February 6, 2024

Gilead Sciences Announces Fourth Quarter and Full Year 2023 Financial Results

– Product Sales Excluding Veklury Increased Year-Over-Year by 7% for Full Year 2023

Biktarvy Sales Increased Year-Over-Year by 14% for Full Year 2023

Oncology Sales Increased Year-Over-Year by 37% for Full Year 2023 –

FOSTER CITY, Calif.--(BUSINESS WIRE)-- Gilead Sciences, Inc. (Nasdaq: GILD) announced today its results of operations for the fourth quarter and full year 2023.

“This was another strong year of revenue growth for Gilead’s base business, driven by both HIV and Oncology,” said Daniel O’Day, Gilead’s Chairman and Chief Executive Officer. “The strength of the business provides a solid foundation as we enter a new catalyst-rich phase for the company. We are expecting several milestones in 2024, including updates on long-acting HIV prevention and treatment, Cell Therapy and Trodelvy.”

Fourth Quarter 2023 Financial Results

- Total fourth quarter 2023 revenue decreased 4% to $7.1 billion compared to the same period in 2022, primarily due to lower Veklury® (remdesivir) and HIV sales, partially offset by higher Oncology sales.
- Diluted Earnings Per Share (“EPS”) decreased to $1.14 in the fourth quarter 2023 compared to $1.30 in the same period in 2022, primarily due to higher total costs and expenses, and lower Veklury revenues, partially offset by unrealized gains on equity investments in 2023 compared to losses in 2022, and lower tax expense.

- Non-GAAP diluted EPS increased to $1.72 in the fourth quarter 2023 compared to $1.67 in the same period in 2022, primarily due to lower total costs and expenses, partially offset by lower Veklury revenues.
- As of December 31, 2023, Gilead had $8.4 billion of cash, cash equivalents and marketable debt securities compared to $7.6 billion as of December 31, 2022.
- During the fourth quarter 2023, Gilead generated $2.2 billion in operating cash flow.
- During the fourth quarter 2023, Gilead paid cash dividends of $943 million and utilized $150 million to repurchase common stock.

Fourth Quarter 2023 Product Sales

Total fourth quarter 2023 product sales decreased 4% to $7.1 billion compared to the same period in 2022. Total product sales, excluding Veklury, of $6.3 billion were flat compared to the same period in 2022, with higher Oncology sales partially offset by lower HIV sales.

HIV product sales decreased 2% to $4.7 billion in the fourth quarter 2023 compared to the same period in 2022, primarily driven by lower average realized price due to channel mix, partially offset by higher demand and channel inventory dynamics.

- **Biktarvy**® (bictegravir 50mg/emtricitabine ("FTC") 200mg/tenofovir alafenamide ("TAF") 25mg) sales increased 7% to $3.1 billion in the fourth quarter 2023 compared to the same period in 2022, primarily reflecting higher demand, partially offset by lower average realized price due to channel mix.
- **Descovy**® (FTC 200mg/TAF 25mg) sales decreased 5% to $509 million in the fourth quarter 2023 compared to the same period in 2022, primarily driven by unfavorable pricing dynamics in the United States, partially offset by higher demand and channel inventory dynamics.

The **Liver Disease** portfolio sales were $691 million in the fourth quarter 2023 and remained flat compared to the same period in 2022. Sales were impacted by unfavorable pricing dynamics, offset by higher demand across chronic hepatitis C virus ("HCV") and chronic hepatitis delta virus ("HDV") products.

Cell Therapy product sales increased 11% to $466 million in the fourth quarter 2023 compared to the same period in 2022.

- **Yescarta**® (axicabtagene ciloleucel) sales increased 9% to $368 million in the fourth quarter 2023 compared to the same period in 2022, primarily driven by strong demand in relapsed or refractory ("R/R") large B-cell lymphoma ("LBCL") outside the United States.
- **Tecartus**® (brexucabtagene autoleucel) sales increased 19% to $98 million in the fourth quarter 2023 compared to the same period in 2022, driven by increased demand in R/R adult acute lymphoblastic leukemia ("ALL") and in R/R mantle cell lymphoma ("MCL").

Trodelvy® (sacituzumab govitecan-hziy) sales increased 53% to $299 million in the fourth quarter 2023 compared to the same period in 2022, reflecting higher demand in both the United States and Europe.

Veklury sales decreased 28% to $720 millionin the fourth quarter 2023 compared to the same period in 2022, primarily driven by lower rates of COVID-19 related hospitalizations. Veklury sales generally reflect COVID-19 related rates and severity of infections and hospitalizations, as well as the availability, uptake and effectiveness of vaccinations and alternative treatments for COVID-19.

Fourth Quarter 2023 Product Gross Margin, Operating Expenses and Tax

- Product gross margin was 70.4% in the fourth quarter 2023 compared to 81.0% in the same period in 2022, primarily driven by restructuring expenses related to changes in our manufacturing strategy, intangible asset amortization expenses related to Trodelvy following approval for pretreated HR+/HER2- metastatic breast cancer in February 2023, and product mix. Non-GAAP product gross margin was 86.1% in the fourth quarter 2023 compared to 86.8% in the same period in 2022, primarily driven by product mix.
- Research and development ("R&D") expenses were $1.4 billion in the fourth quarter 2023 compared to $1.5 billion in the same period in 2022, driven by the timing of clinical activities and valuation adjustments to the MYR-related

contingent consideration, partially offset by increased investments in Oncology. Non-GAAP R&D expenses were $1.5 billion in the fourth quarter 2023 and in the same period in 2022. Decreases due to the timing of clinical activities were offset by increased investments in Oncology.

- Acquired in-process research and development ("IPR&D") expenses were $347 million in the fourth quarter 2023, primarily driven by payments related to collaborations with Arcellx, Inc. ("Arcellx"), Assembly Biosciences, Inc. ("Assembly"), and Compugen Ltd. ("Compugen"), as well as a milestone payment related to the acquisition of XinThera, Inc. ("XinThera").
- Selling, general and administrative ("SG&A") and non-GAAP SG&A expenses were $1.6 billion in the fourth quarter 2023 compared to $2.0 billion in the same period in 2022. The decrease was primarily driven by a 2022 charge related to the termination of the Trodelvy collaboration agreement with Everest Medicines ("Everest") that did not repeat.
- The effective tax rate ("ETR") was 14.3% in the fourth quarter 2023 compared to 19.6% in the same period in 2022, primarily due to remeasurement of certain deferred tax liabilities and non-taxable unrealized gains on equity investments. Non-GAAP ETR was 17.1% in the fourth quarter 2023 compared to 16.8% in the same period in 2022.

Full Year 2023 Financial Results

- Total full year 2023 revenue decreased 1% to $27.1 billion compared to 2022, driven by a reduction of $1.7 billion in Veklury sales, largely offset by higher HIV and Oncology sales.
- Diluted EPS increased to $4.50 in the full year 2023 compared to $3.64 in 2022, primarily due to lower IPR&D impairment expenses, lower unrealized losses on equity investments, and higher interest income, partially offset by higher cost of goods sold and operating expenses, and lower Veklury sales.
- Non-GAAP diluted EPS decreased to $6.72 in the full year 2023 compared to $7.26 in 2022. This was primarily driven by higher total costs and expenses, as

well as lower Veklury sales, partially offset by a decrease in tax reserves as a result of reaching an agreement with a tax authority, and higher interest income.

Full Year 2023 Product Sales

Total full year 2023 product sales of $26.9 billion were relatively flat compared to the same period in 2022, with lower Veklury sales largely offset by higher HIV and Oncology sales. Total product sales, excluding Veklury, increased 7% to $24.7 billion in the full year 2023 compared to 2022, primarily driven by higher HIV and Oncology sales.

HIV product sales increased 6% to $18.2 billion in the full year 2023 compared to 2022, primarily reflecting higher demand across treatment and prevention, in addition to higher average realized price and favorable channel inventory dynamics.

- **Biktarvy** sales increased 14% to $11.8 billion in the full year 2023 compared to 2022, primarily reflecting higher demand as well as higher average realized price.
- **Descovy** sales increased 6% to $2.0 billion in the full year 2023 compared to 2022, primarily driven by favorable channel inventory dynamics and higher demand.

The **Liver Disease** portfolio sales decreased 1% to $2.8 billion in the full year 2023 compared to 2022. The decrease was primarily driven by unfavorable HCV pricing dynamics and foreign exchange rates, partially offset by higher demand across HCV, HDV and chronic hepatitis B virus (“HBV”) products.

Cell Therapy product sales increased 28% to $1.9 billion in the full year 2023 compared to 2022.

- **Yescarta** sales increased 29% to $1.5 billion in the full year 2023 compared to 2022, primarily driven by increased demand in R/R LBCL.
- **Tecartus** sales increased 24% to $370 million in the full year 2023 compared to 2022, primarily driven by increased demand in in R/R ALL and R/R MCL.

Trodelvy sales increased 56% to $1.1 billion in the full year 2023 compared to 2022, reflecting strong demand in new and existing geographies.

Veklury sales decreased 44% to $2.2 billion in the full year 2023 compared to 2022, primarily driven by lower rates of COVID-19 related hospitalizations in all regions.

Full Year 2023 Product Gross Margin, Operating Expenses and Tax

- Product gross margin was 75.9% in the full year 2023 compared to 79.0% in 2022, primarily driven by restructuring expenses related to the aforementioned changes in our manufacturing strategy, increased amortization expenses, and product mix. Non-GAAP product gross margin was 86.3% in the full year 2023 compared to 86.6% in 2022, primarily driven by product mix.
- R&D and non-GAAP R&D expenses were $5.7 billion in the full year 2023 compared to $5.0 billion in 2022. This primarily reflects increased clinical activities across our Oncology and Virology programs.
- Acquired IPR&D expenses were $1.2 billion in the full year 2023, primarily driven by payments related to the collaboration with Arcellx, as well as the acquisition of XinThera and Tmunity Therapeutics Inc. (“Tmunity”).
- SG&A expenses were $6.1 billion in the full year 2023 compared to $5.7 billion in 2022. Non-GAAP SG&A expenses were $6.1 billion in the full year 2023 compared to $5.6 billion in 2022. The increases in SG&A and non-GAAP SG&A expenses are primarily due to a $525 million litigation settlement with certain plaintiffs in the HIV antitrust litigation and increased commercial activities in Oncology and HIV, partially offset by the 2022 charge related to the termination of the Trodelvy collaboration agreement with Everest.
- The ETR and non-GAAP ETR were 18.2% and 15.2%, respectively, in the full year 2023 compared to 21.5% and 19.3%, respectively, in 2022. Lower ETR is primarily due to a decrease in tax reserves as a result of reaching agreement with a tax authority on certain tax positions.

Guidance and Outlook

Gilead is providing full-year 2024 guidance below::

- Total product sales between $27.1 billion and $27.5 billion.

- Total product sales, excluding Veklury, between $25.8 billion and $26.2 billion.
- Total Veklury sales of approximately $1.3 billion.
- Diluted EPS between $5.15 and $5.55.
- Non-GAAP diluted EPS between $6.85 and $7.25.

Additional information and a reconciliation between GAAP and non-GAAP financial information for the 2024 guidance is provided in the accompanying tables. The financial guidance is subject to a number of risks and uncertainties. See the Forward-Looking Statements section below.

Key Updates Since Our Last Quarterly Release

Virology

- Announced that the Phase 3 OAKTREE trial of obeldesivir in non-hospitalized participants without risk factors for developing severe COVID-19 did not meet its primary endpoint of improvement in time to symptom alleviation. Obeldesivir was well-tolerated in this large study population.

Oncology

- Announced that the Phase 3 EVOKE-01 study of Trodelvy versus docetaxel in previously treated metastatic non-small cell lung cancer did not meet its primary endpoint of overall survival. While not statistically powered, we observed an encouraging trend in a subgroup of patients non-responsive to prior anti-PD-(L)1 immunotherapy, that we may potentially explore further.
- Presented new data at the San Antonio Breast Cancer Symposium 2023, including a post-hoc, subgroup analysis of clinical outcomes by age from the Phase 3 TROPiCS-02 study of Trodelvy in HR+/HER2- metastatic breast cancer.
- Presented new data at the American Society of Hematology 2023 Annual Meeting (“ASH”) including long-term follow-up across Yescarta trials in R/R LBCL, first-line high-risk LBCL, and R/R follicular lymphoma, as well as real-world data for Tecartus in R/R MCL and B-cell ALL.

- Received U.S. Food and Drug Administration (“FDA”) approval of Yescarta’s label update to include overall survival (“OS”) data from the Phase 3 ZUMA-7 study, which showed a statistically significant OS improvement for Yescarta in second-line R/R LBCL versus standard of care.
- Received FDA approval of a manufacturing process change resulting in reduced median turnaround time for Yescarta in the U.S. to an anticipated 14 days (from 16 days previously).
- Our partner Arcellx presented updated data at ASH from the Phase 1 trial evaluating anitocabtagene autoleucel (“anito-cel”) in R/R multiple myeloma. With 26.5 months of median follow-up, the data demonstrated continued deep and durable responses, including in patients with extramedullary disease, with median progression-free survival not reached. In addition, no cases of delayed neurotoxicity events or parkinsonian symptoms were observed.
- Announced expansion of the Arcellx collaboration to include exercising an option for the ARC-SparX ACLX-001 program in multiple myeloma, expanding the scope of the existing anito-cel collaboration to include lymphomas, and a further equity investment of $200 million.
- Announced an amended collaboration agreement with Arcus Biosciences, Inc. (“Arcus”), including an update to the domvanalimab development collaboration program, and an additional $320 million equity investment.
- Announced an exclusive license agreement with Compugen for later-stage development and commercialization of novel pre-clinical anti-IL18 binding protein antibodies, including COM503, that have the potential to treat various tumor types.

Corporate

- Announced that Ted Love has joined Gilead’s Board of Directors.
- Named to Dow Jones Sustainability World Index for third consecutive year and added to the North America Index for the first year, reflecting Gilead’s ongoing commitment to corporate responsibility and sustainability.

- The company's Board of Directors declared a quarterly dividend of $0.77 per share of common stock for the first quarter of 2024. The dividend is payable on March 28, 2024, to stockholders of record at the close of business on March 15, 2024. Future dividends will be subject to Board approval.

Certain amounts and percentages in this press release may not sum or recalculate due to rounding.

Conference Call

At 2:00 p.m. Pacific Time today, Gilead will host a conference call to discuss Gilead's results. A live webcast will be available on http://investors.gilead.com and will be archived on www.gilead.com for one year.

Non-GAAP Financial Information

The information presented in this document has been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), unless otherwise noted as non-GAAP. Management believes non-GAAP information is useful for investors, when considered in conjunction with Gilead's GAAP financial information, because management uses such information internally for its operating, budgeting and financial planning purposes. Non-GAAP information is not prepared under a comprehensive set of accounting rules and should only be used to supplement an understanding of Gilead's operating results as reported under GAAP. Non-GAAP financial information generally excludes acquisition-related expenses including amortization of acquired intangible assets and inventory step-up charges, and other items that are considered unusual or not representative of underlying trends of Gilead's business, fair value adjustments of equity securities and discrete and related tax charges or benefits associated with changes in tax related laws and guidelines. Although Gilead consistently excludes the amortization of acquired intangible assets from the non-GAAP financial information, management believes that it is important for investors to understand that such intangible assets were recorded as part of acquisitions and contribute to ongoing revenue generation.Non-GAAP measures may be defined and calculated differently by other companies in the

same industry. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are provided in the accompanying tables.

About Gilead Sciences

Gilead Sciences, Inc. is a biopharmaceutical company that has pursued and achieved breakthroughs in medicine for more than three decades, with the goal of creating a healthier world for all people. The company is committed to advancing innovative medicines to prevent and treat life-threatening diseases, including HIV, viral hepatitis, COVID-19 and cancer. Gilead operates in more than 35 countries worldwide, with headquarters in Foster City, California.