzalintinib in combination with atezolizumab, and we have completed enrollment in expansion cohorts for cohorts. In November 2023, we presented promising initial results evaluating monotherapy zanzalintinib in patients with previously treated clear cell RCC non-clear cell RCC, mCRPC, colorectal cancer (CRC) and hormone-receptor positive breast cancer. We previously presented data from STELLAR-001 during poster sessions at the 2022 ESMO Congress in September 2022, which showed preliminary clinical activity similar to that observed with cabozantinib in phase 1 across a range of solid tumors and dose levels, with a manageable safety profile. In addition, data from the clear cell RCC expansion cohort of 32 previously treated patients will be presented Oral Abstracts session at the International Kidney Cancer Symposium Symposium. Follow-up continues in November 2023. We this cohort as well as the other completed cohorts, and we continue to be encouraged by zanzalintinib's emerging safety and efficacy profile, both as a monotherapy and in combination with ICIs. STELLAR-002 is a phase 1b 1b/2 clinical trial evaluating zanzalintinib in combination with either nivolumab, nivolumab and ipilimumab, or a fixed-dose combination of nivolumab and BMS' relatlimab.

We have established a recommended doses dose of zanzalintinib for these zanzalintinib combination regimens for use and are exploring these combinations in a diverse array of solid tumor expansion cohorts, that may include including clear cell and RCC, non-clear cell RCC, HCC, NSCLC, squamous cell carcinoma of head and neck (SCCHN), urothelial carcinoma, mCRPC and CRC, and colorectal cancer (CRC); patient enrollment into these expansion cohorts is ongoing. To better understand the individual Monotherapy zanzalintinib is also being evaluated to support regulatory requirements for dosing and contribution of the therapies, treatment arms components. Most recently, in the expansion cohorts may include zanzalintinib as a single agent in addition to the ICI combination regimens.

We December 2023, we initiated two STELLAR-009, an open-label phase 3 pivotal trials 1b/2 trial evaluating zanzalintinib in combination with ICIs AB521 in 2022. The patients with advanced solid tumors, including clear cell RCC. STELLAR-009 is divided into dose-escalation and expansion phases, and patient enrollment into dose-escalation cohorts is ongoing.

Our first zanzalintinib pivotal trial, STELLAR-303, was initiated in June 2022 and is evaluating zanzalintinib in combination with atezolizumab versus regorafenib in patients with metastatic non-microsatellite instability-high or non-mismatch repair-deficient CRC who have progressed after or are intolerant to the current standard of care. The trial aims to enroll approximately 874 patients worldwide, regardless of RAS status, with approximately 350 of these patients showing no evidence of liver metastases. Under the amended trial protocol, the primary efficacy endpoint of STELLAR-303 is OS in those patients without liver metastases, and the key secondary efficacy endpoint is OS in the full intent-to-treat population. Additional secondary endpoints include PFS and ORR per Response Evaluation Criteria in Solid Tumors (RECIST) v. 1.1, in each case as assessed by the investigator. 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. The Most recently, in December 2023, we initiated STELLAR-305, a phase 2/3 pivotal trial aims to enroll approximately

291 evaluating zanzalintinib in combination with Merck & Co., Inc.'s pembrolizumab versus monotherapy pembrolizumab in patients at approximately 173 sites globally. The primary efficacy endpoints with previously untreated PD-L1-positive recurrent or metastatic Squamous Cell Cancers of STELLAR-304 are PFS the head and ORR per RECIST v 1.1, in each case as assessed by BIRC. The secondary efficacy endpoint is OS. neck (SCCHN). Beyond STELLAR-303, STELLAR-304 and STELLAR-304, STELLAR-305, we intend to initiate additional phase 3 trials and explore a series of early-stage and pivotal trials evaluating zanzalintinib in novel combination regimens across a broad array of future potential indications, including STELLAR-305, a planned phase 3 pivotal trial evaluating zanzalintinib in combination with Merck & Co., Inc.'s ICI, pembrolizumab, in patients with previously untreated, PD-L1 positive, recurrent or metastatic SCCHN. indications.

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 deliver anti-cancer drug payloads to targets with increased precision while minimizing impact on healthy tissues. This approach has been validated by multiple regulatory approvals for the commercial sale 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 entered into other strategic transactions, aimed at conserving capital and managing risks, that provide us with access to antibodies, binders, payloads and conjugation technologies, which are the components employed to generate next-generation ADCs or multispecific antibodies.

Furthest along amongst our biotherapeutics programs is XB002, our lead TF-targeting ADC program, in-licensed from Iconic Therapeutics, Inc. (Iconic), now program. XB002 is a wholly owned subsidiary next-generation ADC composed of Endpoint Health, Inc. a human mAb against TF that is conjugated to an MTI payload. We are evaluating XB002, both as a single agent and in combination with either nivolumab, or Roche's bevacizumab, in JEWEL-101, a phase 1 study in patients with advanced solid tumors. In October 2022, we announced promising initial dose-escalation results from JEWEL-101 during the Antibody-drug Conjugates Poster Session at the 34th EORTC-NCI-AACR Symposium. The early clinical data has demonstrated that XB002 was is generally well-tolerated at multiple dose levels, and a pharmacokinetic analysis confirmed that XB002 was stable with low levels of free payload. We have initiated the cohort-expansion phase of JEWEL-101 for single-agent monotherapy XB002, which is designed to further explore two doses of XB002 in individual tumor cohorts, including NSCLC, non-small cell lung cancer, SCCHN, cervical cancer and ovarian cancer. Additional cohorts being evaluated with a single dose of XB002 include endometrial cancer, SCCHN, pancreatic cancer, esophageal cancer, mCRPC, triple negative breast cancer and hormone-receptor positive breast cancer, as well as a TF-expressing tumor-agnostic cohort. We are continuing to enroll patients in combination dose-escalation cohorts to determine recommended dosing for XB002 in with nivolumab and will explore the combination potential with either nivolumab or bevacizumab, with additional zanzalitinib. Additional expansion cohorts are planned for evaluating these various combinations as part of our goal to accelerate advance XB002 into full development. We also intend to evaluate the potential of XB002 as monotherapy and in combination with other targeted therapies (including our other product candidates) across a wide range of tumor types, including indications other than those currently addressed by commercially available TF-targeted TF-targeting therapies.

In November 2022, we executed two option deals that exemplify As part of our strategy to access clinical- or near-clinical-stage assets, assets, we executed an exclusive collaboration option and license agreement with Cybrexa providing us with the right to acquire CBX-12, and an exclusive clinical development and option agreement collaboration with Sairopa B.V. (Sairopa) to develop ADU-1805. Both CBX-12 and ADU-1805 are is currently being evaluated in a phase 1 clinical trials to explore each compound's pharmacokinetics, safety, tolerability and preliminary anti-tumor activity trial in patients with advanced or metastatic refractory solid tumors. The ADU-1805 study includes tumors, and enrollment is ongoing; future plans to investigate for ADU-1805 include investigating the compound's potential in combination with approved ICIs.

ICIs. In addition to the option deals deal with Cybrexa and Sairopa, some of our active research collaborations for biotherapeutics programs include collaborations with:

- Adagene Inc. (Adagene) (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;
- Biolnvent International AB (Biolnvent), which is intended to expand our portfolio of antibody-based therapies and utilizes Biolnvent's proprietary n-CoDeR antibody library and patient-centric F.I.R.S.T screening platform, which together are designed to allow for parallel target and antibody discovery;
- 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; and cancer.
- NBE-Therapeutics AG (NBE), which is focused on the discovery and development of multiple ADCs by leveraging NBE's unique expertise and proprietary platforms in ADC discovery, including NBE's SMAC-Technology and novel payloads.

We have already made significant progress under these and other research collaborations and in-licensing arrangements and believe we will continue to do so for during the remainder of 2023, 2024 and in future years. For example, as a direct result of these arrangements, we are advancing four five biotherapeutics development candidates: candidates toward potential Investigational New Drug (IND) filings in 2024, 2025 and 2026: XB010, XB014, XB628, XB371, XB064, and XB371. XB033. XB010, our first ADC advanced internally, targets the tumor antigen 5T4. It 5T4 and incorporates an antibody sourced from Invenra and was constructed using Catalent's SMARTag site-specific bioconjugation platform. XB014 and XB628 are is a bispecific antibodies: XB014 combines a PD-L1 targeting arm with a CD47 targeting arm to block a macrophage checkpoint and XB628 antibody that targets PD-L1 and NKG2A, identified as key regulators of natural killer cell activity. Both XB014 adaptive and XB628 were developed, innate immunity, and was discovered, in part, in collaboration with Invenra. XB371 is a next-generation TF-targeting ADC that is differentiated from XB002 by its topoisomerase inhibitor payload, and was developed, discovered, in part, in collaboration with Catalent. XB064 is a high-affinity mAb that targets ILT2, which is associated with resistance to PD-1 pathway inhibitors, with potential to combine broadly with our internal pipeline and approved immunotherapy agents, and was discovered, in part, in collaboration with Invenra. XB033 is an ADC targeting the tumor antigen IL13Ra2, and was discovered, in part, in collaboration with Invenra and Catalent.

Other Small Molecules

Since its formation in 2000, our drug discovery group has advanced over 25 compounds to the Investigational New Drug (IND) IND stage, either independently or with collaboration partners, and today we deploy our drug discovery expertise to advance small molecule drug candidates programs toward and through preclinical development. These efforts are led by The knowledge and experience gained through our experienced scientists, including some of the same scientists who led the efforts to discover cabozantinib, cobimetinib and esaxerenone, each of which were approved by regulatory authorities and are now commercially distributed, drug products. For example, as discussed above, zanzalintinib, informs our current strategy for discovering and developing additional small molecules with the potential to treat cancer. Zanzalintinib, which was discovered at Exelixis, is furthest along in its clinical development and is now being evaluated in three phase 3 clinical trials. We augment our small molecule discovery activities through research collaborations and in-licensing arrangements with other companies engaged in small molecule discovery. Most recently, in September 2023, we entered into an exclusive global license agreement with Insilico Medicine US, Inc. and its parent company, Insilico Medicine Hong Kong Limited, along with certain other affiliated entities (individually and collectively referred to as Insilico). The agreement with Insilico grants us global rights to develop and commercialize XL309, a potentially best-in-class small molecule inhibitor of USP1, which has emerged as a synthetic lethal target in the context of BRCA-mutated tumors. In April 2023, the FDA cleared the initial IND tumors, is currently being evaluated in a phase 1 clinical trial in patients with advanced solid tumors with enrollment ongoing. Our priorities for XL309 include accelerating its development as a potential therapy for tumors that have become refractory to PARP inhibitors (PARPi), including forms of ovarian, breast and prostate cancers, pursuing potential PARPi combination regimens, and potentially moving beyond the treatment of patients with solid tumors. Examples of PARPi market into new patient populations. We are also advancing our small molecule development candidate, XL495, toward a potential IND filing later in 2024. XL495 is an inhibitor of PKMYT1 with best-in-class potential to treat solid tumors due to its improved selectivity and pharmacokinetics. Moreover, 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 later in 2024 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 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, and in-licensing arrangements include:

- STORM Therapeutics LTD (STORM), which is focused on the discovery and development other strategic transactions that collectively incorporate a wide range of inhibitors technology platforms and assets and increase our probability of novel RNA modifying enzymes, including ADAR1; and
- Aurigene Oncology, Ltd. (Aurigene), which is focused on the discovery and development of novel small molecules as therapies for cancer.

The most advanced compounds to emerge from these arrangements is XL102, our lead program targeting CDK7, in-licensed from Aurigene. We are evaluating XL102, both as a single agent and in combination with other anti-cancer therapies, in QUARTZ-101, a phase 1 study in patients with inoperable, locally advanced or metastatic solid tumors. In December 2022, we announced initial dose-escalation results from QUARTZ-101 during the Poster Session at the 2022 San Antonio Breast Cancer Symposium. The data demonstrated that XL102 was well-tolerated at multiple dose levels, and a pharmacokinetic analysis supported adding investigation of twice-daily oral dosing, as well as introduction to a new formulation; dose escalation is ongoing.

success. As of the date of this Quarterly Report on Form 10-Q, we are currently working on more than 20 discovery programs and, pending data warranting further exploration, we anticipate advancing up expect to five progress two new development candidates into preclinical development during the remainder of 2023. In addition, we later in 2024. We will continue to engage in business development pipeline expansion initiatives with the goal of acquiring and in-licensing promising investigational oncology platforms and assets and then further characterize and develop them utilizing our established preclinical and clinical development infrastructure.

Third First Quarter 2023 2024 Business Updates and Financial Highlights

During the third first quarter of 2023 2024, we continued to execute on our business objectives, generating significant revenues from operations and enabling us to continue seeking 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 July 2023, January 2024, we appointed Mary C. Beckerle, Ph.D. and S. Gail Eckhardt, M.D. to our Board of Directors. Dr. Beckerle currently serves as Chief Executive Officer of the Huntsman Cancer Institute and Distinguished Professor of Biological and Oncological Sciences at the University of Utah. Dr. Eckhardt currently serves as Associate Dean of Experimental Therapeutics at Baylor College of Medicine and Associate Director of Translational Research at the College's Dan L. Duncan Comprehensive Cancer Center.
- In January 2024, we presented detailed results from CONTACT-02 and four-year follow-up results from CheckMate -9ER at the 2024 ASCO Genitourinary Cancers Symposium.
- In January 2024, we announced entry into that our Board of Directors had authorized a settlement corporate restructuring plan (the 2024 Restructuring Plan) to reduce our workforce and rebalance our cost structure in alignment with our strategic priorities, including reducing real estate commitments and costs, and

terminating certain licensing partnerships. The 2024 Restructuring Plan was initiated in the first quarter of 2024, and we anticipate the plan will be substantially complete in the second quarter of 2024.

- agreement with Teva Pharmaceuticals Development, Inc. On March 27, 2024, we received a notice letter from Cipla Ltd. and Teva Pharmaceuticals Cipla USA, Inc. (individually and collectively referred to as Teva). This settlement resolves patent litigation we brought in response to Teva's Cipla) asserting additional Paragraph IV Certifications arising from Cipla's amendment of its Abbreviated New Drug Application (ANDA) seeking approval to market a generic version of CABOMETYX prior to , originally filed with the expiration of certain of our patents. FDA more than one year ago. For a more detailed discussion of this litigation the Cipla matter, involving Teva, as well as those litigation matters involving MSN and Cipla (each as defined below), see "Legal Proceedings" in Part II, Item 1 of this Quarterly Report on Form 10-Q.
- In August 2023, we announced positive results from CONTACT-02, the phase 3 pivotal trial evaluating cabozantinib in combination with atezolizumab versus a second NHT in patients with mCRPC who have been previously treated with an NHT. The combination met one of the primary endpoints, demonstrating a statistically significant improvement in PFS at the primary analysis. At a prespecified interim analysis for the other primary endpoint of OS, a trend toward improvement of OS was observed; however, the data were immature and did not meet the threshold for statistical significance. Therefore, the trial will continue to the next OS analysis as planned. We intend to discuss these findings with the FDA, and detailed findings will be presented at a future medical meeting.
- In August 2023, we appointed Amy Peterson, M.D., as our new Executive Vice President, Product Development & Medical Affairs, and Chief Medical Officer of the Company.
- In August 2023, we announced the early unblinding and halting of The Alliance's phase 3 CABINET trial, as unanimously recommended by The Alliance's independent DSMB due to significant improvements in efficacy observed during an interim analysis. We plan to discuss these results with the FDA.
- In September 2023, we entered into an exclusive license agreement with Insilico, which grants us global rights to develop and commercialize XL309. 10-Q
- As of September 30, 2023 March 31, 2024, we have repurchased \$344.8 million \$190.7 million of our common stock. In March 2023, January 2024, we announced that our Board of Directors had authorized the repurchase of up to \$550 million \$450 million of our common stock before the end of 2023.
- In October 2023, detailed findings from the phase 3 CABINET trial were presented during a Proffered Paper Session at the 2023 ESMO Congress.
- In November 2023, we expect to present data from the clear cell RCC expansion cohort of STELLAR-001 at the 2023 International Kidney Cancer Symposium. 2024.

Financial Highlights

- Net product revenues for the third first quarter of 2023 2024 were \$426.5 million \$378.5 million, as compared to \$366.5 million \$363.4 million for the third first quarter of 2022, 2023.
- Total revenues for the third first quarter of 2023 2024 were \$471.9 million \$425.2 million, as compared to \$411.7 million \$408.8 million for the third first quarter of 2022, 2023.
- Research and development expenses for the third first quarter of 2023 2024 were \$332.6 million \$227.7 million, as compared to \$198.8 \$234.2 million for the third first quarter of 2022, 2023.
- Selling, general and administrative expenses for the third first quarter of 2023 2024 were \$138.1 million \$114.0 million, as compared to \$115.0 million \$131.4 million for the third first quarter of 2022, 2023.
- Provision for income taxes for the third first quarter of 2023 2024 was \$4.8 million \$12.0 million, as compared to \$18.8 million \$8.3 million for the third first quarter of 2022, 2023.
- Net income for the third first quarter of 2023 2024 was \$1.0 million \$37.3 million, or \$0.00 \$0.12 per share, basic and diluted, as compared to net income of \$73.2 million \$40.0 million, or \$0.23 \$0.12 per share, basic and diluted, for the third first quarter of 2022, 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. are increasingly expressing 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 including those evaluating cabozantinib in combination with an ICI in mCRPC or evaluating zanzalitinib in combination with an ICI in CRC and RCC, 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 (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 particular, political tensions and outbreaks of hostilities in various regions of the world, most recently the conflict between Israel and Hamas, have had modest impacts on our clinical development operations and may continue to affect our ability to enroll patients and adhere to trial protocols and other procedures. Moreover, connection with respect to our efforts to expand our product pipeline, we may be unsuccessful in discovering new drug candidates 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 31st. Fiscal year 2023, 2024, which is a 52-week 53-week fiscal year, will end on December 29, 2023 January 3, 2025 and fiscal year 2022, 2023, which was a 52-week fiscal year, ended on December 30, 2022 December 29, 2023. For convenience, references in this report as of and for the fiscal periods period ended September 29, 2023 March 29, 2024, and as of and for the fiscal years ending December 29, 2023 January 3, 2025 and ended December 30, 2022 December 29, 2023 are indicated as being as of and for the periods period ended September 30, 2023 March 31, 2024, and the years ending December 31, 2023 December 31, 2024 and ended December 31, 2022 December 31, 2023, respectively.

Results of Operations

Revenues

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

	Three Months Ended				Nine Months Ended			Three Months Ended March 31,					
	September 30,		Percent		September 30,		Percent						
	2023	2022	Change	2023	2022		Change						
Net product revenues	Net product revenues	\$426,497	\$366,482	16 %	\$1,199,543	\$1,023,824	17 %						
Net product revenues													
Net product revenues								\$378,523		\$363,400		4 %	
License revenues	License revenues	42,367	34,384	23 %	133,406	123,977	8 %	License revenues	44,676	38,292	38,292	17	17 %
Collaboration services revenues	Collaboration services revenues	3,056	10,872	-72 %	17,607	39,344	-55 %	Collaboration services revenues	2,027	7,096	7,096	-71	-71 %
Total revenues	Total revenues	\$471,920	\$411,738	15 %	\$1,350,556	\$1,187,145	14 %	Total revenues	\$425,226	\$	\$408,788	4	4 %

Net Product Revenues

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

		Three Months Ended			Nine Months Ended			Three Months Ended March 31,		Percent Change	
		September 30,		Percent	September 30,		Percent				
		2023	2022	Change	2023	2022	Change				
Gross product revenues	Gross product revenues	\$590,442	\$496,141	19 %	\$1,674,937	\$1,427,451	17 %				
Gross product revenues								\$563,785	\$ 521,322	8 %	
Discounts and allowances	Discounts and allowances	(163,945)	(129,659)	26 %	(475,394)	(403,627)	18 %	(185,262)	(157,922)	17	17 %
Net product revenues	Net product revenues	\$426,497	\$366,482	16 %	\$1,199,543	\$1,023,824	17 %	\$378,523	\$ 363,400	4	4 %

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

		Three Months Ended			Nine Months Ended			Three Months Ended March 31,		Percent Change	
		September 30,		Percent	September 30,		Percent				
		2023	2022	Change	2023	2022	Change				
CABOMETYX	CABOMETYX	\$422,155	\$361,385	17 %	\$1,187,220	\$1,003,356	18 %				
CABOMETYX								\$376,417	\$361,773	4 %	
COMETRIQ	COMETRIQ	4,342	5,097	-15 %	12,323	20,468	-40 %	2,106	1,627	29	29 %
Net product revenues	Net product revenues	\$426,497	\$366,482	16 %	\$1,199,543	\$1,023,824	17 %	\$378,523	\$363,400	4	4 %

The increases in net product revenues for the three and nine months ended September 30, 2023, as compared to the corresponding prior year periods, were primarily related to increases of 11% and 10%, respectively, for each period a 5% increase in the number of CABOMETYX units sold as a result of the FDA's approval of CABOMETYX in combination with OPDIVO nivolumab as a first-line treatment of patients with advanced RCC. These increases in sales volume are in part due to is largely driven by refills, reflecting the longer duration of therapy for this combination, and increases an increase in related market share reflecting the continued evolution of the metastatic RCC, HCC and DTC treatment landscapes, and, to a lesser extent, increases of 5% and 7% in the average net selling price of CABOMETYX for the three and nine months ended September 30, 2023, respectively, as compared to the corresponding prior year periods.

We project our net product revenues may increase for the remainder of 2023, 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 2022 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 nine months ended September 30, 2023, as compared to the corresponding prior year periods, were primarily the result of increases in volume of units sold and higher utilization by covered entities in the 340B Drug Pricing Program.

We project our discounts and allowances as a percentage of gross revenues may increase for the remainder of 2023, 2024, as compared to the corresponding prior year period, 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 There were no milestone payments recognized in license revenues and or collaboration services revenues were \$0.9 million and \$13.1 million for during the three and nine months ended September 30, 2023, respectively, as compared to \$1.7 million March 31, 2024 and \$28.5 million for the corresponding prior year periods. Milestone revenues by period included the following:

- For the nine months ended September 30, 2023, \$9.9 million in revenues recognized in connection with a commercial milestone of \$11.0 million from Takeda upon their achievement of \$150.0 million of cumulative net sales of cabozantinib in Japan.
- For the nine months ended September 30, 2022, \$25.8 million in revenues recognized in connection with two regulatory milestones totaling \$27.0 million upon the approval by the European Commission and Health Canada of cabozantinib as a monotherapy for the treatment of adult patients with locally advanced or metastatic DTC, refractory or not eligible to radioactive iodine who have progressed during or after prior systemic therapy.

2023. Royalty revenues increased primarily as a result of increases an increase in Ipsen's net sales of cabozantinib outside of the U.S. and Japan. Ipsen royalties were \$34.8 million and \$98.6 \$36.9 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, as compared to \$27.6 million and \$79.7 \$29.8 million for the corresponding prior year periods. period.

Ipsen's net sales of cabozantinib have continued to grow since Ipsen's the first commercial sale of CABOMETYX in the fourth quarter of Ipsen territories in 2016, primarily due to regulatory approvals in new territories, including regulatory approval in the EU for the combination therapy of CABOMETYX and OPDIVO nivolumab received in March 2021. Royalty revenues for the three and nine months ended September 30, 2023 also included \$3.0 million and \$9.2 million, respectively, March 31, 2024 related to Takeda's net sales of cabozantinib were \$2.7 million, as compared to \$2.7 million and \$7.8 \$2.9 million for the corresponding prior year periods. Takeda royalty revenues period, and were unfavorably impacted by foreign currency rate fluctuations. Takeda's net sales of cabozantinib have continued to grow since Takeda's first commercial sale of CABOMETYX in Japan in 2020. CABOMETYX is approved and is commercially available in 67 68 countries outside the U.S. as of the date of this Quarterly Report on Form 10-Q.

Our share of profits on the U.S. commercialization of COTELLIC under our collaboration agreement with Genentech were \$2.1 million and \$10.5 was \$2.6 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, as compared to \$1.5 million and \$5.3 million \$2.9 million for the corresponding prior year periods. period. We also earned royalties on ex-U.S. net sales of COTELLIC by Genentech of \$1.0 million and \$3.0 \$0.8 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, as compared to \$1.5 million and \$4.0 million \$1.1 million for the corresponding prior year periods. period.

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 \$7.3 million and \$27.5 million \$6.3 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, as compared to \$13.1 million and \$47.7 million \$10.5 million for the corresponding prior year periods. period. The decreases decrease in development cost reimbursements for the three and nine months ended September 30, 2023, as compared to the corresponding prior year periods, were was primarily attributable to decreases in spending on the COSMIC-312, CONTACT-02 and COSMIC-311 COSMIC-021 studies.

Collaboration services revenues were reduced by \$4.8 million and \$14.2 \$5.4 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, as compared to \$3.9 million and \$11.9 \$4.5 million for the corresponding prior year periods. period, to account for the 3% royalty we are required to pay on the net sales by Ipsen and Takeda of any product incorporating containing cabozantinib. As royalty generating sales of cabozantinib by Ipsen and Takeda have increased as described above, our royalty payments have also increased.

We project our collaboration services revenues may decrease for the remainder of 2023, 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 margin margins were as follows (dollars in thousands):

		Three Months Ended September 30,			Nine Months Ended September 30,			Three Months Ended March 31,		Percent Change	
		2023	2022	Percent Change	2023	2022	Percent Change				
Cost of goods sold	Cost of goods sold	\$18,774	\$15,305		\$ 50,794	\$ 41,989					
				23 %			21 %				
Cost of goods sold											
Cost of goods sold											
								\$	21,256	\$	14,315
											48 %
Gross margin %	Gross margin %	96 %	96 %		96 %	96 %					
Gross margin %											
Gross margin %											

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 incorporating 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. The increases increase in cost of goods sold for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the corresponding prior year periods, were period, was primarily due to increases an increase in royalties as a result of increased U.S. CABOMETYX sales and certain period costs, costs, including an increase in write-downs for excess inventory. We project our gross margin will not change significantly during the remainder of 2023.2024.

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, 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 September 30,			Nine Months Ended September 30,			Percent Change	
		2023	2022	Percent Change	2023	2022	Percent Change		
Development:	Development:								
Development:									
Development:									
Clinical trial costs	Clinical trial costs								
Clinical trial costs	Clinical trial costs	\$ 76,845	\$ 71,210	8 %	\$ 197,647	\$ 190,996	3 %		
Personnel expenses	Personnel expenses	43,786	33,262	32 %	127,846	104,841	22 %		
Personnel expenses									
Personnel expenses									

License and other collaboration costs									
License and other collaboration costs									
License and other collaboration costs	License and other collaboration costs	80,013	(12,500)	n/a		80,022	(12,500)	n/a	
Consulting and outside services	Consulting and outside services	9,835	8,954	10 %		30,803	24,300	27 %	
Consulting and outside services									
Consulting and outside services									
Other development costs									
Other development costs									
Other development costs	Other development costs	24,286	10,890	123 %		65,150	31,962	104 %	
Total development	Total development	234,765	111,816	110 %		501,468	339,599	48 %	
Total development									
Total development									
Drug discovery:									
Drug discovery:									
License and other collaboration costs	License and other collaboration costs	23,437	24,268	-3 %		85,014	67,077	27 %	
License and other collaboration costs									
License and other collaboration costs									
Other drug discovery costs									
Other drug discovery costs									
Other drug discovery costs	Other drug discovery costs	31,265	24,806	26 %		93,333	64,246	45 %	
Total drug discovery	Total drug discovery	54,702	49,074	11 %		178,347	131,323	36 %	
Total drug discovery									
Total drug discovery									
Stock-based compensation									
Stock-based compensation									
Stock-based compensation	Stock-based compensation	12,438	16,438	-24 %		25,279	34,886	-28 %	
Other research and development	Other research and development	30,680	21,509	43 %		94,307	49,181	92 %	
Other research and development									
Other research and development									
Total research and development expenses	Total research and development expenses	\$ 332,585	\$ 198,837	67 %		\$ 799,401	\$ 554,989	44 %	
Total research and development expenses									
Total research and development expenses									

The increases decrease in research and development expenses for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the corresponding prior year periods, were period, was primarily related to increases decreases in license and other collaboration costs personnel expenses, and other drug discovery costs, partially offset by increases in clinical trial costs and manufacturing costs to support Exelixis' development candidates (presented as part of other development costs), other research and development expenses and clinical trial costs, partially offset by a decrease in stock-based compensation expense. .

Development-related license and other collaboration costs increased decreased primarily due to an \$80.0 million upfront payment made lower drug-discovery development milestone achievement related to a \$35.0 million milestone achieved by Sairopa upon the execution of the exclusive license agreement with Insilico in September 2023 and the reversal of a development milestone IND effective date for ADU-1805 in the third quarter of 2022. Personnel expenses increased prior year, partially offset by higher development-related milestone achievement in our clinical-stage in-licensing collaboration programs. Other drug discovery costs decreased primarily due to an increase decreases in headcount to support our expanding discovery laboratory supplies and development organization. Other development costs increased primarily due to manufacturing costs to support our development candidates. Other research consulting and development expenses increased primarily related to technology costs, including our investments in business technology initiatives to support productivity and efficiency in our organization, and increases in facility expenses. outside services. Clinical trial costs, which include services performed by third-party contract research organizations and other vendors who support our clinical trials, increased primarily due to higher costs associated with various studies evaluating zanzalitinib and XB002, partially offset by decreases in costs associated with cabozantinib studies. Drug discovery-related license and other collaboration costs decreased for the three months ended September 30, 2023 primarily due to lower research and development funding, as compared to the corresponding prior year period. Drug discovery-related license and other collaboration costs increased for the nine months ended September 30, 2023, primarily due to a \$35.0 million milestone payment to Sairopa upon the IND effective date for ADU-1805, partially offset by lower new upfront license fees. Stock-based compensation expense decreased, as compared to the corresponding prior year periods, primarily due to higher forfeitures.

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 drug product candidates, preliminary data and final results from clinical trials, the potential market indications and overall clinical and commercial potential for our drug 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 zanzalitinib, XB002 and XL309, partially offset by decreases in costs associated with cabozantinib studies. We continue to focus our development efforts on with cabozantinib to maximize the therapeutic and commercial potential of this compound. Notable ongoing company-sponsored cabozantinib studies resulting from this program include: CONTACT-02, for which Roche is sharing the development costs and providing atezolizumab free of charge; and COSMIC-313, for which BMS is providing nivolumab and ipilimumab free of charge. In addition,

To continue growing our pipeline, we project are prioritizing investment in new molecules that a substantial portion are clinically differentiated with the potential to improve the standard of care for our research cancer patients, including current and development expenses will relate to the planned clinical development of our small molecule product candidate, trial programs evaluating zanzalitinib, XB002 and our first biotherapeutics product candidate, XB002.

XL309. We are expanding working to expand our oncology product pipeline through drug discovery efforts, which encompass both our diverse biotherapeutics and small molecule programs with exploring multiple modalities and mechanisms of action, 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 two new development candidates into preclinical development later in 2024. We will continue to engage in pipeline expansion initiatives with the goal of identifying new product candidates to advance into clinical trials. We also continue to engage in business development initiatives aimed at acquiring and in-licensing promising investigational oncology platforms assets and assets, with the goal of then further characterize and develop them utilizing our established preclinical and clinical development infrastructure to further characterize and develop such platforms and assets. infrastructure.

We project our research and development expenses may decrease for the remainder of 2023, 2024, as compared to the corresponding prior year period, primarily driven by decreases in license and collaboration upfront fees, 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 increases in personnel expenses higher manufacturing costs to support our expanding discovery and development organization candidates and clinical trial costs, including the current and planned trials evaluating zanzalitinib, XB002 and XB002. XL309.

Selling, General and Administrative Expenses

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

		Three Months Ended			Nine Months Ended			Three Months Ended March 31,		Percent Change
		September 30,		Percent Change	September 30,		Percent Change			
		2023	2022		2023	2022				
Selling, general and administrative expenses ⁽¹⁾	Selling, general and administrative expenses ⁽¹⁾	\$ 110,104	\$ 94,084	17 %	\$ 354,504	\$ 293,773	21 %			
Selling, general and administrative expenses ⁽¹⁾										
Selling, general and administrative expenses ⁽¹⁾								\$ 98,763	\$ 117,988	-16 %

Stock-based compensation	Stock-based compensation	28,040	20,899	34 %	56,760	46,832	21 %						
Stock-based compensation													
Stock-based compensation										15,221	13,409		14 %
Total selling, general and administrative expenses	Total selling, general and administrative expenses	\$138,144	\$114,983	20 %	\$411,264	\$340,605	21 %	Total selling, general and administrative expenses	\$113,984	\$131,397	-13	-13 %	

(1) 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 **increases decrease** in selling, general and administrative expenses for the three **and nine** months ended **September 30, 2023** **March 31, 2024**, as compared to the corresponding prior year **periods, were period, was** primarily related to **increases decreases** in **personnel expenses, stock-based compensation expense, technology costs, facility expenses and corporate giving, legal and advisory fees, related to litigation the Branded Prescription Drug Fee and the proxy contest. Personnel personnel expenses, increased partially offset by an increase in marketing and stock-based compensation expenses. Legal and advisory fees decreased primarily due to increases a reduction in administrative headcount activities related to support our commercial and research and development organizations. litigation. Personnel expenses decreased primarily due to the implementation of the 2024 Restructuring Plan. Stock-based compensation expense increased primarily due to higher expense associated with the achievement of a performance condition for PSUs. The increases in technology costs include our investments in business technology initiatives to support productivity and efficiency in our organization. The increase in facility expenses was primarily due to the commencement of new leases in 2022. RSUs, partially offset by higher forfeitures.**

We project our selling, general and administrative expenses may **increase decrease** for the remainder of **2023, 2024**, as compared to the corresponding prior year period, **due to increases in personnel expenses for** 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 in the three months ended March 31, 2024, and expect the plan to be substantially completed in 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 March 31,		Percent Change
	2024	2023	
Restructuring expenses	\$ 32,835	\$ —	n/a

Non-Operating Income

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

	Three Months Ended September 30,							Three Months Ended March 31,		Percent Change
	2023			2022			Percent Change			
	2023	2022	Change	2023	2022	Change				
Interest income	\$23,112	\$9,498	143 %	\$65,155	\$16,077	305 %				
Other income (expense), net	289	(69)	n/a	230	140	64 %				
Interest income								\$ 19,894	\$ 19,502	2 %
Interest income										
Other expense, net								(89)	(54)	65 %

Non-operating income	Non-operating income	\$23,401	\$9,429	148 %	\$65,385	\$16,217	303 %	Non-operating income	\$ 19,805	\$ 19,448	2	2 %
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The increases in non-operating income for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the corresponding prior periods, were primarily the result of an increase in interest income due to higher interest rates, partially offset by lower average interest-bearing investment balances.

Provision for Income Taxes

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

		Three Months Ended			Nine Months Ended			Three Months Ended March 31,		Percent Change	
		September 30,		Percent Change	September 30,		Percent Change				
		2023	2022		2023	2022					
Provision for income taxes	Provision for income taxes	\$4,777	\$18,832	-75 %	\$32,235	\$53,324	-40 %				
Provision for income taxes											
Provision for income taxes								\$ 11,950	\$ 8,250		45 %
Effective tax rate	Effective tax rate	82.1 %	20.5 %		20.9 %	20.1 %		24.3 %	17.1 %		42 %

The effective tax rate for the three months ended September 30, 2023 March 31, 2024, differed from the U.S. federal statutory tax rate of 21%, primarily due to non-deductible executive compensation state taxes and the branded prescription drug fee, partially interest on uncertain tax positions, offset by the generation of federal tax credits. The effective tax rate for the nine three months ended September 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 non-deductible executive compensation and state taxes. The effective tax rates for the three and nine months ended September 30, 2022 March 31, 2023, differed from the U.S. federal statutory tax rate of 21%, primarily due to excess tax benefits related to the exercise of certain stock options during the periods period and the generation of federal tax credits, partially offset by state taxes.

Liquidity and Capital Resources

As of September 30, 2023 March 31, 2024, we had \$1.9 billion \$1.6 billion in cash, cash equivalents and investments, as compared to \$2.1 \$1.7 billion as of December 31, 2022 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 which we project will increase for the remainder of 2023, as compared to the corresponding period in 2022, are for: income tax payments; employee related expenditures; payments related to our development and discovery programs; income tax payments; royalty payments on our net product sales; cash payments for inventory; rent payments for our leased facilities; and contract manufacturing payments. 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 2023 and expect to pay fiscal year 2024, which will require higher estimated federal taxes tax payments by the end of 2023, 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 sales, revenues, which we project will may increase for the remainder of 2023, 2024, as compared to the corresponding period in 2022; 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 2023, 2024, as compared to the corresponding period in 2022, 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 also have cash requirements related to capital expenditures to support the planned growth of our business, including investments in facilities and equipment. We project that we may continue to spend significant amounts of cash to fund the development and commercialization of cabozantinib and the development of other product

candidates in our pipeline, including zanzalintinib, XB002 and XB002, XL309, and the development and commercialization of cabozantinib. In addition, we intend to may continue to expand our oncology product pipeline through our drug discovery efforts, including additional research collaborations, in-licensing arrangements and other strategic transactions that align with our oncology drug development, and regulatory and commercial expertise.

In March 2023, January 2024, our Board of Directors authorized the repurchase of up to \$550 million \$450 million of our common stock before the end of 2023, 2024. As of September 30, 2023 March 31, 2024, approximately \$205.2 million \$259.3 million remained available for future stock repurchases before the end of 2023, 2024, pursuant to our stock repurchase program. The timing and amount of any 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):

		September 30, 2023	December 31, 2022	Percent Change
Working capital	Working capital	\$ 1,066,553	\$ 1,294,403	-18 %
Working capital				
Working capital				
Cash, cash equivalents and investments	Cash, cash equivalents and investments	\$ 1,915,067	\$ 2,066,681	-7 %
Cash, cash equivalents and investments				
Cash, cash equivalents and investments				

Working capital: Capital

The modest decrease in working capital as of September 30, 2023 March 31, 2024, as compared to December 31, 2022 December 31, 2023, was primarily due to repurchases of our common stock, and purchases of long-term investments, partially offset by the favorable impact to our net current assets resulting from our net income. 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 Cash Equivalents and investments: Investments

Cash and cash equivalents primarily consist of cash deposits held at major banks, commercial paper, 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 September 30, 2023 March 31, 2024, as compared to December 31, 2022 December 31, 2023, was primarily due to cash payments to repurchase our common stock, payments to support our development and discovery programs, including acquisition of acquired in-process research and development technology, such as the upfront payment made upon execution of the exclusive license agreement with Insilico and operating 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 (in (dollars in thousands):

		Nine Months Ended September 30,		Three Months Ended March 31,
		2023	2022	
Net cash provided by operating activities	Net cash provided by operating activities	\$ 322,753	\$ 288,920	
Net cash used in investing activities		\$ (88,692)	\$ (278,632)	
Net cash provided by operating activities				
Net cash provided by operating activities				
Net cash provided by (used in) investing activities				
Net cash provided by (used in) investing activities				

Net cash provided by (used in) investing activities				
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	\$	(339,879)	\$ 2,589
Net cash provided by (used in) financing activities				
Net cash provided by (used in) financing activities				

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 nine three months ended September 30, 2023 increased, March 31, 2024 decreased, as compared to the corresponding prior year period, primarily due to an increase in cash received on sales of our products and a decrease in cash paid for certain operating expenses, primarily from collaboration including cash payments related research and development payments, to the 2024 Restructuring Plan, partially offset by the collection an increase in cash received on sales of a \$100.0 million milestone payment from Ipsen in the three months ended March 31, 2022, 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, activities.

Net cash was provided by investing activities for the three months ended March 31, 2024, as compared to net cash used in investing activities for the nine months ended September 30, 2023 decreased, as compared to in the corresponding prior year period, period. The increase in cash provided by investing activities was primarily due to a decrease in purchases of investments and increase in cash proceeds from maturities and sales of investments, partially offset by an increase in purchases of in-process research and development technology related to certain of our in-licensing collaboration arrangements, 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, and payments for repurchases of common stock, awards.

Net cash was used in financing activities for the nine three months ended September 30, 2023 March 31, 2024, as compared to cash provided by financing operations activities in the corresponding prior year period, period. During the three months ended March 31, 2024, cash used in financing activities was primarily due related to payments for repurchases of common stock.

stock, which were \$185.4 million. During the nine three months ended September 30, 2023 March 31, 2023, payments for repurchases cash provided by financing activities was primarily related to proceeds from employee stock programs that were offset by withholding taxes remitted to the government related to net share settlements of common stock were \$341.1 million, equity awards.

Contractual Obligations

In May 2023, The 2024 Restructuring Plan was initiated in connection with the commencement first quarter of 2024, and we anticipate the plan will be substantially complete in the second quarter of 2024. As part of our lease of laboratory facilities located in Pennsylvania, 2024 Restructuring Plan, we recognized have terminated certain in-licensing collaboration arrangements, and as a right-of-use asset result our contingent payments for potential future development, regulatory and an operating lease liability of \$13.2 million. We estimated the lease term to be 60 months taking into consideration our early termination rights, commercial milestones have decreased.

There were no material changes outside of the ordinary course of business in our contractual obligations as of September 30, 2023 from those disclosed in our Fiscal 2022 Form 10-K. For more information about our leases, See "Note 3. Collaboration Agreements and our other contractual obligations, see "Note 10. Commitments and Contingencies" 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 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 March 31, 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 2022 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 amounts of revenues and expenses under our profit and loss sharing agreement; recoverability of inventory; 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 and/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, inventory, clinical trial and collaboration accruals, stock-based compensation and income taxes reflect the most 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 nine three months ended September 30, 2023 March 31, 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 2022 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 Risk.

Our market risks as of September 30, 2023 March 31, 2024 have not changed significantly from those described in Part II, Item 7A of our Fiscal 2022 2023 Form 10-K.

Item 4. Controls and Procedures Procedures.

Evaluation of disclosure controls Disclosure Controls and procedures.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 Effectiveness of controls.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 Internal Control over financial reporting. 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. 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 *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 *Approved Drug Products with Therapeutic Equivalence Evaluations*, also referred to as 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 the MSN I 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 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 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).

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 this the MSN II 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 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 first half of 2024.

Teva ANDA Litigation

In May 2021, we received notice letters from Teva 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 (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 are seeking, 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.

On July 18, 2023, we entered into a settlement and license agreement (the Teva Settlement Agreement) with Teva 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, 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. We are evaluating Cipla's additional Paragraph IV certifications.

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 previously disclosed in Part I, Item 1A of our Fiscal 2022 2023 Form 10-K and in Part II, Item 1A of our 10-K. Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2023 and June 30, 2023. 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 2022 2023 Form 10-K, as supplemented by our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2023 and June 30, 2023. 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds, and Issuer Purchases of Equity Securities

In March 2023, January 2024, our Board of Directors authorized a stock repurchase program to acquire up to \$550 million \$450 million of our outstanding common stock before the end of 2023, 2024. As of September 30, 2023 March 31, 2024, approximately \$205.2 million \$259.3 million remained available for future stock repurchases before the end of 2023, 2024, pursuant to our stock repurchase program.

Stock repurchases under the 2024 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. Stock repurchases under the program may be made from time to time through a variety of methods, which may include open market purchases, block trades, accelerated stock repurchase transactions, 10b5-1 trading plans, exchange transactions, or any combination of such methods. 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.

The following table summarizes the stock repurchase activity for the three months ended September 30, 2023 March 31, 2024 and the approximate dollar value of shares that may yet be purchased pursuant to our stock repurchase program (in thousands, except per share data):

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program
July 1, 2023 - July 28, 2023	2,434	\$ 19.49	2,434	\$ 375,589
July 29, 2023 - August 25, 2023	4,652	\$ 21.16	4,652	\$ 277,152
August 26, 2023 - September 29, 2023	3,249	\$ 22.15	3,249	\$ 205,170
Total	10,335		10,335	

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program
December 30, 2023 – January 26, 2024	—	\$ —	—	\$ 450,000
January 27, 2024 – February 23, 2024	2,902	\$ 20.59	2,902	\$ 390,254
February 24, 2024 – March 29, 2024	5,736	\$ 22.83	5,736	\$ 259,296
Total	8,638		8,638	

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Patrick J. Haley, Dana T. Aftab, our Executive Vice President, Commercial, Discovery and Translational Research, and Chief Scientific Officer, an officer for purposes of Section 16 of the Exchange Act, entered into a pre-arranged stock trading plan on August 7, 2023 May 25, 2023, which was subsequently modified on February 27, 2024.

Mr. Haley's As modified, Dr. Aftab's trading plan provides for the sale of up to 120,149 194,656 shares of our common stock (including shares obtained from the exercise of vested stock options covered by the trading plan) between November 6, 2023 May 30, 2024 and August 7, 2024 September 30, 2025. This trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and Exelixis' policies regarding transactions in Exelixis securities.

Jeffrey J. Hessekziel, our Executive Vice President, General Counsel and Secretary, an officer for purposes of Section 16 of the Exchange Act, entered into a pre-arranged stock trading plan on February 28, 2024. Mr. Hessekziel's trading plan provides for the sale of up to 200,000 shares of our common stock (including shares obtained from the exercise of vested stock options covered by the trading plan) between May 29, 2024 and December 31, 2024. This trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and Exelixis' policies regarding transactions in Exelixis securities.

Jack L. Wyszomierski, a member of our Board of Directors, entered into a pre-arranged stock trading plan on February 12, 2024. Mr. Wyszomierski's trading plan provides for the sale of up to 19,973 shares of our common stock (including shares obtained from the exercise of vested stock options covered by the trading plan) between May 13, 2024 and June 12, 2024. This trading plan is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and Exelixis' policies regarding transactions in Exelixis securities.

During the three months ended September 30, 2023 March 31, 2024, no other 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 Exhibits.

Exhibit Number	Exhibit Description	Incorporation by Reference				Filed Herewith
		Form	File Number	Exhibit/Appendix Reference	Filing Date	
3.1	Restated Certificate of Incorporation of Exelixis, Inc.	10-Q	000-30235	3.1	8/5/2021	
3.2	Amended and Restated Bylaws of Exelixis, Inc.	8-K	000-30235	3.1	3/3/2021	
10.1*	Fifth Amendment dated August 24, 2023, to the Collaboration and License Agreement dated February 29, 2016, by and between Exelixis, Inc. and Ipsen Pharma SAS					X
10.2†	Separation Agreement and Release of all Claims dated September 21, 2023, and Consulting Agreement dated September 1, 2023, by and between Exelixis, Inc. and Vicki L. Goodman, M.D.					X
10.3‡	Cash Compensation Information for Non-Employee Directors					X
31.1	Certification of Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and Rule 15d-14(a)					X
31.2	Certification of Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and Rule 15d-14(a)					X
32.1‡	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350					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
*	Portions of this exhibit have been omitted as being immaterial and would be competitively harmful if publicly disclosed.					
†	Management contract or compensatory plan					
‡	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.					

Exhibit Number	Exhibit Description	Incorporation by Reference	Filed Herewith
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		Form	File Number	Exhibit/ Appendix Reference	Filing Date	
3.1	Restated Certificate of Incorporation of Exelixis, Inc.	10-Q	000-30235	3.1	8/5/2021	
3.2	Certificate of Change of Registered Agent and/or Registered Office of Exelixis, Inc.					X
3.3	Amended and Restated Bylaws of Exelixis, Inc.	8-K	000-30235	3.1	12/20/2023	
31.1	Certification of Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and Rule 15d-14(a)					X
31.2	Certification of Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and Rule 15d-14(a)					X
32.1†	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350					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.

November 1, 2023 April 30, 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)

45 44

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit 10.1

3.2

FIFTH AMENDMENT TO COLLABORATION AND LICENSE AGREEMENT STATE OF DELAWARE CERTIFICATE OF CHANGE OF REGISTERED AGENT

AND/OR REGISTERED OFFICE

This **Fifth Amendment to the Collaboration and License Agreement** (the "**Fifth Amendment**") is entered into as **existing under the General Corporation Law of the State** of August 24, 2023 (the "**Fifth Amendment Effective Date**") by and between **Exelixis, Inc.**, a Delaware, company having an address at 1851 Harbor Bay Parkway, Alameda, CA 94502, USA ("**Exelixis**") and **Ipsen Pharma SAS**, a French corporation having an address at 65 Quai Georges Gorse, 92100 Boulogne-Billancourt, France ("**Licensee**"). Exelixis and Licensee may be referred to herein individually as a "**Party**" or collectively as the "**Parties**".

RECITALS

WHEREAS, Exelixis and Licensee are parties to that certain Collaboration and License Agreement dated February 29, 2016, as subsequently amended by the First Amendment, dated effective December 20, 2016, Second Amendment dated effective September 14, 2017, Third Amendment dated effective October 26, 2017 and Fourth Amendment dated effective October 11, 2022 (collectively, the "**License Agreement**") under which the Parties have been collaborating on the development and commercialization of cabozantinib;

WHEREAS, the Parties held a financial audit;

WHEREAS, Licensee discovered that Exelixis has, on occasion, 53 weeks in its fiscal year, that Exelixis' fiscal year does not align with a Calendar Year, and that Exelixis tracks FTE utilization by percentage effort rather than by hours;

WHEREAS, on May 9, 2023, Licensee notified Exelixis that Licensee elected to cease reimbursing Exelixis for the costs and expenses incurred with respect to preparation, filing, prosecution, and maintenance of certain Exelixis Patents (as defined in the License Agreement);

WHEREAS, pursuant to Section 11.2(a)(i) of the License Agreement, such Patents (as defined in the License Agreement) shall cease to be Exelixis Patents, and shall no longer be subject to the licenses and other rights granted by Exelixis to Licensee, under the License Agreement; and

WHEREAS, the Parties now mutually desire to enter into this Fifth Amendment to update certain definitions and the list of Exelixis Patents under the License Agreement, all on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree **certifies** as follows:

1. DEFINITIONS

1.1. Unless otherwise defined in this Fifth Amendment, all capitalized terms have the meaning as defined in the License Agreement.

1.2. Section 1.28 of the License Agreement is hereby deleted in its entirety and replaced to read as follows:

1.28 "Exelixis Patents" means all Patents in the Licensee Territory that Exelixis Controls as of the Effective Date or during the Term (including any Joint Patents) that would be infringed, absent a license or other right to practice granted under such Patents, by the Development, use, importation, offer for sale or sale of any Compound or Product in the Field in the Licensee Territory (considering patent applications to be issued with the then-pending claims and considering Joint Patents as if owned solely by Exelixis), but excluding those Patents set forth in **Exhibit B-2**. The Exelixis Patents existing as of the Fifth Amendment Effective Date are set forth in **Exhibit B-1**.

1.3. "FTE" Definition. Section 1.38 of the License Agreement is hereby deleted in its entirety and replaced to read as follows:

1.38 "FTE" means the equivalent of full-time individual's work, performed by one or more individuals, in an Exelixis fiscal year (which fiscal year is, in most years, 52 weeks exactly consisting of [*] working hours [*]."

1.4. "FTE Rate" Definition. Section 1.39 of the License Agreement is hereby deleted in its entirety and replaced to read as follows:

1.39 "FTE Rate" means an initial rate of (a) with respect to Exelixis' personnel, [*] per FTE per 52-week Exelixis Fiscal Year and (b) with respect to Licensee's personnel, [*], which rate shall apply through December 31, 2016. Thereafter, the FTE Rate shall be changed annually on a Calendar Year basis to reflect any year-to-year percentage increase or decrease (as the case may be) (i) with respect to Exelixis, in the Consumer Price Index for All Urban Consumers for the U.S., as published by the U.S. Department of Labor, Bureau of Labor Statistics ("CPI"), and (ii) with respect to Licensee, in the French consumer price index as published by the French National Institute of Statistics and Economic Studies ("INSEE") available at insee.fr (both changes based on the change in the CPI from the most recent applicable index available as [name of](#) the Effective Date to the most recent applicable index available as of the date of the calculation of such revised FTE Rate). [*]"

1.5. "Net Sales" Definition. Section 1.58 of the License Agreement is hereby deleted in its entirety and replaced to read as follows:

1.58 "Net Sales" means, with respect to any Product, the gross amounts invoiced for sales or other dispositions of such Product by or on behalf of Licensee and its Affiliates and Sublicensees to Third Parties, less the following deductions to the extent included in the gross invoiced sales price for such Product or otherwise directly paid or incurred by Licensee or its Affiliates or Sublicensees, as applicable, with respect to the sale or other disposition of such Product:

(a) [corporation](#) normal and customary trade and quantity discounts actually allowed and properly taken directly with respect to sales of such Product (provided that such discounts are not applied disproportionately to such Product when compared to the other products of Licensee or its Affiliate or Sublicensee, as applicable);

(b) credits or allowances given or made for rejection or return of previously sold Products or for retroactive price reductions and billing errors;

(c) rebates and chargeback payments granted to managed health care organizations, pharmacy benefit managers (or equivalents thereof), national,

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

state/provincial, local, and other governments, their agencies and purchasers and reimbursors, or to trade customers;

(d) [EXELIXIS, INC.](#) [*] costs of freight, carrier insurance, and other transportation charges directly related to the distribution of such Product. [*]; and

(e) taxes, duties or other governmental charges (including any tax such as a value added or similar tax, other than any taxes based on income) directly levied on or measured by the billing amount for such Product, as adjusted for rebates and refunds.

Upon any sale or other disposition of any Product that should be included within Net Sales for any consideration other than exclusively monetary consideration on bona fide arms'- length terms, then for purposes of calculating Net Sales under this Agreement, such Product shall be deemed to be sold exclusively for money at the average sales price of the relevant Product in arm's length transactions during the applicable reporting period generally achieved for such Product in the country in which such sale or other disposition occurred when such Product is sold alone and not with other products (average sales price to be measured as the aggregate Product Net Sales divided by the aggregate number of units sold in such country).

In no event will any particular amount identified above be deducted more than once in calculating Net Sales. Sales of a Product between Licensee and its Affiliates or Sublicensees for resale shall be excluded from the computation of Net Sales, but the subsequent resale of such Product to a Third Party shall be included within the computation of Net Sales.

The supply of Product as samples, for use in non-clinical or clinical trials, or for use in any test or studies reasonably necessary to comply with any applicable laws, rules, or regulations or as is otherwise normal and customary in the industry shall not be included in the computation of Net Sales, so long as Licensee, its Affiliates, and Sublicensees do not receive payment for such Product in excess of the Cost of Goods of such Product."

2. GENERAL PROVISIONS

2.1. Registered Office of the corporation in the State of Delaware is changed to Retroactive Effect of Amendment Corporation Trust Center, 1209 Orange Street.

(a) FTE calculation in. The Parties agree that the FTE Rate will be calculated in accordance with Section 1.39 as revised herein with respect to all Development Costs incurred on or after [*].

(b) [City* of] Sub-paragraph (d) Wilmington, County of Section 1.58 (Net Sales). New Castle, Zip Code 19801. The Parties agree that name of the Net Sales will be calculated in accordance with Section 1.58 as revised herein with respect to all sales for the Products in the Licensee Territory made on or after [*]. In the event of overpayment or underpayment by Ipsen of royalties to Exelixis on the Net Sales of the Products sold in the Licensee Territory for the Calendar Years [*] due to subparagraph (d) of Section 1.58, the Parties hereby agree that any remaining balance due by or owed to Ipsen shall be debited or credited to Ipsen, as applicable pursuant to payment terms to be mutually agreed by the Parties in writing. Registered Agent at

2.2. Exhibit B. For clarity, references to "Exhibit B" in the License Agreement shall mean Exhibit B-1.

[*] = Certain confidential information contained in such address upon whom process against this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

2.3. Effect of Amendment. Except as expressly modified herein, all terms and conditions set forth in the License Agreement, as in effect on the Fifth Amendment Effective Date, shall remain in full force and effect.

2.4. Entire Agreement. The License Agreement as modified by this Fifth Amendment is both a final expression of the Parties' agreement and a complete and exclusive statement with respect to its subject matter. They supersede all prior and contemporaneous agreements and communications, whether written or oral, of the Parties regarding this subject matter.

2.5. Severability. If, for any reason, any part of this Fifth Amendment is adjudicated invalid, unenforceable, or illegal by a court of competent jurisdiction, such adjudication shall not, to the extent feasible, affect or impair, in whole or in part, the validity, enforceability, or legality of any remaining portions of this Fifth Amendment. All remaining portions shall remain in full force and effect as if the original Fifth Amendment had been executed without the invalidated, unenforceable, or illegal part.

2.6. Counterparts; Electronic Signatures. This Fifth Amendment Corporation may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Fifth Amendment may be executed and delivered electronically and upon such delivery such electronic signature will be deemed to have the same effect as if the original signature had been delivered to the other Party.

{SIGNATURE PAGE FOLLOWS}

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

IN WITNESS WHEREOF, the Parties hereto have caused this Fifth Amendment served to be executed and entered into by their duly authorized representatives as of the Fifth Amendment Effective Date, is

EXELIXIS, INC.

By: /s/ Jeffrey Hessekiel
Name: Jeffrey Hessekiel
Title: EVP & General Counsel

IPSEN PHARMA S.A.S

By: /s/ Francois Garnier
Name: Francois Garnier
Title: EVP General Counsel

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit B-1

LIST OF EXELIXIS PATENTS AS OF THE FIFTH AMENDMENT EFFECTIVE DATE

{redacted Exhibit B-1 content comprises approximately 28 pages}

[CORPORATION* TRUST]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit B-2

LIST OF EXCLUDED PATENTS

{redacted Exhibit B-2 content comprises approximately 12 pages}

[*]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

CONFIDENTIAL SEPARATION AGREEMENT AND RELEASE OF ALL CLAIMS

This Confidential Separation Agreement and Release of All Claims ("Agreement") is entered into by and between Exelixis, Inc. ("Exelixis") and Vicki L. Goodman, M.D. ("Dr. Goodman"). Dr. Goodman and Exelixis are referred to collectively herein as the Parties. This Agreement will become effective on the eighth (8th) calendar day after Dr. Goodman signs this Agreement, so long as it has been signed by the Parties and Dr. Goodman has not revoked the Agreement before that date ("Effective Date").

RECITALS

WHEREAS, Dr. Goodman has been employed by Exelixis since January 4, 2022, as Executive Vice President, Product Development and Medical Affairs and Chief Medical Officer, at the current annual base salary of \$672,750.00;

WHEREAS, Dr. Goodman's employment with Exelixis will end on August 23, 2023 (the "Separation Date");

WHEREAS, on or about December 1, 2021, Dr. Goodman executed a copy of the Participation Notice for the Exelixis, Inc. Change in Control and Severance Benefit Plan ("Plan") designating her as an Executive Participant in the Plan;

WHEREAS pursuant to the terms of the Plan, provided that Dr. Goodman complies with all conditions set forth herein, and signs, returns and does not revoke this Agreement, because Dr. Goodman is being involuntarily terminated without cause, constituting a Covered Termination under the Plan, Dr. Goodman will receive twelve (12) months' Severance and twelve (12) months' Health Care Severance;

WHEREAS, not later than the next payday after the Separation Date, Exelixis will pay Dr. Goodman all accrued salary and all accrued and unused paid time off accrued through that date, subject to payroll deductions and withholdings. Dr. Goodman will receive these payments regardless of whether or not Dr. Goodman executes this Agreement;

WHEREAS, the Parties seek a full and final resolution of all past, present and potential claims, controversies and disputes Dr. Goodman may have concerning her employment and/or separation from Exelixis to the fullest extent permitted by law;

WHEREAS, the Parties hereby acknowledge, represent and warrant that the terms and conditions in this Agreement are fair, reasonable, adequate and in their mutual best interest; and,

WHEREAS, the Parties acknowledge that they are waiving significant legal rights or claims by signing this Agreement and that they voluntarily enter into this Agreement after being given the opportunity to consult with legal counsel, with a full and complete understanding of its terms and legal effect, and with the intent to be bound thereby.

AGREEMENT AND RELEASE

NOW, THEREFORE, in consideration of the foregoing Recitals, and in consideration for the covenants, terms and conditions set forth herein, each of which is material, and for other valuable consideration, the sufficiency of which is hereby acknowledged by each Party hereto, Dr. Goodman and Exelixis, and each of them, agree as follows:

1. **No Admission of Liability.** The Parties hereby acknowledge and agree that this Agreement: (a) shall not be deemed to be, or be construed as, an admission of any liability or wrongdoing of any kind whatsoever by any Releasee (as defined below); and (b) the Parties shall not hereafter assert that this Agreement, the fact of this Agreement, or any provision herein is an admission as to any wrongful conduct, liability, or as to the merits or lack of merit of any claim settled herein, or otherwise.

2. **Warranties and Agreements in Consideration of Severance Payment.**

(a) **Mutual Non-Disparagement.** The Parties warrant and agree that both during the period Dr. Goodman is considering the terms of this Agreement and once she has signed it, they shall not issue any communication, written or otherwise, to any current or former employee, patron or customer of Exelixis, or to any third-party,

whether in person, orally or in writing (including by electronic transmission or publication on the Internet or on social media), which contains falsehoods or misinformation regarding the other Party;

(b) Equity Awards. Dr. Goodman acknowledges she may have vested and unvested equity interests granted pursuant to the Exelixis, Inc. 2017 Equity Incentive Plan (the "Plan") as of the last day of her employment. Dr. Goodman acknowledges and agrees that any vested Options and Vested Units identified on **Exhibit A** are the only Exelixis equity to which she is entitled under the Plan or otherwise, and that all unvested Options and Unvested Units are forfeited as of the last day of employment and she has no further rights or interests therein. Dr. Goodman's rights and obligations with respect to any Vested Options and the exercise thereof and any Vested Units, are governed solely by the Plan and the applicable award agreements. Further specific information regarding Dr. Goodman's equity awards, if any, is attached hereto as **Exhibit A**;

(c) Insider Information Obligations. Dr. Goodman acknowledges her continuing obligations under Exelixis' Insider Trading Policy, a copy of which will be sent to Dr. Goodman on the Separation Date;

(d) Reaffirmation of Ongoing Confidentiality Obligations. Dr. Goodman acknowledges and agrees that, subject to Paragraph 5 below, nothing herein shall be construed to relieve Dr. Goodman of her obligations to maintain and preserve the confidentiality of Exelixis' business confidential, proprietary information, trade secrets and sensitive information, including but not limited to, all information, data and documents (both physical and electronic) described in the company's Proprietary Information and Inventions Agreement ("PIIA"), signed by Dr. Goodman at the commencement of her employment, the terms of which are incorporated herein by reference;

(e) Reaffirmation of Invention-Related Obligations. Dr. Goodman understands and agrees that her continuing obligations include those relating to "Inventions," as that term is defined and as such obligations are articulated in the PIIA. Dr. Goodman acknowledges and reaffirms her obligation to assist Exelixis, or its designee, at Exelixis' expense, in every proper way to secure Exelixis' rights in the Inventions in any and all countries. Such assistance may include, but is not limited to (i) Dr. Goodman's disclosure to Exelixis of all pertinent information and data with respect to Exelixis' rights in the Inventions, the execution of all applications, specifications, oaths, assignments, and all other instruments that Exelixis shall deem proper or necessary to apply for, register, obtain, maintain, defend, and enforce such rights, and to deliver, assign, and convey to Exelixis, its successors, assigns, and nominees the sole and exclusive rights, title, and interest in and to all Inventions; and (ii) Dr. Goodman's testimony in a suit or other proceeding relating to such Inventions. For the avoidance of any doubt, Dr. Goodman acknowledges and agrees that her obligations include, but are not limited to: (i) executing, submitting, supplementing, or otherwise completing Invention Disclosure Forms; (ii) executing and submitting patent assignments, declarations, or similar documents; and (iii) promptly and truthfully responding to Company inquiries regarding pending or anticipated patent applications;

(f) Return of All Exelixis Property. Subject to Paragraph 5 below, with the exception of a copy of the Employee Handbook and personnel documents specifically relating to Dr. Goodman, Dr. Goodman shall account for and return all Exelixis property in her possession or under her control. "Exelixis Property" includes, but is not limited to, all items provided to Dr. Goodman by Exelixis or developed or obtained by Dr. Goodman in connection with her employment with Exelixis. "Exelixis Property" also includes Exelixis documents (both physical and electronic, and all copies thereof) all security badges, keys, security codes, cellular phones, laptop computers, iPhone, iPad, credit cards, any proprietary information regarding Exelixis, including but not limited to data regarding finances, policies or personnel, marketing materials confidential reports and information regarding Exelixis, and includes all forms of electronic documents, diskettes, thumb drives, CDs, any storage media, software, calendars, and policy manuals and all copies thereof, if any, in any form. Dr. Goodman further represents and warrants that she will take no proprietary or Confidential Information belonging to Exelixis;

(g) Disclosure. In addition to the foregoing, and in further exchange for the consideration described in this Agreement, Dr. Goodman specifically represents and warrants that as of the date that she executes this Agreement, either (i) Dr. Goodman has disclosed to Exelixis' General Counsel or to another member of Exelixis' internal Legal Department in writing any matter that Dr. Goodman knows or suspects could constitute an actual or potential violation of the Exelixis Corporate Code of Conduct or Business Conduct Manual or of any internal or external legal, regulatory or compliance

requirement applicable to Exelixis in any jurisdiction in which it does business, or (ii) Dr. Goodman has no information concerning any such matter; and,

(h) Additional Acknowledgments. Dr. Goodman acknowledges that: (i) she does not have and has not raised a claim of sexual assault, sexual harassment, or unlawful workplace harassment or discrimination, failure to prevent an act of workplace harassment or discrimination, or an act of retaliation against a person for reporting or opposing harassment or discrimination against Exelixis or any of the Released Parties (as defined below); and (ii) Exelixis properly provided any leave of absence requested due to her or her family member's health condition or military service and she has not been subjected to any improper treatment, conduct or actions due to a request for or taking such leave. **COMPANY**.

3. **Consideration** **The foregoing**

(a) **change** Severance Payment **to**. In consideration of this Agreement, pursuant to the terms **registered office/agent** **was adopted by a resolution** of the Plan, provided Dr. Goodman has complied with all conditions set forth herein, signs, returns the Agreement not later than October 7, 2023, and does not revoke the Agreement pursuant to Paragraph 7(e) below, Exelixis shall pay Dr. Goodman severance equivalent to twelve (12) months' base salary, in the amount **Board** of Six Hundred Seventy-Two Thousand Seven Hundred Fifty Dollars and No Cents (\$672,750.00), minus taxes and statutorily or otherwise required or authorized deductions ("Severance Payment"). Exelixis shall make the Severance Payment in a single, lump sum payment to Dr. Goodman not later than thirty (30) calendar days after the Effective Date. Exelixis shall issue an IRS Form W-2 for the Severance Payment made in 2023;

(b) **Health Care Severance**. In further consideration of this Agreement releasing all claims, pursuant to the terms **Directors** of the Plan, Exelixis shall pay Dr. Goodman a lump sum payment of \$2,688.72, which is intended to subsidize the cost of twelve (12) months' of her health care insurance coverage from any source including, but not limited to COBRA continuation coverage, the state or federal marketplace, or an individual policy purchased through a broker, and which shall be reduced by all state and federal withholding taxes (the "Health Care Severance"). However, Dr. Goodman has full discretion to use the Health Care Severance for any purpose and shall have no obligation to use the Health Care Severance to obtain health coverage. Exelixis shall make the Health Care Severance Payment in a single, lump sum payment to Dr. Goodman not later than thirty (30) calendar days after the Effective Date. Additional information regarding her right to elect COBRA coverage will be provided separately. Exelixis shall issue an IRS Form W-2 for the Health Care Severance Payment made in 2023; **corporation**.

(c) **Total Consideration**. Dr. Goodman understands and agrees that the Consideration described in this Paragraph 3 shall constitute the entire amount of monetary consideration provided to Dr. Goodman by Exelixis under the Plan and this Agreement and that she shall not seek any further compensation for any other claimed damage, costs or attorney's fees in connection with her employment with Exelixis, and/or any of the matters encompassed or released in this Agreement;

(d) **Application of Sections 409A and 457**. Dr. Goodman acknowledges and agrees that the termination of her employment constitutes an "involuntary separation from service" as described in Treasury Regulation section 1.409A-1(n)(1) and an "involuntary severance from employment" as described in Proposed Treasury Regulation section 1.457-11(d)(2). All payments provided for in this Agreement are intended to be exempt from section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), by reason of the exemption applicable to "short-term deferrals" (as set forth in Treasury Regulation section 1.409A-1(b)(4)), or by reason of the exemption applicable to "separation pay plans" (as set forth in Treasury Regulation section 1.409A-1(b)(9)). The Parties agree that pursuant to section 457(e)(11)(A)(i) of the Code, Treasury Regulation section 1.457-2(k) and Proposed Treasury Regulation section 1.457-11(c), this Agreement constitutes a bona fide severance pay plan that is not subject to section 457 of the Code and is not treated as an agreement to defer compensation. Each payment of compensation under this Agreement shall be treated as a separate payment of compensation for purposes of section 409A of the Code. The provisions of this Agreement are to be interpreted in a manner consistent with the foregoing intent as expressed in this Paragraph; and,

(e) **No Representations Regarding Tax Consequences**. Dr. Goodman acknowledges and agrees that neither Exelixis nor any representative of Exelixis has made any representations, warranties, or promises of any kind, regarding the tax consequences of any amounts received by her pursuant to this Agreement. Dr. Goodman further acknowledges and agrees that neither Exelixis nor any representative of Exelixis shall have any liability to her or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to section 409A or 457 of the Code but do not satisfy an exemption from, or the conditions of, section 409A or 457 of the Code, as applicable. Dr. Goodman agrees to pay all federal and state taxes of every type, which she is required to pay by law with respect to this

Agreement. Dr. Goodman agrees to hold Exelixis completely harmless for same and to indemnify Exelixis for any charges incurred because of her failure timely and/or fully to meet her tax obligations hereunder.

4. **Release of All Claims by Dr. Goodman:**

(a) Except as stated in Paragraph 5 herein, Dr. Goodman without limitation hereby irrevocably and unconditionally releases and forever discharges Exelixis, its current or former employees, its Executive Leadership, board members, shareholders, officers, representatives, agents, divisions, benefit plans, insurers, predecessors, successors, present and former affiliates, subsidiaries, and assigns ("Releasees"), from any and all charges, complaints, claims, causes of action, debts, sums of money, controversies, agreements, promises, damages and liabilities of any kind or nature whatsoever, both at law and equity, known or unknown, suspected or unsuspected arising from conduct occurring on or before the date of this Agreement incidental to or arising out of her employment relationship with Exelixis to the full extent of the law ("Release"). Dr. Goodman further understands that through this Release, Dr. Goodman is releasing any claim Dr. Goodman may have for damages, whether brought by Dr. Goodman or on her behalf by any other party, governmental agency or otherwise, and further agrees not to institute any claim for damages through any further administrative or legal proceedings against Exelixis or any Releasee. Dr. Goodman further understands that she is waiving and releasing any and all rights to monetary damages or other legal relief awarded by any governmental agency related to any charge or other claim arising out of or occurring on or before the date of this Agreement, except as prohibited by law or for any right Dr. Goodman may have to receive a payment from a government agency (and not Exelixis) for information provided to the government agency;

(b) Dr. Goodman understands this Release includes without limitation all actions, claims and grievances, whether actual or potential, known or unknown, related, incidental to or arising out of her employment relationship with Exelixis, based on facts occurring prior to the date Dr. Goodman executes this Agreement. All such claims, including related attorney's fees and costs, are forever barred by this Agreement without regard to whether those claims are based on any alleged breach of a duty arising by statute, in contract or tort; any alleged unlawful act, any other claim or cause of action; and regardless of the forum in which it might be brought; and,

(c) This Release specifically extends to, without limitation, any and all claims relating to employment for: (i) breach of contract; (ii) breach of implied covenant of good faith and fair dealing; (iii) discrimination, harassment, retaliation and/or failure to take preventative steps to prevent such conduct, in violation of the Pennsylvania Human Relations Act or any other provision of state or federal law; (iv) constructive discharge; (v) wrongful termination and (including wrongful termination in violation of public policy); (vi) intentional infliction of emotional distress; (vii) damages as the result of any other tort, contract, common law or equitable claim; (viii) violation of any section of (a); (b) Title VII of the Civil Rights Act of 1964, as amended; (c) Sections 502(a)(2) or 502(a)(3) of ERISA, 29 U.S.C. Sections 1132(a)(2) or 1132(a)(3); (d) the Civil Rights Act of 1991; (e) Sections 1981 through 1988 of Title 42 of the United States Code; (f) the Immigration Reform Control Act, as amended; (g) the Americans with Disabilities Act of 1990, as amended; (h) Labor Management Relations Act of 1947; (i) the Employee Retirement Income Security Act of 1973; (j) the Consolidated Omnibus Budget Reconciliation Act of 1985; (k) the Civil Rights Acts of 1866 and 1964; (l) the Fair Labor Standards Act; (m) the Occupational Safety and Health Act; (n) the Family and Medical Leave Act of 1993; (o) the Immigration Reform Control Act, as amended; (p) the Americans with Disabilities Act of 1990, as amended, (q) Age Discrimination in Employment Act of 1967; (r) or any other federal, state or local law, regulation or ordinance, or any public policy, tort, contract or other common law, all including any amendments and their respective implementing regulations, and any other federal, state, local, or foreign law (statutory, regulatory, or otherwise) that may be legally waived and released; however, the identification of specific statutes is for purposes of example only, and the omission of any specific statute or law shall not limit the scope of this general release in any manner, (ix) defamation, slander, libel or false imprisonment, infliction of emotional distress or any other tort or common law claim; (x) any other federal, state or local law, regulation or ordinance, or any public policy, tort, contract or other common law; (xi) other compensation or benefits, and (xii) damages of any nature, past, present or future, including compensatory, general, special or punitive; as well as interest, costs, fees, sanctions or other expenses, including attorneys' fees, incurred regarding any of these claims and arising out of Her employment with any Releasee;

(d) Dr. Goodman understands that her release of claims as contained in this Agreement does not extend to any rights she may have under any laws governing the filing of claims for COBRA, unreimbursed expenses, unemployment, disability insurance, vested rights under ERISA-covered employee benefit plans and/or workers' compensation benefits. Dr. Goodman further understands that nothing herein shall be construed to prohibit her from: (i) challenging Exelixis' failure to comply with its promises to make payment and provide other consideration under this Agreement; (ii) asserting her right to any vested benefits to which Dr. Goodman is entitled pursuant to the terms of the

applicable plans and/or applicable law; and/or (iii) asserting any claim that cannot lawfully be waived by private agreement; and,

(e) Dr. Goodman represents by executing this Agreement that she has received all benefits and sums otherwise due to her and that no other wages, vacation, sick leave, and/or other monies are due to her, except those amounts set forth in Paragraph 3. Dr. Goodman acknowledges and agrees that Exelixis has paid her all compensation due and earned as of the date she signs this Agreement.

5. No Interference with Rights and Protected Activity.

(a) The Parties agree that nothing in this Agreement shall be construed to prohibit Dr. Goodman from challenging illegal conduct or engaging in protected activity, including without limitation filing a charge or complaint with, and/or participating in any investigation or proceeding conducted by, the National Labor Relations Board, the Equal Employment Opportunity Commission, the Securities and Exchange Commission, and/or any other federal, state or local government agency, including voluntarily providing documents or other information or from otherwise exercising rights under the NLRA or from using or disclosing information acquired through lawful means regarding wages, hours, benefits, or other terms and conditions of employment ("Protected Activity"). Nothing in this Agreement prevents Dr. Goodman from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Dr. Goodman has reason to believe is unlawful. Further, nothing in this Agreement, including but not limited to the acknowledgments, release of claims, proprietary information, and confidentiality provisions waives her right to testify in an administrative, legislative, or judicial proceeding concerning alleged criminal conduct or alleged discrimination, harassment or retaliation on the part of Exelixis, or on the part of the agents or employees of Exelixis, including but not limited to when Dr. Goodman has been required or requested to attend such a proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature; The Parties agree that nothing in this Agreement shall be construed to interfere with the ability of any federal, state or local government agency to investigate any such charge or complaint, or her ability to communicate voluntarily with any such agency. However, by signing this Agreement, Dr. Goodman understands that she is waiving the right to receive individual relief based on claims asserted in any such charge or complaint, except where such a waiver is prohibited or where she has the right to receive a payment from a government agency (and not Exelixis) for information provided to the government agency; and,

(b) Dr. Goodman understands that in connection with this Paragraph only, she is permitted to disclose documents or other information as permitted by law, without giving notice to, or receiving authorization from Exelixis. Notwithstanding the foregoing, Dr. Goodman agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Exelixis Confidential Information under the PIIA to any parties other than government agencies. Any language in the PIIA regarding her right to engage in Protected Activity that conflicts with, or is contrary to, this Agreement is superseded by this Agreement. In addition, pursuant to the Defend Trade Secrets Act of 2016, Dr. Goodman is notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney solely for the

purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

6. **No Pending Claims and Covenant Not to Sue.** Dr. Goodman represents and warrants that she has not personally filed or participated in any complaint, grievance, claim or action against Exelixis or any of the Releasees, nor has she filed a claim with any state, federal or local agency or in any court, or any other tribunal. Dr. Goodman warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein. Dr. Goodman further represents that to the best of her knowledge she has not sustained any work-related injury or occupational illness other than what she may have previously reported to Exelixis.

7. **Notification of And Acknowledgment of Rights Under the Older Workers Benefit Protection Act.** With respect to any claim of age discrimination:

(a) Dr. Goodman acknowledges, understands and agrees that she is releasing claims that may arise prior to the execution of this Agreement under the Older Worker Benefit Protection Act ("OWBPA") and/or the Age

Discrimination in Employment Act of 1967, as amended ("ADEA"). Dr. Goodman further understands and agrees that this Agreement does not purport to waive any rights or claims that may arise from acts or events occurring after the date this Agreement is executed by the Parties. Dr. Goodman understands nothing in this Agreement prevents or precludes her from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law;

(b) Because Dr. Goodman is 40 or over and her termination is part of an employment termination program, Dr. Goodman acknowledges that Exelixis has attached information regarding the individuals covered by the employment termination program, the applicable eligibility factors and time limits for the program (see **Exhibit B**); as well as list of the job titles and ages of all individuals eligible or selected for the employment termination program (see **Exhibit C**);

(c) Dr. Goodman understands and agrees that Exelixis has provided Dr. Goodman with a period of not less than forty-five (45) days, as provided for by the Older Workers Benefit Protection Act ("OWBPA") within which to decide whether to enter into this Agreement to accept the Consideration set forth in Paragraph 3, and in return, whether to provide Exelixis with this Release ("Consideration Period"). In the event Dr. Goodman chooses to sign this Agreement prior to the expiration of the Consideration Period, Dr. Goodman represents that Dr. Goodman is knowingly and voluntarily waiving the remainder of the Consideration Period. Exelixis has made no threats or promises to induce Dr. Goodman to sign earlier. Dr. Goodman agrees with Exelixis that changes made to this Agreement, whether material or immaterial, do not restart the running of the 45-day Consideration Period;

(d) Dr. Goodman acknowledges that she shall not return the signed Agreement **later than October 7, 2023**, and if she fails to sign and return the Agreement by October 7, 2023, the Agreement shall be void in its entirety;

(e) Dr. Goodman shall have seven (7) calendar days after she signs this Agreement to revoke her acceptance of the terms of this Agreement ("Revocation Period"). Revocation may be effective by delivering written notice to [] by mail at 1851 Harbor Bay Parkway, Alameda, CA 94502 or by email at []. To become effective, the written notice of revocation must be received by Human Resources no later than 5:00 p.m. Pacific Standard Time on the seventh (7th) calendar day after Dr. Goodman executes this Agreement, or else Dr. Goodman must mail the revocation to Human Resources no later than such seventh (7th) calendar day, and Dr. Goodman must notify Human Resources by telephone by 5:00 p.m. Pacific Standard Time that the written notice has been mailed. If, however, Dr. Goodman revokes this Agreement, it shall be terminated in its entirety, and Dr. Goodman shall not receive the Consideration set forth in Paragraph 3 above. If Dr. Goodman does not revoke this Agreement, it shall become effective upon expiration of the Revocation Period;

(f) Dr. Goodman has carefully read and fully understands all of the provisions of this Agreement, which are written in a manner that Dr. Goodman clearly understands. Dr. Goodman further acknowledges and agrees that no one coerced, threatened, pressured or otherwise hurried Dr. Goodman to execute this Agreement; The Consideration provided for in this Agreement is in addition to that to which Dr. Goodman is already entitled and will receive upon Dr. Goodman's termination from Exelixis; and,

(g) Dr. Goodman knowingly and voluntarily agrees to all of the terms in this Agreement and intends to be legally bound by this Agreement.

8. **Confidentiality.** Dr. Goodman covenants and agrees that she will keep the amount of the Consideration paid under this Agreement confidential, and that she will not disclose the terms of this Agreement, or negotiations leading thereto, to anyone other than her immediate family, attorneys, personal advisors, financial advisors and tax accountants, provided that the Parties may make any other disclosures as are required by law. Recipients of such information shall be informed of this confidentiality requirement. To the extent she is asked about the amount of Consideration, the terms or negotiations leading to this Agreement, Dr. Goodman agrees that she shall respond only that she was "paid according to the terms of Exelixis' Change in Control and Severance Benefit Plan."

9. **No Assignment of Claims.** Dr. Goodman represents that she has not made, and will not make, any assignment of any claim, cause or right of claim, or any right of any kind whatsoever, embodied in any of the charges and obligations that are released herein, and that no other person or entity of any kind, other than Dr. Goodman, had or has any interest in any claims that are released herein. Dr. Goodman agrees to indemnify and hold harmless Exelixis from any and all claims, demands, expenses, costs, attorney's fees, and causes of action asserted by any person or entity only due to a violation of this non-assignment provision.

10. **Fees and Costs.** The Parties agree that each side shall bear its own attorney's fees and costs incurred in connection with the negotiation of this Agreement.

11. **Advice of Counsel.** In executing this Agreement, Dr. Goodman acknowledges that she is hereby advised to and has had the opportunity to consult with, and be advised by, independent lawyers of her choice and that she has executed this Agreement voluntarily after independent investigation, and without fraud, duress, or undue influence.

12. **Binding Arbitration of Disputes.**

(a) The Parties agree that all disputes covered by this Agreement will be decided by a single arbitrator through final and binding arbitration and not by way of court or jury trial. Dr. Goodman agrees that this binding Arbitration Provision is governed by the Federal Arbitration Act (9 U.S.C. §§ 1-16) but is not intended to cover claims that cannot by controlling law be required to be arbitrated, nor does it prevent the filing of a complaint with a governmental administrative agency. The then current JAMS Employment Arbitration Rules & Procedures ("JAMS Rules") will govern any Arbitration proceeding under this provision. The JAMS Rules, which include an explanation of the process for commencing an arbitration and other rules governing an Arbitration, may be found via the internet at www.jamsadr.com/rules-employment-arbitration or by using a service such as www.google.com to search for "JAMS Employment Arbitration Rules." In an action initiated by Dr. Goodman, Dr. Goodman will not be responsible for that portion of the JAMS initial administrative fee in excess of the amount for which Dr. Goodman would be responsible if the action were filed in a court in the jurisdiction where the Arbitration will be conducted or \$300, whichever is less. If Dr. Goodman is not required to pay the entire amount of the JAMS initial administrative fees in a case initiated by Dr. Goodman, Exelixis will pay that portion of those initial fees for which Dr. Goodman is not responsible after Dr. Goodman pays the portion for which Dr. Goodman is responsible. Exelixis otherwise agrees to pay the JAMS administrative fees, as well as the Arbitrator's fees and expenses. Dr. Goodman understands and agrees that Dr. Goodman is responsible to pay her own legal fees and expenses associated with any Arbitration proceeding, subject to the Arbitrator's authority to award attorney fees, costs or other remedies in accordance with applicable law. Judgment on the Arbitrator's award may be entered in any court of competent jurisdiction. Either Party may apply to a court of competent jurisdiction for temporary or preliminary injunctive relief in connection with an arbitrable controversy in accordance with applicable law, and any such application shall not be deemed incompatible with or waiver of this Agreement to arbitrate, and all determinations of final relief will be decided in arbitration. The court to which the application is made is authorized to consider the merits of the arbitrable controversy to the extent it deems necessary in making its ruling, but only to the extent permitted by applicable law. All determinations of final relief, however, will be decided in Arbitration. Claims not covered by this provision are claims that are not arbitrable by law; and

(b) The Parties agree to bring any claim on an individual basis only and not as a class, collective, or representative action, including without limitation claims under the California Private Attorneys General Act ("PAGA"). Accordingly, there will be no right or authority for any dispute to be brought, heard or arbitrated as a class action, collective action, or PAGA representative action and the Arbitrator will have no authority to hear or preside over any such claim ("Class, Collective, and PAGA Waiver"). The Class, Collective, and PAGA Waiver shall be severable from this Agreement if there is a final judicial determination that the Class, Collective, and PAGA Action Waiver is invalid, unenforceable, unconscionable, void or voidable. In such instances, the class action must be litigated in a civil court of competent jurisdiction - not in arbitration; however, the Class, Collective, and PAGA Action Waiver will be enforced to the maximum extent possible.

13. **Entire Agreement and Modification.** The Parties hereby represent and acknowledge that in executing this Agreement they do not rely and have not relied upon any representation or statement made by any other Party or by any other Party's agents, attorneys, or representatives with regard to the subject matter, basis, or effect of this Agreement or otherwise, other than those specifically stated in this written Agreement. This Agreement, including PIIAA and Mutual Arbitration Agreement which are incorporated herein by reference, sets forth the entire agreement between the Parties hereto and fully supersedes any and all prior agreements and understandings, written or oral, between the Parties hereto pertaining to the subject matter hereof. This Agreement may only be amended or modified by a writing signed by Dr. Goodman and Exelixis' Chief Executive Officer. Any waiver of any provision of this Agreement shall not constitute a waiver of any other provision of this Agreement unless expressly so indicated.

14. **Severability.** Should any provision of this Agreement (other than Paragraph 5) be declared or be determined by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity and enforceability of the remaining parts, terms or provisions shall not be affected thereby and said illegal, unenforceable, or invalid term, part or provision shall be deemed not to be a part of this Agreement.

15. **Interpretation and Governing Law.** Dr. Goodman has reviewed this Agreement and has had a full opportunity to negotiate its contents. Dr. Goodman expressly waives any common law or statutory rule of construction that ambiguities are to be construed against the drafter of the Agreement and agrees that this Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the Parties hereto. This Agreement is made and entered into in the Commonwealth of Pennsylvania and shall in all respects be interpreted, enforced and governed by and under the laws of the Commonwealth of Pennsylvania, without regard for choice-of-law provisions, except that any dispute regarding the enforceability of the arbitration section of this Agreement shall be governed by the Federal Arbitration Act. Dr. Goodman consents to personal and exclusive jurisdiction and venue in the Commonwealth of Pennsylvania.

16. **Execution, Counterparts, Headings and Defined Terms.** This Agreement may be executed in as many counterparts as may be necessary or convenient and by the different Parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, and all such counterparts shall constitute one and the same instrument. The headings to paragraphs of this Agreement are for convenient reference only and shall not be used in interpreting this Agreement. Unless expressly stated to the contrary, all references to "days" in the Agreement mean calendar days.

17. **Original Agreement to Exelixis.** The original of the Agreement so executed by Dr. Goodman shall be sent to [] by mail at 1851 Harbor Bay Parkway, Alameda, CA 94502 or by email at [].

BY AFFIXING HIS OR HER SIGNATURE BELOW, EACH OF THE PERSONS SIGNING THIS AGREEMENT REPRESENTS THAT HE OR SHE HAS READ AND UNDERSTANDS THIS AGREEMENT, THAT HE OR SHE IS AUTHORIZED TO SIGN THIS AGREEMENT AND TO BIND THE PARTY ON WHOSE BEHALF THEY SIGN, AND THAT THE PARTY ON BEHALF OF WHOM HE OR SHE SIGNS THIS AGREEMENT AGREES TO BE BOUND BY ITS TERMS.

Date: September 13, 2023
Vicki L. Goodman, M.D.

/s/ Vicki L. Goodman

EXELIXIS, INC.

By: /s/ Rachel O'Connor

Authorized Officer

Name: Rachel O'Connor

Print or Type

Date: August 23, 2023

/s/ Laura Dillard

Laura Dillard

Executive Vice President, Human Resources

Exelixis, Inc.

CONSULTING AGREEMENT

This Consulting Agreement (this "**Agreement**") is made and entered into as of September 1, 2023 (the "**Effective Date**") by and between Exelixis, Inc., a Delaware corporation with its principal place of business in Alameda, California (the "**Company**"), and Vicki L. Goodman, M.D., an individual ("**Consultant**") (each herein referred to individually as a "**Party**," or collectively as the "**Parties**").

The Company desires to retain Consultant as an independent contractor to perform consulting services for the Company, and Consultant is willing to perform such services, on the terms described below. In consideration of the mutual promises contained herein, the Parties agree as follows:

1. Services and Compensation

A. **Services.** Consultant shall perform the services described in **Exhibit A** (the "**Services**") for the Company (or its designee), and the Company agrees to pay Consultant the compensation described in **Exhibit A** for Consultant's performance of the Services.

2. Performance of Services

A. **Compliance with Laws.** Consultant agrees that she shall comply with all applicable federal, state, local and foreign laws and regulations, including without limitation, laws related to fraud, abuse, privacy, discrimination, disabilities, fair labor standards, confidentiality, and anti corruption.

B. **No Debarment.** Neither Consultant nor any person employed or engaged by her in connection with performance of the Services has been disbarred or excluded under any United States federal regulation and no debarred or excluded person in the future will be employed or engaged by Consultant to perform the Services.

C. **Background Check.** The Company reserves the right to require a background check of any person employed or engaged by Consultant to perform the Services. Consultant agrees to cooperate in any request for a background check by the Company or its designee.

3. Confidentiality

A. **Definition of Confidential Information.** "**Confidential Information**" means any information (including any and all combinations of individual items of information) that relates to the actual or anticipated business and/or products, research or development of the Company, its affiliates or subsidiaries, or to the Company's, its affiliates' or subsidiaries' technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company's, its affiliates' or subsidiaries' products or services and markets therefor, customer lists and customers (including, but not limited to, customers of the Company on whom Consultant called or with whom Consultant became acquainted prior to or during the term of this Agreement), medical research, software, developments, inventions, discoveries, ideas, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, and other business information disclosed by the Company, its affiliates or subsidiaries, either directly or indirectly, in writing, orally or by drawings or inspection of premises, parts, equipment, or other property of Company, its affiliates or subsidiaries. Notwithstanding the foregoing, Confidential Information shall not include any such information which Consultant can establish (i) was publicly known or made generally available prior to the time of disclosure to Consultant; (ii) becomes publicly known or made generally available after disclosure to Consultant through no wrongful action or inaction of Consultant; (iii) was known to Consultant prior to being an employee of Company or (iii) is in the rightful possession of Consultant, without confidentiality obligations, at the time of disclosure; provided that any combination of individual items of information shall not be deemed to be within any of the foregoing exceptions merely because one or more of the individual items are within such exception, unless the combination as a whole is within such exception.

B. **Nonuse and Nondisclosure.** During and after the term of this Agreement, Consultant will hold in the strictest confidence, and take all reasonable precautions to prevent any unauthorized use or disclosure of Confidential Information, and Consultant will not (i) use the Confidential Information for any purpose whatsoever other than as necessary

for the performance of the Services on behalf of the Company, or (ii) disclose the Confidential Information to any third party without the prior written consent of an authorized representative of Company, except that Consultant may disclose Confidential Information to the extent compelled by applicable law; provided however, prior to such disclosure, Consultant shall provide prior written notice to Company and seek a protective order or such similar confidential protection as may be available under applicable law. Consultant agrees that no ownership of or related rights in Confidential Information is granted to the Consultant. Without limiting the foregoing, Consultant shall not use or disclose any Company property, intellectual property rights, trade secrets or other proprietary know-how of the Company to invent, author, make, develop, design, or otherwise enable others to invent, author, make, develop, or design identical or substantially similar designs as those developed prior to or under this Agreement or otherwise by Company for any third party. Consultant agrees that Consultant's obligations under this Section 3.B shall continue after the termination of this Agreement.

C. **Other Client Confidential Information.** Consultant agrees that Consultant will not improperly use, disclose, or induce the Company to use, any proprietary information, personal information, or trade secrets of any former or concurrent employer of Consultant or other person or entity with which Consultant has an obligation to keep in confidence. Consultant also agrees that Consultant will not bring onto the Company's premises or transfer onto the Company's technology systems any unpublished documents, proprietary information, or trade secrets belonging to any third party unless disclosure to, and use by, the Company has been consented to in writing by such third party.

D. **Third Party Confidential Information.** Consultant recognizes that the Company has received and may in the future receive from third parties their confidential, personal or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Consultant agrees that at all times during the term of this Agreement and thereafter, Consultant owes the Company and such third parties a duty to hold all such confidential or proprietary information in the strictest confidence and not to use it or to disclose it to any person, firm, corporation, or other third party except as necessary in carrying out the Services for the Company consistent with the Company's agreement with such third party.

4. Ownership

A. **IP and Inventions Owned by Company.** The Company owns all intellectual property and inventions developed or owned by the Company before and after the Effective Date, including without limitation all intellectual property and property rights worldwide to patents, copyrights, trademarks, trade secrets, inventions, products, devices compounds, know-how, improvements, processes, designs, methods, compositions, findings, reports, databases, content, electronic data files, training manuals and guides, techniques, software, computer programs (in object code and source code) business information, business plans, customer lists, financial data, technical knowledge, and all other items with similar characteristics ("Company IP and Inventions"). Consultant shall not (i) misappropriate Company IP and Inventions for any purpose, or (ii) exploit any commercial opportunity relating to Company IP and Inventions.

B. **Assignment of Rights.** Consultant hereby assigns to Company (by way of an assignment of all future rights) all right, title, and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, database rights, URLs, social media handles, and all other intellectual and industrial property rights of any type) throughout the universe in perpetuity in and to all work product and otherwise makes all assignments to Company necessary to accomplish the foregoing ownership by Company. Upon Company's request, Consultant agrees to execute any documents which may be appropriate to assign or vest exclusively in Company all intellectual property rights in all Work Product throughout the universe. Consultant will assist Company (at Company's expense) to further evidence, record, and perfect the licenses, assignments, waivers, and acknowledgements in this Agreement, and to perfect, obtain, maintain, enforce, and defend any such licenses, assignments, waivers, and acknowledgements. Consultant irrevocably designates and appoints Company as Consultant's agent and attorney-in-fact (it being agreed that such appointment constitutes an irrevocable power coupled with an interest), to act for, and on Consultant's behalf, only to execute and file any document and to do all other lawfully permitted acts to further the foregoing with the same legal force and effect as if executed by Consultant. If any part of the Work Product is based on, incorporates, or is an improvement or derivative of, or cannot be reasonably and fully made, used, reproduced, distributed, and otherwise exploited without using or violating intellectual property rights owned or licensed by Consultant and not assigned hereunder ("Pre-existing IP Rights"), Consultant hereby grants to Company a perpetual, irrevocable, transferable, royalty-free, non exclusive, sublicensable right and license throughout the universe to (i) publish, publicly and privately perform, copy, publicly and privately display, transmit, create derivative works from and otherwise commercially exploit any Pre-existing IP Rights in any medium and by any means whether now known or hereafter devised, and (ii) to authorize, prohibit, and/or control the renting, lending, fixation, and/or reproduction of any Pre-existing IP Rights in any media and by any means whether now known or hereafter devised, in each case in connection with Company's

exercise or exploitation of the Work Product or any intellectual property rights assigned pursuant to this Section 4 (including without limitation, any modifications, improvements and derivatives of any of them), to the extent allowed by law. Any derivative works made by Company based on or derived from any Pre-existing IP Rights shall be owned exclusively by Company, and Consultant shall have no rights or license therein. To the extent allowed by law, the assignment by Consultant to Company of all intellectual property rights in all Work Product pursuant to this Section includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like. Consultant specifically acknowledges that the compensation paid hereunder includes adequate and equitable remuneration for any such rights and for so-called "Rental and Lending Rights" and "Neighboring Rights," granted pursuant to any European Union directives, and/or enabling or implementing legislation, laws or regulations (collectively "Related Rights") or any other legislation, laws or regulations, throughout the universe in perpetuity. Consultant acknowledges that the compensation paid hereunder constitutes a complete buy-out of all Related Rights. To the extent any of the foregoing is ineffective under applicable law to transfer to Company any of the rights that Consultant purports to transfer to Company pursuant to the foregoing provisions of this Section 4, Consultant hereby provides any and all ratifications and consents in favor of Company necessary to accomplish the purposes of the foregoing and hereby unconditionally and absolutely waives the enforcement of such rights, in each case, to the maximum extent legally possible.

C. **Pre-Existing Materials.** Subject to Section 4.A, Consultant will provide the Company with prior written notice if, in the course of performing the Services, Consultant incorporates into any Invention or utilizes in the performance of the Services any invention, discovery, idea, original works of authorship, development, improvements, trade secret, concept, or other proprietary information or intellectual property right owned by Consultant or in which Consultant has an interest, prior to, or separate from, performing the Services under this Agreement ("Prior Inventions"), and the Company is hereby granted a nonexclusive, royalty-free, perpetual, irrevocable, transferable, worldwide license (with the right to grant and authorize sublicenses) to make, have made, use, import, offer for sale, sell, reproduce, distribute, modify, adapt, prepare derivative works of, display, perform, and otherwise exploit such Prior Inventions, without restriction, including, without limitation, as part of or in connection with such Invention, and to practice any method related thereto. Consultant will not incorporate any invention, discovery, idea, original works of authorship, development, improvements, trade secret, concept, or other proprietary information or intellectual property right owned by any third party into any Invention without Company's prior written permission.

D. **Moral Rights.** Any assignment to the Company of Inventions includes all rights of attribution, paternity, integrity, modification, disclosure and withdrawal, and any other rights throughout the world that may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like (collectively, "Moral Rights"). To the extent that Moral Rights cannot be assigned under applicable law, Consultant hereby waives and agrees not to enforce any and all Moral Rights, including, without limitation, any limitation on subsequent modification, to the extent permitted under applicable law.

E. **Maintenance of Records.** Consultant agrees to keep and maintain adequate, current, accurate, and authentic written records of all Inventions made by Consultant (solely or jointly with others) during the term of this Agreement, and for a period of three (3) years thereafter. The records will be in the form of notes, sketches, drawings, electronic files, reports, or any other format that is customary in the industry and/or otherwise specified by the Company. Such records are and remain the sole property of the Company at all times and upon Company's request, Consultant shall deliver (or cause to be delivered) the same.

F. **Further Assurances.** Consultant agrees to assist Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in Inventions in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments that the Company may deem necessary in order to apply for, register, obtain, maintain, defend, and enforce such rights, and in order to deliver, assign and convey to the Company, its successors, assigns and nominees the sole and exclusive right, title, and interest in and to all Inventions and testifying in a suit or other proceeding relating to such Inventions. Consultant further agrees that Consultant's obligations under this Section 4.F shall continue after the termination of this Agreement.

G. **Attorney-in-Fact.** Consultant agrees that, if the Company is unable because of Consultant's unavailability, dissolution, mental or physical incapacity, or for any other reason, to secure Consultant's signature with respect to any Inventions, including, without limitation, for the purpose of applying for or pursuing any application for any United States or foreign patents or mask work or copyright registrations covering the Inventions assigned to the Company in Section 4.A, then Consultant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Consultant's agent and attorney-in-fact, to act for and on Consultant's behalf only to execute and file any papers and oaths and

to do all other lawfully permitted acts with respect to such Inventions to further the prosecution and issuance of patents, copyright and mask work registrations with the same legal force and effect as if executed by Consultant. This power of attorney shall be deemed coupled with an interest, and shall be irrevocable.

H. **Publicity.** Consultant shall not use the name, logo, insignia, symbol, trade name of the Company for any purpose without the prior written consent of the Company. Consultant, shall not, without the Company's prior written consent, publish or otherwise disseminate any advertising, marketing materials, promotion, report, article, statement, press release, research piece or publicity in which the Company or the Services is mentioned or is otherwise identified. Notwithstanding, Consultant shall be permitted to use the name of the Company and the nature of the consulting arrangement in discussions with potential employers.

5. Conflicting Obligations

Consultant represents and warrants that Consultant has no agreements, relationships, or commitments to any other person or entity that conflict with the provisions of this Agreement, Consultant's obligations to the Company under this Agreement, and/or Consultant's ability to perform the Services. Consultant will not enter into any such conflicting agreement during the term of this Agreement.

6. Return of Company Materials

Upon the termination of this Agreement, or upon Company's earlier request, Consultant will immediately deliver to the Company, and will not keep in Consultant's possession, recreate, or deliver to anyone else, any and all Company property, including, but not limited to, Confidential Information, tangible embodiments of the Inventions, all devices and equipment belonging to the Company, all electronically stored information and passwords to access such property, notes, records, reports and those records maintained pursuant to Section 4.E and any reproductions of any of the foregoing items that Consultant may have in Consultant's possession or control.

7. Reports

Consultant agrees that Consultant will periodically keep the Company advised as to Consultant's progress in performing the Services under this Agreement. Consultant further agrees that Consultant will, as requested by the Company, prepare written reports with respect to such progress. The Company and Consultant agrees that the reasonable time expended in preparing such written reports will be considered time devoted to the performance of the Services.

8. Term and Termination

A. **Term.** The term of this Agreement will begin on the Effective Date of this Agreement and will continue for a period not to exceed four (4) months through December 31, 2023.

B. **Termination.** Company may terminate this Agreement at any time for any reason upon giving Consultant five (5) business days prior written notice of such termination. The Company may terminate this Agreement immediately and without prior notice if Consultant refuses to or is unable to perform the Services or is in breach of any material provision of this Agreement. Upon termination by the Company for any reason, the Company will pay to Consultant the full monthly payment for the month in which Consultant was terminated, regardless of what day of the month the termination occurs. In addition, Consultant may terminate this Agreement at any time for any reason upon giving the Company five (5) business days prior written notice of such termination. The Consultant may terminate this Agreement immediately without prior notice if the Company is in breach of any material provision of this Agreement.

C. **Survival.** Upon any termination, all rights and duties of the Company and Consultant toward each other shall cease except:

(1) The Company will pay, within thirty (30) calendar days after the effective date of termination, all amounts owing to Consultant for Services completed prior to the termination date and related reimbursable expenses, if any, submitted in accordance with the provisions of Article 1 of this Agreement; and

(2) Article 3 (Confidentiality), Article 4 (Ownership), Article 5 (Conflicting Obligations), Article 6 (Return of Company Materials), Article 8 (Term and Termination), Article 9 (Independent Contractor; Benefits), Article 10

(Independent Contractor), Article 11 (Limitation of Liability), and Article 14 (Miscellaneous) will survive termination or expiration of this Agreement in accordance with their terms.

9. Independent Contractor; No Benefits

A. **Independent Contractor.** It is the express intention of the Company and Consultant that Consultant perform the Services as an independent contractor to the Company. Nothing in this Agreement shall in any way be construed to establish Consultant as an agent, employee or representative of the Company. Without limiting the generality of the foregoing, Consultant is not authorized to bind the Company to any liability or obligation or to represent that Consultant has any such authority. Consultant agrees to furnish (or reimburse the Company for all tools and materials necessary to accomplish this Agreement and shall incur all expenses associated with performance, except as expressly provided in **Exhibit A**. Consultant acknowledges and agrees that Company is not required to pay social security taxes, unemployment compensation, worker's compensation or any employee or business taxes in connection with this Agreement. Consultant agrees to and acknowledges the obligation to pay, as required by applicable law, all self-employment and other taxes on the compensation paid by Company under this Agreement.

B. **Benefits.** The Company and Consultant agree that Consultant will receive no Company-sponsored benefits from the Company under this Agreement where benefits include, but are not limited to, paid vacation, sick leave, medical insurance and 401k participation or stock participation. If Consultant is reclassified by a state or federal agency or court as the Company's employee, Consultant will become a reclassified employee and will receive no benefits from the Company, except those mandated by state or federal law, even if by the terms of the Company's benefit plans or programs of the Company in effect at the time of such reclassification, an employee would otherwise be eligible for such benefits.

10. Limitation of Liability

EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, IN NO EVENT SHALL EITHER THE COMPANY OR CONSULTANT BE LIABLE TO THE OTHER, OR TO ANY OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS, HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY, WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHER THEORY OF LIABILITY, REGARDLESS OF WHETHER COMPANY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY'S LIABILITY ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT EXCEED THE AMOUNTS PAID UNDER THIS AGREEMENT FOR THE SERVICES OR DELIVERABLES.

11. **Independent-Contractor Status.** Consultant is not an employee of the Company. Consultant is a contractor. Nothing in this Agreement, including without limitation, referencing the types of claims covered by this Agreement, is intended in any way to create an employment relationship or imply that Consultant is an employee of the Company.

12. **Enforcement Of This Agreement.** This Agreement is a precondition to Consultant providing services to the Company. Consultant may consult with counsel of Consultant's choice about this Agreement. If any portion of this Agreement is deemed unenforceable, the remainder of this Agreement will be enforceable.

13. Miscellaneous

A. **Governing Law; Consent to Personal Jurisdiction.** This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard to the conflicts of law provisions of any jurisdiction. To the extent that any lawsuit is permitted under this Agreement, the Parties hereby expressly consent to the personal and exclusive jurisdiction and venue of the Court of Common Pleas of Montgomery County, Pennsylvania and the United States District Court for the Eastern District of Pennsylvania.

B. **Assignability.** This Agreement will be binding upon Consultant's heirs, executors, assigns, administrators, and other legal representatives, and will be for the benefit of the Company, its successors, and its assigns. There are no intended third-party beneficiaries to this Agreement, except as expressly stated. Except as may otherwise be provided in this Agreement, Consultant may not sell, assign or delegate any rights or obligations under this Agreement, and any such attempted assignment, delegation or transfer shall be null and void. Notwithstanding anything to the contrary herein, Company may assign this Agreement and its rights and obligations under this Agreement to any successor to all or

substantially all of Company's relevant assets, whether by merger, consolidation, reorganization, reincorporation, sale of assets or stock, change of control or otherwise.

C. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter herein and supersedes all prior written and oral agreements, discussions, or representations between the Parties relating to this consulting relationship. To the extent any terms set forth in any exhibit or schedule conflict with the terms set forth in this Agreement, the terms of this Agreement shall control unless otherwise expressly agreed by the Parties in such exhibit or schedule.

D. **Headings.** Headings are used in this Agreement for reference only and shall not be considered when interpreting this Agreement.

E. **Severability.** If a court or other body of competent jurisdiction finds, or the Parties mutually believe, any provision of this Agreement, or portion thereof, to be invalid or unenforceable, such provision will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the remainder of this Agreement will continue in full force and effect.

F. **Modification, Waiver.** No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in a writing signed by the Parties. Waiver by the Company of a breach of any provision of this Agreement will not operate as a waiver of any other or subsequent breach.

G. **Notices.** Any notice or other communication required or permitted by this Agreement to be given to a Party shall be in writing and shall be deemed given (i) if delivered personally or by commercial messenger or courier service or email, (ii) when sent by confirmed facsimile, or (iii) if mailed by U.S. registered or certified mail (return receipt requested), to the Party at the Party's address written below or at such other address as the Party may have previously specified by like notice. If by mail, delivery shall be deemed effective three business days after mailing in accordance with this Section 14.G.

(1) If to the Company, to:

Exelixis, Inc.
1851 Harbor Bay Parkway Alameda, CA 94502
Attn: Laura Dillard

(2) If to Consultant, to the address for notice on the signature page to this Agreement or, if no such address is provided, to the last address of Consultant provided by Consultant to the Company.

H. **Signatures.** This Agreement may be signed in two counterparts, each of which shall be deemed an original, with the same force and effectiveness as though executed in a single document.

(signature page follows)

IN WITNESS WHEREOF, the Parties hereto have executed this Consulting Agreement as of the date first written above.

CONSULTANT

By: /s/Vicki L. Goodman

Date: 9/13/2023

Exelixis, Inc.

By: /s/Laura Dillard

Name: Laura Dillard

Title: EVP, HR

Date: 8/23/2023

Address for Notice and contact information:

Exelixis, Inc.

1851 Harbor Bay Parkway

Alameda, CA 94502

E-mail: ldillard@exelixis.com

EXHIBIT A

SERVICES AND COMPENSATION

1. **Services.** Amy Peterson, M.D., shall be the main point of contact for Consultant Vicki L. Goodman, M.D., during the term of this Agreement. The Services will include, but will not be limited to, maintaining availability at all times during the Term of this Agreement to respond to questions or requests for advice by the Company when requested at times reasonably convenient to Consultant and Company on the following topics:

- Clinical development activities which may include development through Phase IV programs and any on-market products;
- Plans for the Company's late-stage product portfolio;
- Portfolio management activities for the Company; and,
- Regulatory agencies, globally addressing the scientific and medical/health aspects of the Company's products.

2. **Term.** Consultant shall provide Services to Company under this Agreement for a period not to exceed four (4) months between September 1, 2023 and December 31, 2023.

3. **Compensation.**

A. The Company will pay Consultant \$20,000.00 per month for the Services to be paid in full, without deductions, no later than the fifteenth day of each calendar month during the term of this Agreement. Consultant will submit a completed W9 to Company with a signed copy of this Agreement.

Consultant shall not incur any expenses for services or other expenses that exceed this amount without first notifying Company and obtaining express written consent of the Company to incur such additional expenses.

B. The Company will reimburse Consultant, in accordance with Company policy, for all reasonable expenses incurred by Consultant in performing the Services pursuant to this Agreement, if Consultant receives written consent from an authorized agent of the Company prior to incurring such expenses and submits receipts for such expenses to the Company in accordance with Company policy. Expenses can include, but are not limited to travel, lodging, meals, and other prior approved out-of-pocket expenses incurred or paid by the Consultant in connection with, or related to, the performance of his/her services under this Agreement.

As set forth in Paragraph 4 below, Consultant shall submit to the Company a written invoice for any expenses, together with supporting documentation for the expenses, and such statement shall be subject to the approval of the contact person listed above or other designated agent of the Company.

All payments and benefits provided for under this Agreement are intended to be exempt from or otherwise comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder (together, "Section 409A") so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be exempt or so comply. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

4. Invoices.

Invoices for expenses must reference the PO number provided by the Company and should be sent electronically to: invoices@exelixis.com with a copy to: Laura Dillard with any hard copies mailed to: Laura Dillard

Exelixis, Inc.
1851 Harbor Bay Parkway
Alameda, CA 94502
Attn:

Exhibit 10.3

EXELIXIS, INC.
CASH COMPENSATION INFORMATION FOR NON-EMPLOYEE DIRECTORS
(as of September 30, 2023)

Board of Directors	Retainer Fee	\$60,000
	Additional Chair Retainer Fee	\$35,000
Audit Committee	Retainer Fee	\$15,000
	Additional Chair Retainer Fee	\$15,000
Compensation Committee	Retainer Fee	\$12,000
	Additional Chair Retainer Fee	\$13,000
Nominating and Corporate Governance Committee	Retainer Fee	\$12,000
	Additional Chair Retainer Fee	\$13,000
Research & Development Committee	Retainer Fee	\$12,000
	Additional Chair Retainer Fee	\$13,000
Risk Committee	Retainer Fee	\$5,000
	Additional Chair Retainer Fee	\$10,000

Exhibit 31.1

**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 **Ph.D.**

Michael M. Morrissey, Ph.D.

President and Chief Executive Officer
(Principal Executive Officer)

Date: **November 1, 2023** April 30, 2024

Exhibit 31.2

**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: November 1, 2023 April 30, 2024

Exhibit 32.1

**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 September 29, 2023 March 29, 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 1st30th day of November 2023 April 2024.

/s/ Michael M. Morrissey Ph.D.

Michael M. Morrissey, Ph.D.

President and Chief Executive Officer
(Principal Executive Officer)

/s/ Christopher J. Senner

Christopher J. Senner

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

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