To whom it may concern,

This letter sets forth public information previously provided by AstraZeneca and others which may prove helpful in estimating the financial performance of AstraZeneca after Q1 2020 results.

Sell-side analysts who wish to contribute to company-collected consensus estimates are requested to submit updated numbers by **Wednesday, 3 June 2020**; details are provided in the appendix. As usual, those analysts who contribute will automatically receive the consensus data in return.

Following Q1 2020 results, AstraZeneca would like to highlight the following important considerations and significant prior disclosures (all guidance and indications are at constant exchange rates (CER)):

**1. FY 2020 guidance**

Financial guidance for FY 2020 is unchanged. Total Revenue is expected to increase by a high single-digit to a low double-digit percentage and Core EPS is expected to increase by a mid- to high-teens percentage. The guidance is subject to the assumption that the global impact of the COVID-19 pandemic lasts for several more months and is based on recent trends in the business. The Company will monitor closely the development of the pandemic and anticipates providing an update at the H1 2020 results.

**2. FY 2020 additional commentary**

Outside of guidance, AstraZeneca provided the following commentary in the Q1 2020 results announcement (all at CER):

- The Company is focused on improving operating leverage
- A Core Tax Rate of 18-22%. Variations in the Core Tax Rate between quarters are anticipated to continue
- Capital Expenditure is expected to be broadly stable versus the prior year

**3. Total Revenue**

Of the growth at CER in Total Revenue seen in Q1 2020 (+17%), AstraZeneca estimates a low-to-mid single-digit percentage benefit of short-term inventory increases in the distribution channel, longer prescriptions and improved treatment-regimen adherence by patients, as indirect effects of the ongoing COVID-19 pandemic. **This benefit is anticipated to reverse in the coming months.**

Virtual meetings remain the predominant marketing channel in the US, Europe and Japan. However, in a growing number of countries that are potentially past the pandemic’s peak, face-to-face meetings with healthcare professionals have been increasingly reinitiated.

**3.1 Product Sales**

*Tagrisso*

Analysts are also reminded that *Tagrisso* saw a 15% mandated price reduction from November 2019 in Japan.

*Imfinzi*

As announced on 6 March 2020, neither *Imfinzi* nor the combination of *Imfinzi* and tremelimumab, another immunotherapy, met the primary endpoints of improving overall survival in the Phase III
DANUBE trial in unresectable, Stage IV bladder cancer. As a result, analysts are reminded to update their anticipation for the lack of regulatory approvals and future sales for the use of *Imfinzi* and *Imfinzi* plus tremelimumab in relevant indications outside lung cancer.

**Lynparza**
As mentioned at Q1 2020 results, analysts are reminded that *Lynparza* faced a 14% mandated price reduction from April 2020 in Japan.

**Enhertu**
AstraZeneca and Daiichi Sankyo announced on 23 December 2019 that *Enhertu* had received US approval for the treatment of adult patients with unresectable or metastatic HER2-positive breast cancer who have received two or more prior anti-HER2 based regimens in the metastatic setting. The first patient was infused on 2 January 2020 and Daiichi Sankyo forecasts US sales of ¥27bn (~$251m) in their fiscal FY20 year (ending March 2021). Daiichi Sankyo will book sales of *Enhertu* in the US and most European countries (where it has affiliates). AstraZeneca will book sales in China, Australia, Canada, Russia and some other countries, including many Eastern European countries. Where AstraZeneca does not book sales, it will report its half of gross profits as Collaboration Revenue. In Japan Daiichi Sankyo will book sales and pay AstraZeneca a small royalty.

**Calquence**
For modelling purposes, analysts are reminded that in the CLL setting, *Calquence* is currently approved in six countries, including the US (announced on 21 November 2019), Canada and Australia (but not yet approved in Europe). Global CLL launches are expected to continue in the second half of 2020 subject to regulatory approvals.

**Roxadustat**
The medicine is currently approved in both the dialysis and non-dialysis settings in China. In China, the FibroGen collaboration has a 50/50 gross profit share split and AstraZeneca books its share of gross profit as Collaboration Revenue. FibroGen has previously shared an estimated annual net price in China of approximately $1,500. AstraZeneca booked $3m of Collaboration Revenue in Q1 2020 following an initial launch in China.

FibroGen has announced US regulatory submission acceptance for roxadustat with a Prescription Drug User Fee Act (PDUFA) date of 20 December 2020. Upon launch, AstraZeneca will book US sales and pay FibroGen a transfer price based on a percentage of net sales in the low- to mid-single digit range and a tiered royalty on net sales in the low 20% range.

**Symbicort**
As previously announced AstraZeneca has entered an agreement with Prasco to distribute an Authorized Generic (AG) version of *Symbicort* in the US. AG sales will be booked as Product Sales. The agreement came into effect on 1 January 2020 followed by immediate launch. Q1 2020 US sales of $310m partly reflected an element of inventory build by Prasco.

**Potential new COVID-19 vaccine**
AstraZeneca and Oxford University recently announced a collaboration agreement on a potential new COVID-19 vaccine where AstraZeneca would be responsible for development and worldwide manufacturing and distribution should the vaccine be successful. AstraZeneca and Oxford University have communicated that this would be operated on a not-for-profit basis for the duration of the coronavirus pandemic.

**3.2 Collaboration Revenue**
payments from MSD of $135m ($100m for ovarian approval and $35m for prostate approval) which are expected to be booked in Collaboration Revenue in Q2 2020.

In addition to Enhertu and roxadustat profit shares (see above), other non-material royalties will be booked in Collaboration Revenue as usual. In 2019, these underlying ‘other’ royalties (including non-material milestones) averaged $44m per quarter.

4. Other Operating Income
AstraZeneca announced on 27 January 2020 that it will recover the global rights to brazikumab from Allergan. Brazikumab is currently in a Phase IIb/III programme in Crohn's disease and a Phase IIb trial in ulcerative colitis. The existing license agreement will be terminated and Allergan will fund up to an agreed amount, estimated to be the total costs expected to be incurred by AstraZeneca until completion of development for brazikumab in CD and UC, including the development of a companion diagnostic. The reimbursement received from Allergan will be booked in Other Operating Income and Expense (but offset in the P&L by increased R&D costs). AstraZeneca announced on 11 May 2020 that the agreement had been completed.

In April 2020, the Company signed and closed an agreement with Taiyo Pharma Co. Ltd to divest the rights to Inderal, Tenormin, Seloken and Omepral in Japan for ¥5,900m (~$52m), an amount which will be booked in the P&L in Other Operating Income in Q2 2020.

AstraZeneca indicated on its FY 2019 results conference call that it expects the 2020 sum of Collaboration Revenue and Other Operating Income and Expense to be in-line and not materially different from 2019.

5. Outstanding number of shares
The outstanding number of shares is 1,312m.

6. Cash flow
During the Q1 2019 results conference call on 26 April 2019, the Company provided the information that, if the impact of the Daiichi Sankyo transaction (i.e. upfront and potential development & approval milestone payments) were excluded, the Company would target dividend coverage in 2020. As mentioned in the Q1 2019 results announcement, half of the $1.35bn upfront payment was settled in Q2 2019 with the remaining payment being settled in Q2 2020.

AstraZeneca paid its second interim dividend ($1.90) on 30 March 2020 (~$2.4bn in total).

7. Currency impact
AstraZeneca’s foreign-exchange rate sensitivity analysis is contained within the operating and financial review section of the Q1 2020 results announcement. If foreign-exchange rates for April to December 2020 were to remain at the average of rates seen in Q1 2020, it is anticipated that there would be a low single-digit adverse impact on Total Revenue and Core EPS, versus the prior year.

If there are any questions, please feel free to contact us.

Sincere regards,
The AZN IR Team

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Appendix for contributing sell-side analysts (references are made to an Excel spreadsheet distributed separately)

Guidelines for completing the template
Please enter your data into the orange shaded cells. All other cells will fill in automatically. **Please do not alter the format of the template (for example by adding or deleting rows) and wherever possible please submit your information to us in this newly issued template rather than in an historic version.**

**Tab 1** (Income Statement - AZ Group) should be completed on an as reported basis. We continue to capture the expected currency effects on total revenue and earnings, and the currency assumption of major currencies against USD.

We are again seeking to supplement this with additional data (see details for schedules requested under tabs 2-5). **Tab 2** (Income Statement - Core) should be completed on a Core basis.

**Tab 3** (Collaboration Revenue) outlines the partnered medicines for which Collaboration Revenue is expected. Milestone/royalty payments are collected on separate lines.

The costs associated with the AZ restructuring programme should be outlined separately on **Tab 4** (Restructuring). Detailed commentary is always welcome to provide clarity and to reduce the scope for misinterpretation.

**Tab 5** (Summary Cash Flow & Balance Sheet) consists of an abbreviated Cash Flow Statement and Consolidated Statement of Financial Position.

Product sales data by both region and medicine should be entered into **Tab 6** (Group product sales). Total product sales are linked from the Income Statement tab in row 9 and is then broken down by region in the reconciliation in rows 11-29. If Rest of World product sales are not currently forecast to the level of detail in the template, please enter a total ROW forecast in row 17.

We continue to collect medicine forecasts by geographic region for a number of medicines. Please complete the rows shaded in orange where regional breakdown of forecasts is available (ROW is a sub-total of Europe, Est. ROW & Emerging Markets).

**For some of the medicines in collaboration (Enhertu and roxadustat), we are also collecting WW forecasts (rows 440-441, memo lines only).** We anticipate this will allow analysts to reflect the appropriate financial treatment of these collaborations as it relates to sales, collaboration revenue and costs of goods sold.

Please note we continue to request information on pipeline risk adjustments and we hope you share our view that this is a valuable addition to the collection: If you use a risk adjusted approach to forecasting pipeline product sales, please enter your product sales forecasts after risk adjustments, as before, but also provide the probability of success % where asked for in the template (i.e. if you include 75% of product sales in your Income Statement, the probability of success is 75%).

If you use a binary approach, please enter 100% next to the included medicines and 0% where you have actively decided to exclude product sales. Please leave blank where you have simply not considered a certain potential medicine (e.g. because of its stage of development).

Peak sales estimates are collected on **Tab 7** (Pipeline peak sales). Please provide the probability of success (POS) if using a risk adjusted approach – if not risk adjusted, please enter 100%.

Please return to christer.gruvris@astrazeneca.com by Wednesday, 3 June 2020.
Should you have any queries on how to complete this template, please do not hesitate to contact Christer Gruvris. In return, we will provide a consensus core and reported P&L for AstraZeneca Group, which will give you a good view of market assumptions. We will also provide consensus detail for Collaboration Revenue, Restructuring costs, Summary of Cash Flow & Statement of Financial Position, and product sales split by Region (providing sufficient analysts complete these templates).