



## GILEAD SCIENCES SECOND QUARTER 2021 EARNINGS CONFERENCE CALL

### **Jacquie Ross, VP, Investor Relations**

Thank you, Operator, and good afternoon everyone. Just after market close today, we issued a press release with earnings results for the second quarter of 2021. The press release, slides, and supplementary data are available on the investors section of our website at [gilead.com](http://gilead.com).

The speakers on today's call will be our Chairman and Chief Executive Officer, Daniel O'Day, our Chief Commercial Officer, Johanna Mercier, our Chief Medical Officer, Merdad Parsey, and our Chief Financial Officer, Andrew Dickinson. After that, we'll open up the call to Q&A, where the team will be joined by Christi Shaw, the Chief Executive Officer of Kite.

Before we get started, let me remind you that we will be making forward-looking statements, including those related to the impact of the COVID-19 pandemic on Gilead's business, financial condition and results of operations; plans and expectations with respect to products, product candidates, corporate strategy, financial projections and the use of capital; and 2021 financial guidance, all of which involve certain assumptions, risks and uncertainties that are beyond our control and could cause actual results to differ materially from these statements.

A description of these risks can be found in the earnings press release and our latest SEC disclosure documents. All forward-looking statements are based on information currently available to Gilead, and Gilead assumes no obligation to update any such forward-looking statements.

Non-GAAP financial measures will be used to help you understand the company's underlying business performance. The GAAP to non-GAAP reconciliations are provided in the earnings press release, in our supplementary data sheet, as well as on the Gilead website. I will now turn the call over to Dan.

### **Daniel O'Day, Chairman and Chief Executive Office**

Thank you, Jacquie, and good afternoon, everyone. Thank you for taking the time to join us today.

We're pleased to provide you with an update on our second quarter, where we delivered solid financial performance and significant progress on our increasingly diverse pipeline. 2021 is an important year for our pipeline, and we're very encouraged by the milestones we've achieved – for therapies that are potentially transformative for Gilead and for patients. All of this reinforces our confidence in our strategic direction.

I want to take this opportunity to thank our global community of Gilead and Kite employees who consistently go above and beyond to drive progress, with resilience and dedication. Different parts of the world are riding the ebb and flow of COVID-19 cases at various times, and while the vaccines give us hope and optimism, we are still very much living with the pandemic. Remdesivir continues to play an important role in fighting the virus and has now been used to treat an estimated 7 million hospitalized patients worldwide.

Turning to the main highlights of the quarter on slide 4.

- Q2 was a solid quarter overall. Veklury sales of \$829 million were once again higher than anticipated, offsetting the lingering impact of the pandemic, particularly on HIV treatment.
- In light of this pandemic impact, Biktarvy's performance is quite encouraging. Revenue for the quarter was \$2 billion up 24%, or \$390 million from the same quarter last year. This more than offset the \$322 million headwind associated with the impact of the Truvada and Atripla LOEs. Much of that headwind is now, of course, behind us.
- Overall, our share of the HIV treatment market held steady quarter-over-quarter, and our PrEP share remained steady even with generic entries. These dynamics give us confidence that the underlying demand for our HIV products remains strong, and positions us well for growth as the overall HIV market recovery gains momentum.
- Moving to our clinical pipeline, 2021 is a catalyst heavy year for Gilead and we have delivered all of our key first half pipeline commitments. Among other milestones, we shared topline data from the highly anticipated ZUMA-7 trial where Yescarta improved event-free survival for second line Large B-cell Lymphoma, or LBCL patients by 60% compared to the standard of care. This is truly a landmark trial – the first and largest reported Phase 3 trial readout that demonstrates the efficacy and safety of cell therapy, and we are excited by the opportunity to bring the potential benefits of cell therapy to patients in earlier lines.
- We shared positive Phase 3 data from MYR 301 that will help support our anticipated BLA filing for Hepcludex for HDV in the US later this year, and we submitted our NDA for use of lenacapavir in the heavily treatment experienced population with multidrug resistance. This filing was based on data from Phase 2/3 CAPELLA study presented earlier this month. We also shared strong lenacapavir data from the Phase 2 CALIBRATE study in HIV treatment, which will be used to inform our broader lenacapavir efforts. Our partner Arcus provided an interim update for ARC-7 that supports the continuation of both the ARC-7 and ARC-10 trials for their anti-TIGIT candidate, domvanalimab.
- Lastly on slide 4, we are beginning to see the positive impact of our strategy, which we introduced early last year. The business is diversifying across indications and therapies. In particular, we are seeing Cell Therapy and Trodelvy contribute to growth and expect they will be key growth drivers for Gilead. While we build out the oncology business, we remain focused and committed on ensuring the long-term competitive positioning of our virology portfolio.

Next, on slide 5, we highlighted our pipeline execution so far this year, and I'd like to thank all those who helped us to deliver on this ambitious agenda, including our employees, the people who participated in the studies, our partners, and the study investigators. As we look ahead to the rest of the year, our target milestones include:

- A progression free survival, or PFS, readout in our event-driven Phase 3 TROPiCS-02 study evaluating Trodelvy in hormone receptor positive/HER2 negative metastatic breast cancer;
- A Phase 1b data readout for magrolimab in myelodysplastic syndrome, or MDS. Depending on the data timing and results, this could result in a BLA submission for accelerated approval; and
- Initiation of the potential Phase 2 lenacapavir and islatravir long-acting oral combination. As you know, this is in collaboration with Merck and the development and formulation work remains on track.

We look forward to updating you next quarter about additional milestone progress.

We understand that continued strong and consistent pipeline execution is critical to extending the virology business and expanding further into oncology. We believe our current and pipeline therapies can address significant unmet needs.

We are very encouraged by the progress Gilead and Kite are making. We are well on the way on our journey to expand and diversify into new therapeutic areas, but we are already seeing the evolution of both our pipeline and commercial portfolio.

With that, I'll hand over to Johanna who will share an update on our commercial performance in Q2.

**Johanna Mercier, Chief Commercial Officer**

Thank you Dan, and good afternoon everyone.

Starting on slide 7, total product sales of \$6.2 billion were up 21% year over year, primarily reflecting Veklury which was not a contributor to revenue in the second quarter of 2020.

On slide 8, Veklury second quarter revenues of \$829 million declined sequentially, reflecting the impact of higher vaccination rates and lower infection and hospitalization in many regions. While hospitalizations trended lower in the second quarter, Veklury remained the therapy of choice in 3 out of 5 patients hospitalized with COVID-19. We estimate that since the launch in May 2020, roughly 7 million patients globally have been treated with remdesivir. It's truly remarkable and encouraging to see how remdesivir continues to play such a key role in fighting this global pandemic.

Excluding Veklury, total product sales of \$5.3 billion were up 5% year-over-year. We saw growth in cell therapy and HCV, in addition to new revenue contributions from Trodelvy and, more modestly, Hepcludex for HDV. Additionally, "other product" revenue of \$291 million grew 20% year-over-year, driven by increased demand for AmBisome outside the U.S. to treat mucormycosis, which has seen a rising incidence in patients hospitalized with COVID-19.

Sequentially, we saw 9% growth for total product sales excluding Veklury primarily driven by growth in Biktarvy. Moving to slide 9, HIV product sales were \$3.9 billion, up 8% sequentially and down 2% year-over-year. Compared to the second quarter of 2020, total HIV revenue reflected strong Biktarvy growth that more than offset \$322 million lower revenue from Truvada and Atripla following the LOEs. Compared to last quarter, HIV grew \$288 million, reflecting customary seasonal inventory dynamics and growing demand for treatment.

- Biktarvy revenue of \$2 billion was up 24% year-over-year, and 9% sequentially, with quarter-over-quarter growth primarily driven by increased demand. Biktarvy remains the number one prescribed therapy in the US across naïve, switch and continuing patients and remains number 1 in naïve across all EU5 countries. Approximately 70% of switches from both Gilead and non-Gilead regimens result in incremental revenue. Overall, and despite the ongoing impact of the pandemic, Biktarvy continues to gain market share with 1% share growth versus last quarter in both the US and EU5.
- Descovy revenues of \$435 million grew 21% sequentially, due to a modest improvement in the demand for PrEP and more favorable inventory and pricing dynamics that we typically see in the second quarter relative to the first. As we highlighted in prior quarters, we have been working with payers to ensure patients continue to have access to Descovy in light of entry of generic alternatives for Truvada. We're really pleased to see this strong sequential growth in Descovy, and we continue to maintain mid-40 percent share despite generic impacts.
- Year-over-year, Descovy grew 4% largely due to higher demand for PrEP.
- Overall, PrEP demand is showing signs of recovery and is expected to continue to improve as pandemic restrictions phase out.
- Earlier this month, federal FAQs for the US preventive services task forces' PrEP recommendation were released. It provided greater clarity as to the importance of PrEP in ending the epidemic, and we are encouraged by this recent development. We hope it will help to minimize the barriers of PrEP use going forward.

Before I transition to our other products, I just want to take a moment to share some perspective on the HIV treatment market given the longer than expected pandemic impact.

In regions outside the U.S., such as Europe, we are beginning to see signs of recovery in the dynamic market, with second quarter trends generally in-line with our expectations. In the U.S., however, the pace of pandemic recovery was slower than we expected in the second quarter, and – while we are seeing signs of recovery in PrEP and some sequential growth in the treatment market – it is clear that it will take several quarters for treatment to return to pre-pandemic levels.

In treatment, there are really two pandemic-related headwinds that we have continued to observe:

- first, lower HIV screening and diagnosis resulting in lower treatment initiation.
- second, due to the limited support services available during the pandemic, we have seen a higher number of patients discontinue their HIV treatments.

Taken together, these factors have reduced the number of active patients on HIV therapy entering 2021, thereby reducing the overall volume of new & refill prescriptions we would expect to see in 2021. We did, however, see growth resume from this lower base in the second quarter. After prior quarter over quarter declines, second quarter US HIV treatment prescriptions grew 2%, and we expect the market to grow at historical rates once screening and diagnosis rates return to pre-pandemic levels.

To continue our efforts to advance progress against the HIV epidemic, we are partnering with healthcare professionals, advocacy groups, and policy makers to raise awareness of the unique challenges COVID-19 poses to HIV screening, diagnosis, and adherence. Our goal is to help health care providers ensure that patients continue to be diagnosed and treated.

Given the strength of the demand fundamentals for Biktarvy, Descovy for PrEP, and other Gilead HIV products, we remain confident in our competitive positioning now that many communities are easing social distancing requirements. In the meantime, we continue to see strength in underlying treatment demand with no material changes in the competitive landscape, with our total Gilead treatment market share holding steady at around 75% in the US, and just under 50% in Europe, despite competition and the entry of new generics.

Next, on slide 10, HCV product sales in the second quarter were \$549 million, up 23% compared to last year, but patient starts remain well below pre-pandemic levels. The growth reflects a modest sequential recovery in HCV patient starts in the US in Q221, in addition to an artificially low Q2 of 2020 that was impacted by unfavorable government rebate adjustments. We will be watching for further signs of recovery in the third quarter. Both US and EU Gilead market shares remain steady around 60% and 50%, respectively.

Moving to slide 11, HBV and HDV product sales were \$237 million, up 8% year-over-year, with improving patient starts on Vemlidy, particularly in ex-US markets. In its first full quarter as part of Gilead, Hepcludex contributed \$7 million and is currently available in France, Germany, and Austria. We are excited to be working with the various reimbursement authorities to increase patient access and expect to secure full reimbursement in the major European markets in 2022.

Now, moving to Trodelvy on slide 12, product sales in the second quarter were \$89M, up 24% quarter-over-quarter, driven by demand for the two new indications approved in April, namely second line plus metastatic triple negative breast cancer and urothelial cancer.

We continue to be encouraged by the positive feedback from physicians on the Phase 3 ASCENT data, which demonstrated a 1-year median overall survival benefit for second-line mTNBC patients treated with Trodelvy. To build on this growing interest, we are increasing community awareness, especially of the expanded indication to second-line in TNBC. And, we expect to see growing demand as breast cancer screening ramps back up to pre-pandemic levels. IQVIA data suggest that breast cancer screening volumes were about 20% lower in the U.S. in 2020 compared to 2019. This suggests as many as 41,500 breast cancer patients have not been diagnosed during the pandemic.

On behalf of Christi and the Kite team, I'm pleased to share our cell therapy commercial update on slide 13. Total cell therapy product sales totaled \$219 million in the second quarter, representing 39% growth year-over-year driven by both Yescarta and Tecartus. Yescarta growth was driven by strong demand in Europe, as well as successful follicular lymphoma launch in the US. Increased competition, particularly in third line LBCL, continues to raise the profile of cell therapy and is positive to Kite overall. We remain

confident in Yescarta's competitive profile and positioning, and are particularly proud of Kite's industry leading manufacturing turnaround time and reliability.

Our results also reflected strong momentum from the Tecartus mantle cell lymphoma launch, highlighting the unmet need for MCL patients.

We continue to add new indications and geographies for our cell therapy products. For example, the Fosun Kite joint venture recently received approval in China for Yescarta as the first cell therapy to treat third line LBCL. And we were excited to see the topline data for ZUMA-7, getting us a step closer to a second line LBCL cell therapy. Even as we prepare for discussions with regulatory agencies later this year, commercial and manufacturing preparations are ramping up to ensure sufficient capacity and support for second line LBCL demand in both the US and Europe.

Christi is here with the team to take your questions on cell therapy later in the call, but – for now – I'll hand it over to Merdad to walk us through the pipeline updates.

**Merdad Parsey, MD, PhD, Chief Medical Officer**

Thank you, Johanna.

As Dan mentioned, it has been a gratifying year so far to deliver on all our key pipeline commitments so far this year, supporting Gilead's ambitions to extend our leadership in HIV, and to create a broader portfolio spanning virology, oncology and to build our portfolio in inflammation.

I'll spend our time today on the highlights of the quarter, and point you to the appendix of the earnings presentation for a more complete view of our pipeline activities.

First, in HIV, as you can see on slide 15, programs for our investigational lenacapavir agent continue to progress.

- At the recent International AIDS Society meeting, we shared data from the Phase 2/3 CAPELLA study that evaluated heavily treatment-experienced individuals who have already developed resistance to multiple antiretroviral drugs.
- CAPELLA demonstrated lenacapavir's potency in this difficult to treat population. Despite significant prior resistance, antiviral activity was observed starting at Day 15. By week 26, 81% of individuals had viral suppression when lenacapavir was combined with an optimized background regimen. Based on these data, we have filed a New Drug Application. If approved, this would become the first 6 month long-acting subcutaneous injection regimen available, and deliver a welcome new option for people living with HIV who have developed multi-drug-resistance to other antiretrovirals.
- Also at IAS, we presented strong interim results from the Phase 2 CALIBRATE study, evaluating lenacapavir in a treatment-naïve population. In CALIBRATE, participants received lenacapavir either as a subcutaneous injection or as a daily oral pill in combination with Descovy. At Week 28, 94% achieved HIV-1 RNA loads of less than 50 copies per mL. These findings will be used to help inform our broader lenacapavir efforts as a foundational agent for our long-acting franchise.

- Late last month, we screened the first patient for the Phase 3 PURPOSE-2 trial studying lenacapavir for HIV prevention in cisgender men, transgender women, transgender men, and gender nonbinary people who have sex with men and are at risk of HIV infection.
- We expect to initiate the Phase 3 PURPOSE-1 study of lenacapavir for HIV prevention in adolescent girls and young women later this year.
- Finally, we are actively working on co-formulating the long-acting investigational oral and injectable combinations of lenacapavir and islatravir and expect to initiate the oral Phase 2 trial by the end of the year.

Moving onto HDV on slide 16; last month at the International Liver Congress, we presented data from the MYR301 and MYR204 programs.

- MYR301 is a Phase 3 registrational study evaluating bulevirtide as monotherapy for the treatment of HDV. Interim results demonstrated that bulevirtide was well tolerated in both cirrhotic and non-cirrhotic patients with compensated, chronic HDV infections. At Week 24, bulevirtide treatment was associated with significantly greater HDV RNA declines and improvements in biochemical measures of disease activity compared to no treatment. Moreover, there were no treatment-related serious AEs, or adverse events, leading to discontinuation. These results continue to support the effectiveness of the 2 mg dose, which has received conditional approval from the EMA, and will form the basis of the BLA filing planned for later this year in the U.S.
- As part of our HDV cure efforts, we also presented interim data from the MYR204 Phase 2b study investigating finite regimens of bulevirtide both as a monotherapy and in combination with PEG-interferon alpha. Both monotherapy and combination treatments of bulevirtide were found to be generally well tolerated and more effective than PEG- interferon alone through 24 weeks of therapy. The primary endpoint analysis occurs at 24-weeks after completion of therapy and includes virologic and biochemical response data. We look forward to sharing those data when available.

Moving to slide 17, and on behalf of Christi and the Kite team, earlier we shared strong positive top-line data from ZUMA-7, the 359-patient, landmark Phase 3 study evaluating Yescarta in second-line LBCL. The study met the primary end point for event-free survival, with a hazard ratio of 0.398, representing a 60% improvement in event-free survival compared to standard of care stem cell transplant, with a safety profile comparable to or better than what we have seen in the third line setting. This is a clinically and statistically meaningful improvement in outcomes that if approved in the US, could extend Yescarta's reach to a total unique population of 14,000 patients annually in the second and third-line LBCL setting.

ZUMA-7 also met the key secondary endpoint of objective response rate. As expected, data for overall survival is immature at this time, but the interim analysis suggests a favorable trend in this critical milestone.

In summary, we are very excited about the potential benefit to patients demonstrated in ZUMA-7 and look forward to beginning discussions with regulatory agencies later this year as we work towards potential sBLA and MAA filing for Yescarta in second-line LBCL. And, separately, we are on track for the Phase 2 read out for first-line LBCL study before the end of the year.

Beyond LBCL, we have completed filing Yescarta with the EMA for follicular lymphoma after three or more lines of systemic therapy. We also have a PDUFA date of October 1<sup>st</sup> under accelerated review with the FDA for Tecartus in ALL.

And, of course, while our internal focus remains on autologous cell therapies, we continue our engagement in alternative approaches, most recently partnering with Shoreline Biosciences to develop novel off-the-shelf, allogeneic cell therapies based on natural killer targets for hematological cancers. Slide 18 is a recap of our pipeline execution so far this year. In addition to the items we've discussed already, our partner Arcus provided an early, interim update of their Phase 2 ARC-7 trial in late June, demonstrating clinical activity in the anti-TIGIT domvanalimab-based doublet and triplet combinations. Zimberelimab, an anti-PD-1 antibody, saw similar levels of activity in the monotherapy arm compared to marketed anti-PD-1s.

Based on the interim analysis, we are pleased that ARC-7 and the confirmatory Phase 3 ARC-10 trial will continue to enroll as planned. We look forward to seeing how the data mature with additional patients and duration of follow-up to inform our opt-in decision.

Separately, our partner Galapagos also shared data readouts from their Toledo SIK2/3 programs across psoriasis, UC, and RA and the plaque psoriasis from their TYK2 program. Both studies were early and had small samples, and we look forward to additional data.

We also remain focused on the following upcoming milestones:

- For Trodelvy, we continue to target a TROPiCS-02 PFS readout this year. The study is an event-driven Phase 3 trial in patients with HR+/HER2- metastatic breast cancer. Pending data, we will evaluate and determine the appropriate regulatory next steps. We estimate there are roughly 17,000 patients in the US who could benefit from Trodelvy in this setting.
- We continue to expect the Phase 3 non-small cell lung cancer trial for Trodelvy to initiate in the second half of this year. We plan to share an update from the TROPiCS-03 basket study on lung cancer later this year and will separately provide updates on head and neck squamous cell carcinoma and endometrial cancer as the data mature.
- We anticipate a Phase 1b readout for magrolimab in MDS later this year and, pending data, will engage with regulators as we explore a potential BLA filing for accelerated approval. If approved, magrolimab would be the first-in-class macrophage checkpoint inhibitor targeting CD47 and Gilead's first frontline oncology indication. There is a significant unmet need for MDS with no new treatments approved in 14 years despite 15,000 new patients being diagnosed each year in the US alone.

We continue our development efforts in AML and have enrolled our first patient in the Phase 3 1L AML magrolimab study.

Before I wrap the pipeline discussion up, I wanted to share one last update on remdesivir. We have decided not to move forward with an inhaled formulation of remdesivir based on the results of our initial proof-of-concept study suggesting sub-optimal lung deposition. To address patient needs in the evolving pandemic, we are continuing our efforts on advancing multiple novel oral antivirals. We expect to submit IND filings later this year or early next year. We remain committed to supporting patients through this pandemic and continuing our legacy of developing anti-viral therapeutics for treatment of emerging diseases.

Finally, on slide 19, I want to recognize the teams at Gilead and Kite. Compared to just two years ago, our pipeline has grown from 30 clinical stage programs to over 50 today and resulted in a considerably more diverse set of assets that can be transformative not only for patients, but for Gilead. The Gilead and Kite teams have worked tirelessly to deliver on our pipeline programs during this time of dramatic growth despite the pandemic. It's a thrilling time to be part of a team with tireless dedication and commitment to helping patients. I look forward to updating you on our progress in the quarters ahead.

With that, I'll hand the call over to Andy to walk us through the financial results of the quarter.

**Andrew Dickinson, Chief Financial Officer**

Thank you Merdad, and good afternoon everyone.

Moving to slide 21, our financial results in the second quarter were solid overall, with total product sales up 21% year-over-year given the important role Veklury continues to play in this pandemic. Excluding Veklury, total product sales grew 5% year-over-year, with strong Biktarvy growth more than offsetting lower Truvada and Atripla revenues, in addition to impressive growth in cell therapy and – of course – the new revenue contribution associated with Trodelvy which was not part of our portfolio in the second quarter of last year.

Moving down the P&L, non-GAAP product gross margin was 86.4%, 210 basis points higher year-over-year and primarily associated with a lower royalty expense.

Non-GAAP R&D was \$1.1 billion, down 9% year-over-year, with lower remdesivir-related investments as compared to the same period last year, partly offset by higher investments across our pipeline, notably Trodelvy and magrolimab.

Non-GAAP SG&A expense was \$1.1 billion, down 4% year-over-year, primarily due to lower legal expenses, offset in part by continued commercial investment in Trodelvy and Veklury outside the U.S. Moving to tax, we realized a lower effective tax rate of 19.6% for the quarter, or down 320 basis points year-over-year, due to a shift in geographic earnings mix.

Overall, our non-GAAP diluted earnings per share was \$1.87 in the second quarter of 2021, compared to \$1.11 for the same period last year. The year-over-year improvement primarily reflects higher product sales due to Veklury, higher gross margin, as well as lower operating expenses and a lower effective tax rate, offset by lower interest income.

Overall, we're encouraged by our first half results, shown on slide 22.

Moving to slide 23, you can see that we are updating our guidance for 2021. As always, the duration and magnitude of the COVID-19 pandemic continue to be uncertain, and the rate and degree of these

pandemic impacts as well as the corresponding recovery from the pandemic may vary across our business. With that said:

- We now expect full year total product sales in the range of \$24.4 billion to \$25.0 billion, compared to our previous range of \$23.7 to \$25.1 billion. The new range increases the midpoint from \$24.4 billion to \$24.7 billion, and reflects our solid results year-to-date as well as our updated expectations for the second half of the year.
- With first half Veklury revenue of \$2.3 billion, we now expect full year Veklury revenue in the range of \$2.7 to \$3.1 billion, compared to our previous \$2 to \$3 billion range. Our updated range reflects the ongoing role of Veklury in this pandemic, and assumes we'll continue to see regional outbreaks. The situation continues to be dynamic, and we'll likely update our thinking again when we report after the third quarter earnings.
- Back to guidance, we now expect total product sales excluding Veklury for the year to be in the range of \$21.7 to \$21.9 billion, compared to our previous range of \$21.7 to \$22.1 billion. This tightening of the range reflects the longer than expected pandemic impact on our business, including the latest increase in COVID-19 cases.
- As Johanna discussed, the pandemic has most notably impacted our HIV treatment business, where we saw substantially fewer treatment initiations and a greater number of discontinuations than expected in 2020. It is taking longer than we expected for treated patient volume to ramp back up to more normal levels, particularly in the U.S. That said, we saw encouraging signs of recovery in the HIV market in the second quarter, and our guidance assumes recovery will continue through the remainder of the year.
- Based on market share dynamics, we remain confident in our competitive positioning, and believe we are well positioned as the recovery continues.

Looking at the rest of the P&L:

- We now expect non-GAAP product gross margin in the range of 86 to 87%, reflecting the lower mix of HIV revenue.
- We now expect non-GAAP R&D to decline low to mid single digit percentage compared to 2020 levels. This primarily reflects the timing of investments, and we remind you that expenses in both R&D and SG&A are back end loaded, increasing sequentially from Q2 into Q3, and then even more from Q3 into Q4. Our non-GAAP SG&A guidance remains unchanged at flat to low single digit percentage decline over 2020.
  - In R&D, we will be ramping up additional studies with magrolimab, Trodelvy, long-acting combination work with lenacapavir for the treatment of HIV, and other pipeline activities.
  - And in SG&A, we will be ramping up marketing activities to support our growing portfolio of indications such as with Trodelvy and Tecartus.

- Finally, reflecting the updates to our revenue, gross margin, and operating expense guidance, we now expect non-GAAP diluted EPS between \$6.90 and \$7.25 per share for the year, and GAAP diluted EPS between \$4.70 and \$5.05.

Additionally, our capital allocation priorities have not changed, and we remain committed to our dividend. Year-to-date, we have paid down \$1.25 billion in debt, and we are on-track to repay at least \$4 billion in debt by the end of the year.

With that, I'll invite the Operator to begin the Q&A