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 following the announcement of year-to-date and Q3 2020 results on 5 November 2020.

Sell-side analysts who wish to contribute to the company-collected consensus estimates are invited to submit updated numbers by Wednesday 2 December 2020; details are provided in the appendix below. As usual, those analysts who contribute will automatically receive the consensus data in return.

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

1. **2020 guidance**
   Financial guidance for 2020 was kept 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. AstraZeneca recognises the heightened risks and uncertainties from the impact of COVID-19 referred to in the year-to-date and Q3 2020 results announcement. Variations in performance between quarters can be expected to continue.

2. **Total revenue**
   During the first nine months of 2020 AstraZeneca’s total revenue grew by 10% at CER despite some headwinds from the ongoing pandemic. The table below shows historic quarterly product sales, collaboration revenue and total revenue:

<table>
<thead>
<tr>
<th></th>
<th>Q1 19</th>
<th>Q2 19</th>
<th>Q3 19</th>
<th>Q4 19</th>
<th>Q1 20</th>
<th>Q2 20</th>
<th>Q3 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product sales</td>
<td>5,465</td>
<td>5,718</td>
<td>6,132</td>
<td>6,250</td>
<td>6,311</td>
<td>6,048</td>
<td>6,520</td>
</tr>
<tr>
<td>Collaboration revenue</td>
<td>26</td>
<td>105</td>
<td>274</td>
<td>414</td>
<td>43</td>
<td>227</td>
<td>58</td>
</tr>
<tr>
<td>Total revenue</td>
<td>5,491</td>
<td>5,823</td>
<td>6,406</td>
<td>6,664</td>
<td>6,354</td>
<td>6,275</td>
<td>6,578</td>
</tr>
<tr>
<td>Y-o-y growth (CER)</td>
<td>11%</td>
<td>18%</td>
<td>22%</td>
<td>5%</td>
<td>17%</td>
<td>11%</td>
<td>3%</td>
</tr>
</tbody>
</table>

3. **Product sales**
   3.1 Oncology
   In an broader interview on the heels of the European Society of Medical Oncology in The Times on 24 September 2020, the Company mentioned it has seen a noticeable drop in cancer screenings, cancer diagnosis and initiation of new therapies for cancer patients across the globe during the pandemic period with signs of recovery since the low point while the pandemic has also led to increased patient demand for at-home testing and treatment.

*Enhertu*
   Daiichi Sankyo books sales of Enhertu in the US and now forecasts US sales of ¥29.2bn (~$277m) in their fiscal 2020 year (ending March 2021). Daiichi Sankyo will also book sales in 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 reports its half of gross profits as collaboration revenue. In Japan, Daiichi Sankyo will book sales and pay AstraZeneca a small royalty. Potential future sales of datopotomab deruxtecan (DS-1062) will be booked similar to Enhertu.
3.2 Cardiovascular, Renal & Metabolism

**Roxadustat**
In China, the medicine is currently approved in both the dialysis and non-dialysis settings and the FibroGen collaboration has a 50/50 split of gross profit with AstraZeneca booking its share of gross profit as collaboration revenue. FibroGen has previously shared an estimated annual net price in China of approximately $1,500. On 10 July 2020, FibroGen announced an amendment to the collaboration, resulting in AstraZeneca anticipating booking the majority of sales from 2021 (and account for FibroGen’s share of gross profits through cost of sales).

In the US, FibroGen has announced regulatory submission acceptance for roxadustat with an action date (PDUFA) of 20 December 2020. Upon launch indicated during H1 2021, if approved, AstraZeneca will book 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 percentage royalty on net sales in the low 20s. FibroGen mentioned on its Q3 2020 earnings call that the earliest roxadustat could receive transitional drug add-on payment adjustment (TDAPA) from CMS for the dialysis setting in the US is 1 April 2021.

3.3 Respiratory & Immunology

**Pulmicort**
In China, the third-quarter 2020 performance of Pulmicort continued to be impacted by COVID-19 with a reduction in the number of paediatric patients attending outpatient nebulisation rooms. The volume of adult elective procedures, where Pulmicort can be used in operative care when oral corticosteroids are unsuitable partly recovered in the third quarter. In addition, two generic versions of Pulmicort are now approved in China.

**Tezepelumab**
Amgen recently announced an amendment to the distribution agreement with AstraZeneca with regards to the commercialisation of tezepelumab in severe, uncontrolled asthma. Both companies will continue to share costs and profits equally after payment by AstraZeneca of a mid single-digit royalty to Amgen. Amgen will be solely responsible for the distribution of tezepelumab in the US (and AstraZeneca will book its share of gross profit as collaboration revenue). Outside the US, AstraZeneca will book product sales (and account for Amgen's share of gross profits in cost of sales).

3.4 Other

**Potential COVID-19 vaccine**
Earlier this year AstraZeneca and Oxford University announced a collaboration agreement on a potential COVID-19 vaccine where AstraZeneca would be responsible for development and worldwide manufacturing and distribution of the potential vaccine. AstraZeneca and Oxford University have communicated that this would be operated on a not-for-profit basis for the duration of the coronavirus pandemic. In line with IAS 20, any reimbursement received for R&D costs incurred are expected to be booked on the respective P&L line.

3.5 China

**Volume-based procurement (VBP)**
In August 2020, the results from the third round of VBP tenders in China were announced including AstraZeneca medicines Brilinta, Arimidex and Losec. AstraZeneca chose not to compete on price and as a result were not among the winners. However, irrespectively, and as per the current rules, these medicines faced a mandatory 30% price cut. As a result, following wholesaler-inventory compensation, Brilinta sales in Emerging Markets declined by 20% in Q3 2020.

**National drug reimbursement list (NRDL) guidelines**
In August 2020, the official 2020 NRDL guidelines were released stating that new drugs/indications approved by 17 August 2020 are eligible for inclusion in the next update. Both Tagrisso (1st line) and Imfinzi are under NRDL negotiations for inclusion next year and as mentioned on the Q3 2020 earnings call, provided negotiations are successful, this is anticipated to result in an adverse impact on sales in the fourth quarter of 2020.
4. Collaboration revenue
As mentioned on the year-to-date and Q3 2020 results conference call, significant milestones relating to Lynparza are expected to be booked in Q4 2020, including a $25m regulatory milestone following EU approval of Lynparza in 1st line HRD-positive ovarian cancer based on the PAOLA-1 trial. In addition to Enhertu and 2020 roxadustat profit shares (see above), an element of non-material royalties will be booked as usual in collaboration revenue.

5. Other operating income
AstraZeneca announced on 30 October 2020 that it has agreed to sell the commercial rights to Atacand and Atacand Plus in around 70 countries to Cheplapharm. AstraZeneca will receive a total of $400m in non-contingent consideration, of which the present value will be recognised as other operating income upon completion of the transaction, anticipated during the fourth quarter of 2020.

As mentioned on the year-to-date and Q3 2020 results conference call, AstraZeneca anticipates a slightly lower combined collaboration revenue and other operating income for the full year of 2020 vs. 2019.

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

7. Cash flow
During the first-quarter 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 and approval milestone payments) were excluded, the Company would target dividend coverage in 2020.

In the Q3 2019 results announcement it was announced that an amendment to the share purchase and option agreement with the sellers of Acerta Pharma came into effect, changing certain terms of the option agreement on both the timing and also reducing the maximum consideration that would be required to be made to acquire the remaining outstanding shares of Acerta Pharma if the options are exercised. The payments would be made in similar annual instalments commencing at the earliest from 2022 through to 2024, subject to the options being exercised. On 30 September 2020, the put option liability amounted to $2,255m.

In July 2020, AstraZeneca and Daiichi Sankyo announced a new collaboration with Daiichi Sankyo on DS-1062 a TROP2-directed antibody-drug conjugate. AstraZeneca will pay Daiichi Sankyo an upfront payment of $1bn in staged payments: $350m was due upon completion, $325m after 12 months and $325m after 24 months from the announcement. AstraZeneca will pay additional conditional amounts of up to $1bn for the successful achievement of regulatory approvals and up to $4bn for sales-related milestones.

Of the $400m consideration from the aforementioned Atacand divestment announced in October 2020, $250m will be payable on completion of the transaction, anticipated to occur in Q4 2020, and the remainder in the first half of 2021.

8. Currency impact
AstraZeneca’s foreign-exchange rate sensitivity analysis is contained within the operating and financial review section of the year-to-date and Q3 2020 results announcement. If foreign-exchange rates for October to December 2020 were to remain at the average of rates seen in the year to date, 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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</tbody>
</table>
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 welcomed to provide clarity and to reduce the scope for misinterpretation.


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 tezepelumab), we are also collecting WW forecasts (rows 442-443, 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 2 December 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).