Jacquie Ross, VP, Investor Relations

Thank you, Gigi, and good afternoon everyone. Just after market close today, we issued a press release with earnings results for the fourth quarter and full year 2021. The press release, slides, and supplementary data are available on the investors section of our website at 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, business and operations, financial projections and the use of capital; and 2022 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 available on the Gilead website.

With that, I will now turn the call over to Dan.
Daniel O’Day, Chairman and Chief Executive Office

As we head into 2022, Gilead is coming off a year of positive clinical momentum and strong financial performance, mitigating the impact of the pandemic on some parts of our business. Higher sales of Veklury more than offset the impact of COVID-19 on HIV and HCV.

Veklury continues to play a critical role in helping to treat people with COVID-19, with continued activity against the Omicron variant. The FDA recently expanded its use beyond the hospital for patients at high risk of disease progression. In addition, we just initiated a Phase 1 trial of GS-5245, a novel oral COVID-19 nucleoside, that once metabolized, works in the same way as remdesivir.

Our full year revenue for 2021 was 11% higher than the midpoint of our initial guidance in February of 2021. It was also an important year for our transformation to becoming a business that is based on diverse, sustainable growth.

In 2021, we received 7 approvals or accelerated approvals in the U.S. and Europe, and submitted an additional 6 filings. Our approvals included:

- three for Trodelvy, with FDA and MAA approval in 2L mTNBC as well as an accelerated approval from FDA for metastatic bladder cancer
- two for cell therapy, with Yescarta receiving accelerated approval in relapsed or refractory follicular lymphoma and Tecartus receiving full approval in adult acute lymphoblastic leukemia
- two expanded labels in virology, one for a pediatric label for Biktarvy in the U.S. and an expanded label for Veklury in the E.U. for adults not requiring supplemental oxygen

Our 2022 plans include a significant increase in clinical development studies across our novel oncology portfolio. We are planning at least 20 additional trials, including 7 Phase 3 trials for Trodelvy. These include:

- ASCENT-03 trial evaluating Trodelvy in front-line TNBC in the PDL1- population;
- ASCENT-04 trial, in collaboration with Merck, to evaluate Trodelvy and Keytruda in front-line TNBC in the PDL1+ population; and
- EVOKE-03 trial, which will be led by Merck, to evaluate Trodelvy and Keytruda in non-small cell lung cancer.

You will also see ongoing momentum in our virology portfolio as we continue to expand our leadership in antiviral therapies. We are advancing our longer-acting HIV options with lenacapavir as the foundation and look forward to potential regulatory decisions in 2022. If approved, lenacapavir would be the only HIV treatment option administered twice yearly. In addition, we will continue to drive progress across our broader virology portfolio, including hepatitis, COVID-19, and other emerging viruses.

This is a really important time in Gilead’s transformation journey. After the consistent work to execute on our strategy and expand our portfolio over the last two years, you will increasingly start to see this play out in tangible results. We’re confident that Gilead has all the elements in place for a strong year and a strong decade.
Johanna, Merdad and Andy will now take you through the details of our progress and our plans. Let me hand first to Johanna to talk about our commercial performance in the fourth quarter and full year. And I’ll be back in the Q&A. Johanna?

Johanna Mercier, Chief Commercial Officer

Thank you Dan, good afternoon everyone.

As you can see on slide 7, we had a strong end to the year with Q4 total product sales, excluding Veklury, of $5.8B, up 7% quarter-over-quarter, driven by favorable pricing and inventory dynamics. This also represented 8% growth year over year, driven by continued recovery in the HIV treatment market and favorable pricing dynamics. Veklury sales were higher than expected in Q4 reflecting the start of the Omicron surge, but lower than both the prior quarter and prior year, and contributing to Total Product Sales of $7.2B for the quarter.

Moving to slide 8, total fourth quarter Veklury sales were $1.4B, bringing total sales for 2021 to $5.6B. Gilead is proud of the role that Veklury continues to play in this pandemic. Veklury has demonstrated activity against the Omicron variant and has helped many patients with COVID-19 in the most recent surge. Although symptoms have generally been less severe, the volume of overall cases has meaningfully increased since the emergence of Omicron, and we have seen the total number of hospitalizations increase as well. While we would all prefer to put this pandemic behind us, we expect Veklury to continue to play a critical role in 2022 and beyond. As you would expect, hospitalizations remain a key indicator for in-patient Veklury sales, and we are seeing higher hospitalizations in geographies with lower vaccination adoption, including certain parts of the U.S. as well as Eastern Europe.

Additionally, I’m very pleased to highlight that the FDA recently approved the sNDA filing for the use of Veklury in the outpatient setting for patients at high risk of disease progression. This approval was based on data generated in the Phase 3 PINETREE study, further solidifying the credibility, importance and role of Veklury. Now Veklury will be available to help even more patients earlier and reduce risk of hospitalization for COVID-19.

Next, as shown on slide 9, total HIV sales were $4.5B in the quarter, up 8% sequentially driven by favorable inventory and pricing dynamics as well as changes to our gross to net estimates in Q421. For the full year, total HIV sales were $16.3B, down 4% year-over-year, primarily due to the Truvada and Atripla LOE, in addition to pandemic-related impacts and pricing dynamics. The expected impact from the LOEs – which amounted to $1.3B – was offset by continued Biktarvy growth. Excluding the sizeable LOE impact, HIV total product sales for the full year grew 4% compared to 2020 despite the ongoing pandemic headwinds. We now expect the Truvada and Atripla Loss of exclusivity impact to be minimal going forward as the headwind dissipates starting in Q2 of 2022.

In HIV treatment, we continue to see signs of market recovery although the US market declined 1% sequentially in Q4 following two quarters of sequential growth. On a year-over-year basis, the overall
market in Q4 was up 1.5% in both the U.S. as well as the EU5, despite screening and diagnosis rates still below pre-pandemic levels.

As you know, favorable dynamics play out in the fourth quarter of every year in HIV, and 2021 was no different with some year-end inventory stocking and favorable seasonal pricing as well as changes in our gross to net estimates in Q421. As you think about 2022, I’ll remind you of the normal HIV inventory build-up in Q4 and the New Year reset for patient copays and donut hole payments. Given these factors – along with the favorable pricing dynamics I just mentioned, we expect the sequential decline in Q122 to be greater than Q121. Nonetheless, we expect a strong year overall in HIV and expect continued growth in subsequent quarters.

Back to Q4, Biktarvy had another record quarter with sales of $2.5B, up 11% sequentially and 22% year-over-year. On slide 10, you can see that Biktarvy U.S. treatment market share has increased over 5 share points in 2021, reaching 42%, which is the highest share that any complete regimen has ever achieved in this market. For the full year, Biktarvy sales were $8.6B, growing 19% from 2020, and Biktarvy remains the leading prescribed treatment for naïve and switch patients in the US and #1 in naïve in EU5. Descovy revenue for the fourth quarter was $473M, up 9% quarter-over-quarter primarily as a result of favorable seasonal pricing and inventory dynamics as well as continued demand. We expect Descovy revenue to continue to be driven by PrEP as Descovy has maintained about 45% of overall PrEP market prescriptions in the US. We will continue to ensure access to support physician choice, and expect growing demand and market expansion to offset the impact of increased commercial contracting. Overall, while near term growth continues to be impacted by local pandemic-related social restrictions, we are encouraged by the growing PrEP market. In Q4, the overall PrEP market grew 4% quarter-over-quarter, and 31% year over year. Looking forward, we believe lenacapavir, our investigational longer-acting PrEP offering, could potentially catalyze the market well beyond the 25% penetration rate in PrEP that we see today.

Moving to slide 11, it’s clear that HCV continues to be the part of our portfolio most impacted by the pandemic. Although there was some slight quarter over quarter recovery in market starts in the EU5, U.S. market starts declined, resulting in flat total starts overall. While Gilead market share increased modestly on a sequential basis in both the US and the EU, this was more than offset by unfavorable pricing dynamics, resulting in total Q4 sales of $393M, down 8% sequentially and 7% year over year. As you can see on slide 12, our HBV and HDV franchise reported record quarterly revenues of $265M, up 7% sequentially due to seasonal inventory and favorable pricing. The 9% year-over-year growth was primarily driven by Vemlidy demand. Total fiscal year sales for this franchise were $969M, up 13% year-over-year.

Hepcludex reported $12M of sales in Q4 in Europe, with $37M in 2021 sales since our acquisition in late first quarter. Hepcludex is currently available in Germany and France, in addition to a number of early access programs in countries such as Austria, Italy, and Greece. In 2022, and as part of our comprehensive commercialization plan, we expect to finalize reimbursement for launch in a number of major European markets. In the U.S., we filed a BLA in November and FDA granted priority review for accelerated approval, with a PDUFA date set for the third quarter and an Advisory Committee meeting that will be scheduled in the coming months.
Moving to oncology, first with Trodelvy on slide 13, global sales were $118M in the fourth quarter, up 17% sequentially and up 84% year-over-year compared to full Q420 sales. This reflects growing adoption of the second line metastatic TNBC indication, which was noted as a preferred regimen in the NCCN Breast Guidelines updated in September. We are also starting to see stronger, unaided brand awareness which is resulting in continued market share growth. In 2L mTNBC, Trodelvy now captures approximately 1 in 4 new starts in the U.S. We have expanded our oncology footprint globally, including tripling our U.S. headcount to further accelerate penetration of Trodelvy and prepare for our potential HR+/HER2- launches.

Additionally, EU approval for Trodelvy was granted in late November 2021 and we have already seen strong momentum in France and Germany since their launch. We plan to launch in a number of new countries following key reimbursement decisions this year.

Now, on slide 14, on behalf of Christi and the Kite team – cell therapy Q4 sales of $239M reflected 47% year-over-year growth and an 8% increase sequentially. For the quarter, Yescarta sales of $182M were up 41% year-over-year driven by continued demand in relapsed or refractory large B-cell lymphoma and follicular lymphoma. Tecartus sales of $57M in the quarter reflected 68% year-over-year growth based on growing global demand for relapsed or refractory mantle cell lymphoma and early contribution from adult acute lymphoblastic leukemia in the U.S. As a reminder, FDA granted Tecartus approval in adult ALL in October and in just the first few months of launch, there has already been strong demand that we expect to continue in the coming quarters given the high unmet need. Full year cell therapy sales of $871M reflected 43% year-over-year growth driven by continued LBCL and MCL demand globally as well as the new launches.

The strong growth we’ve seen with these recent launches reinforces our belief that cell therapy adoption will continue its positive momentum as more physicians understand the benefits for appropriate patients and therefore increase referral rates to treatment centers. Merdad will elaborate later so I’ll just quickly mention the impressive data Kite presented at ASH in December – 43% overall survival rate after 5 years in third line LBCL patients.

The Yescarta data at ASH not only highlighted the long-term real-world safety and efficacy profile in third line LBCL, but also in earlier lines of therapy. For ZUMA-7 data in 2L LBCL, FDA has set a PDUFA date of April 1 when we hope Yescarta will be granted approval. In the meantime, the Kite team is ramping up manufacturing capacity to meet the anticipated demand. Kite expects the new Maryland facility to begin commercial operations by Q2. Combined with the Amsterdam and El Segundo facilities, we expect to increase operational capacity by up to 50% by the end of this year.

Christi is here with the team and available to take questions on cell therapy during our Q&A.

In closing, our oncology sales were $1.25 billion in 2021 and we continue to expect robust growth in the coming years.

With that, I’ll hand it over to Merdad for pipeline updates.
Merdad Parsey, MD, PhD, Chief Medical Officer

Thank you, Johanna. Good afternoon everyone.

Building on what both Johanna and Dan have said, the Gilead team rounded out a very strong 2021 with further progress across our portfolio. In 2021 alone, we began enrolling patients in 13 oncology, 13 virology, and 4 inflammation trials, and we have recently shared the initial details of our ambitious development programs we are targeting for 2022. As we look forward, we are confident that we have the foundation to continue to build a robust, diverse portfolio across our three focus therapeutic areas.

First, on slide 16, Veklury continues to play a vital role in the fight against COVID-19. Veklury was the first approved treatment for patients hospitalized with COVID-19. We recently expanded indication labels in the U.S. and EU: in December, the European Commission approved a variation to the Conditional Marketing Authorization for Veklury for the treatment of COVID-19 in adults not on supplemental oxygen. And last month, based on data from the Phase 3 PINETREE study, FDA expanded the approval of Veklury to include non-hospitalized patients at high risk for COVID-19 disease progression. These expanded indications speak to the activity of Veklury against the coronavirus variants we have seen so far, including Omicron.

We believe there will continue to be a need for Veklury delivered intravenously, especially for higher risk patients. The potential for continued COVID-19 variants and infections highlight the need for more convenient oral formulations to expand the options for outpatients. As such, we have just initiated a Phase 1 trial of GS-5245, a novel oral COVID-19 nucleoside, that once metabolized, works in the same way as remdesivir. Pending data, the evolving pandemic landscape, and discussions with regulatory agencies, we are hoping to initiate a registrational trial before the end of the year.

Moving to HIV on slide 17, we shared an overview of some of our long-acting development activities a few weeks ago, to highlight the diversity of our portfolio and how it targets the entire HIV life cycle. We continue to believe that our investigational agent lenacapavir is a unique and foundational asset, given its potential for extended dosing, in addition to the compelling efficacy and safety profile highlighted in the CAPELLA and CALIBRATE studies.

Next, on slide 18, you can see our current clinical efforts with long-acting HIV therapeutics. As previously announced, the Phase 2 study evaluating the oral combination of lenacapavir with Merck’s islatravir is on partial clinical hold, and Merck remains in discussions with FDA on the next steps. In the meantime, we at Gilead continue to develop a number of other potential partner agents for lenacapavir in HIV treatment and look forward to sharing some more detail on these programs at our Virology Deep Dive later this month. We remain confident and excited about lenacapavir’s future potential to deliver options for people living with HIV or those who could benefit from PrEP.

I want to be very clear that the recent clinical hold for the lenacapavir trials, which the FDA initiated in December, is NOT associated with the lenacapavir molecule itself. Rather, the hold reflects concern
about the compatibility of certain vials with the lenacapavir solution. We continue to work with the FDA to remediate the concern and to agree on a path to resume these trials. We are hopeful this can be achieved quickly. As such, we continue to expect an FDA decision for lenacapavir in heavily treatment experienced individuals in the first half of 2022. If successful, lenacapavir will become the first available 6-month, long-acting subcutaneous injection for the treatment of HIV.

Next, moving to Trodelvy on slide 19, I’m pleased to confirm that we now expect to share both topline progression free survival data as well as the first planned interim analysis of overall survival from TROPiCS-02 in March. There’s been a convergence of events for PFS and OS such that we will be able to conduct and report a single analysis of these outcomes rather than have two analyses separated by a short interval. Gilead remains blinded to the data, and we are excited to be able to share this more complete view later this quarter. We are targeting an sBLA filing in the second half of 2022, depending, of course, on the readout.

If the data are positive, we believe that Trodelvy could represent a very important treatment option for HR+/HER2- patients who are hormone refractory and have very limited options.

Reflecting our confidence in Trodelvy overall, we are expanding the number of clinical programs in 2022 to evaluate effectiveness in breast, lung and bladder cancers, with plans to initiate study start-up activities for at least 7 Phase 3 trials. Three of these are expected to enroll their first patients in 2022, including two in front line mTNBC and another in front-line non-small cell lung cancer study led by Merck. Going forward, we will separately disclose trial start up activities versus “FPI” milestones. Additionally, in the first half of this year, we plan to add a combination of Trodelvy with other Gilead portfolio assets as a study or an additional cohort in an existing study. We look forward to sharing more details at our upcoming Oncology Deep Dive in April. This is another example of the versatility and tremendous potential that Trodelvy, along with the growing oncology portfolio, can generate.

Next slide, onto magrolimab. Early last week, the FDA placed a partial clinical hold pausing enrollment and screening in trials and cohorts in the U.S. evaluating magrolimab in combination with azacitidine following review of a preliminary data set suggesting an apparent imbalance in investigator-reported SUSARs (or suspected unexpected serious adverse reactions) between treatment groups in our ongoing Phase 3 trial in high-risk MDS. A subsequent partial clinical hold has been placed on the Phase 2 multiple myeloma study and the fully enrolled Phase 2 DLBCL study.

Importantly, patients currently enrolled in our magrolimab studies can continue treatment and our compassionate use programs remain open.

We are working with FDA to take a comprehensive look at the safety data, and we will share the outcome as quickly as we can. In the meantime, we remain committed to the magrolimab development program and believe that it has the potential to address an important unmet medical need in these seriously ill patients. As you know, the patients in our ENHANCE Phase 3 trial have a very high unmet need, with a median overall survival of only 1-3 years on the current standard of care.
Separate and prior to the partial clinical hold, our Phase 1b single arm study in higher risk MDS no longer has a viable path to submission based on regulatory feedback. As such, we will remain focused on our Phase 3 ENHANCE study and look forward to sharing the 1b data at an upcoming scientific meeting.

Next, moving to cell therapy on slide 21, on behalf of Christi and the Kite team, I will share a brief update on the impressive data Kite presented at ASH last December. First, as you may recall, in 2020 we shared that Yescarta had a 4-year overall survival rate of 44% in 3L LBCL patients.

At ASH in December, we presented 5-year data from ZUMA-1 in third-line LBCL patients showing Yescarta demonstrated a remarkable and durable 43% overall survival rate, stable since our 4-year update. Additionally, 92% of the patients who remained alive at 5 years have not needed any additional cancer treatment since their one-time infusion of Yescarta. It’s truly inspiring to see this type of durability for CAR T cell therapies.

As announced yesterday, the FDA approved a label update for Yescarta to include use of prophylactic corticosteroids across all approved indications. Adding prophylactic steroid use can improve the management of certain side effects without compromising the activity of Yescarta. For example, the FDA label now shows no grade 3 or greater cytokine release syndrome events occurred using the Cohort 6 protocol, as compared to 13% in the original label. This label update compliments data published in 2021 showing 68% of patients had no CRS or neurologic events within 72 hours of Yescarta infusion.

As we look to earlier lines of treatment, the landmark ZUMA-7 trial evaluating Yescarta in 2L relapsed/refractory LBCL demonstrated a greater than 4-fold increase in median event free survival, or EFS, compared to standard of care through 2-years of follow-up. As you can see on the slide, the EFS curve for Yescarta is compelling. The sBLA was filed last quarter and we expect an FDA decision by April of this year.

In terms of the 1L LBCL data, Yescarta demonstrated 89% overall response rate in high-risk patients, and 78% complete response with a median follow-up of 15.9 months. Given these encouraging data, the Kite team is in discussions with regulatory authorities on a potential path forward in front line LBCL. And finally, on slide 22, we highlight key 2022 catalysts across the portfolio, many of which I have just mentioned. I’d also like to take a moment to highlight the three Arcus milestones in 2H22. Last quarter, Gilead opted in to the three Arcus programs, which added four assets to our portfolio:

- domvanalimab – an Fc silent TIGIT antibody;
- AB308 – an Fc active TIGIT antibody;
- etrumadenant – an adenosine receptor antagonist;
- and quemliclustat – a small molecule CD73 inhibitor.

Together with Arcus, we expect to share ARC-7 Phase 2 PFS data in the second half of 2022, which will include data for the zimberelimab monotherapy, zim and dom doublet, as well as the zim, dom and etruma triplet arm. We look forward to sharing data when available and are very excited to collaborate more closely with Arcus to accelerate future development plans.
On slide 23, you can see that Gilead’s portfolio now encompasses 55 clinical stage programs, nearly
doubling since 2019. Given the exciting potential of our portfolio across virology, oncology, and even
early stage inflammation assets – this is just the beginning. Our teams are committed to advancing the
most promising programs that will help transform patient outcomes, and we look forward to sharing our
progress with you over the coming quarters and years.

With that, I’ll hand it over to Andy.

Andrew Dickinson, Chief Financial Officer

Thank you Merdad, and good afternoon everyone. It was a strong close to 2021, driven primarily by
strong HIV and Veklury revenue in the fourth quarter. For the full year, and excluding the impact of the
LOEs, HIV grew 4% year-over-year, driven by the continued outperformance of Biktarvy, which achieved
record US market share of 42%, and sales of $8.6B, up 19% from 2020. Oncology was another highlight
from both a pipeline and revenue perspective, with full year cell therapy sales of $871M growing 43%
from 2020, and Trodelvy sales of $380M in its first full year. By 2030, we anticipate our oncology
franchise will represent at least a third of our total revenue.

Before I get into the normal P&L review and 2022 guidance, I want to address the EPS results for this
quarter up front.

Slide 25 highlights two sizeable expenses that occurred after we gave our last guidance in October.

- First, and subsequent to the exercise of Gilead’s opt-in to four Arcus assets in December, our
  fourth quarter results reflect a net charge of $625 million, recorded in R&D. This charge reflects
  our $725 million option payment recognized in Q4 less $100 million that was previously
  accrued. This impacted our EPS by about 38 cents in Q4 and for the full year.

- Second, and as part of a legal settlement with ViiV and related parties, we have agreed to make
  a one-time $1.25 billion payment, in addition to an ongoing 3% royalty for future sales of
  Biktarvy and the bictegravir component of bictegravir-containing products in the United States.
  This royalty extends until October 5, 2027. The $1.25 billion payment is recorded in our fourth
  quarter results and reflected in our Cost of Goods Sold.

- This charge constituted an approximately 17% impact to gross margin in the fourth quarter,
  and it impacted our EPS by 80 cents for Q421 and the full year. Going forward, we expect the
  impact of this new royalty to be approximately 1% on our gross margin, starting in the first
  quarter of 2022.

Excluding these items, and their combined $1.18 impact, our full year non-GAAP EPS would have
exceeded the guidance range that we set back in October, helped by stronger than expected Veklury
sales.
Moving back to our quarterly review on slide 26, fourth quarter revenue in our base business included HIV product sales growth of 7% year over year and 8% sequentially. Veklury sales were higher than expected due to start of the Omicron surge. Non-GAAP product gross margin was 70.5%, impacted by the legal settlement I referenced earlier, and non-GAAP R&D was impacted by the Arcus opt in, resulting in non-GAAP EPS of 69 cents per share.

Our non-GAAP effective tax rate for the fourth quarter was 32.2%, reflecting tax expense related to uncertain tax positions, an increase in valuation allowance, as well as the impact of discrete tax benefits related to legal settlements with tax authorities in 2020 that did not recur this year.

For the full year, on slide 27, total product sales of $27 billion grew 11% driven by Veklury. Excluding Veklury, total product sales were roughly flat at $21.4 billion as growth in Biktarvy and oncology offset the $1.3 billion impact of the Truvada and Atripla LOEs in the U.S. I touched on the main P&L impacts in the fourth quarter discussion, but will highlight that our non-GAAP effective tax rate for 2021 was 20.4%, despite the higher effective tax rate in Q4.

Moving now to slide 28. Our 2022 guidance assumes that the recent Omicron surge represents the only major COVID-19 wave for 2022, and that our HIV business will continue to recover from the pandemic. With that in mind:

- We expect Product Sales in the range of $23.8 to $24.3 billion.
- Excluding Veklury, we expect Product Sales in the range of $21.8 to $22.3 billion, representing growth of 2% to 4% for our base business year-over-year.
- Relative to Q1, I’ll remind you to expect HIV revenue to decline sequentially. This is a normal dynamic for HIV due to inventory and seasonal pricing impacts and you’ll recall last year HIV revenue declined 14% sequentially in Q121. For Q122, we expect a larger sequential decline, given the favorable Q421 changes to gross to net estimates that Johanna mentioned earlier. Nonetheless, we expect a strong year overall for our HIV business and continued growth in subsequent quarters.
- Looking beyond Q1, we expect the impact of the Truvada and Atripla LOEs will be largely behind us starting in Q2, and we look forward to accelerating growth in our HIV business during the remainder of the year.
- For the full year 2022, we expect Veklury sales of approximately $2 billion. This assumes, as I previously indicated, that Omicron will represent the only major surge for the year, with Veklury revenue heavily weighted in the first quarter. That said, the pandemic continues to be dynamic, and we will update you on our Veklury expectations on a quarterly basis, consistent with our recent practice.

Moving to the rest of the P&L:

- We expect our non-GAAP product gross margin to be approximately 85 to 86%, consistent with our historic guidance and allowing for the 3% royalty associated with the legal settlement.
For non-GAAP operating expenses,

- We expect R&D to decrease by a mid-single digit percentage compared to 2021 levels. This decline is driven by the net $625 million charge related to the Arcus opt-in in the fourth quarter of 2021. Excluding this, we expect full year R&D expense to increase by a mid-to-high single digit percentage compared to 2021 levels.

- We expect SG&A to be approximately flat on a dollar basis compared to 2021,

Our non-GAAP effective tax rate is expected to be approximately 20% this year.

Finally, we expect our non-GAAP diluted EPS to be between $6.20 and $6.70 for the full-year, and GAAP diluted EPS to be between $4.70 and $5.20.

On capital allocation, our priorities have not changed. We continued to invest in our business while, at the same time, returning over $4 billion in 2021 to our shareholders, through dividends and share repurchases. In addition, we repaid $4.75 billion in debt in 2021. For 2022, we plan to repay $1.5 billion of debt in 2022 – of which, we repaid $500 million this morning.

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