Aide memoire
April 2021

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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 ahead of Q1 2021 results.

Sell-side analysts who wish to contribute to company-collected consensus estimates are requested to submit updated numbers by **Wednesday 14 April 2021**; details are provided in the appendix. 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:

1. 2021 guidance and indications

1.1 Guidance
Total revenue is expected to increase by a low-teens percentage, accompanied by faster growth in Core EPS to $4.75 to $5.00. Both measures are at constant exchange rates (CER).

The guidance does not incorporate any revenue or profit impact from sales of *COVID-19 Vaccine AstraZeneca* (C19VAZ) during the pandemic. The Company intends to report the C19VAZ pandemic sales separately from Q1 2021. Similarly, the guidance excludes the proposed acquisition which was announced in December 2020 and which is anticipated to close in Q3 2021. AstraZeneca recognises the heightened risks and uncertainties from the impact of COVID-19. Variations in performance between quarters can be expected to continue.

1.2 Indications
AstraZeneca continues its focus on improving operating leverage, while addressing its most important capital-allocation priority of re-investment in the business, namely continued investment in R&D and the support of medicines and patient access in key markets. A core tax rate of 18-22% is anticipated for the full year. Variations in the core tax rate between quarters are anticipated to continue.

2. Revenue, including sales
Total revenue during Q1 2020 saw a low-to-mid single-digit percentage benefit from COVID-19-related indirect effects including short-term inventory increases in the distribution channel. In addition, in Q1 2020 in the US there was some Symbicort inventory increases at the partner following the launch of the authorised generic.

2.1 Oncology
In December 2020, and effective from 1 March 2021, updates to the China national reimbursement drug list (NRDL) were announced. *Tagrisso* was included for 1st-line use in EGFR-mutated non-small cell lung cancer. The revenue per patient will be reduced by the lower price, but partly offset by the longer duration of use in the new setting. *Zoladex* remains on the NRDL after re-negotiation and *Lynparza* inclusion was renewed and expanded to also include 1st-line BRCA-mutated ovarian cancer. As usual, demand may be negatively impacted prior to the NRDL implementation on 1 March 2021.

2.2 Cardiovacular, Renal & Metabolism
In August 2020, the results from the third round of volume-based procurement (VBP) tenders in China were announced including AstraZeneca medicines *Brilinta*, *Arimidex* and *Losec*. AstraZeneca chose not to provide price concessions and as a result was not among the winners. However, irrespectively,

and as per the current rules, these medicines faced the mandatory 30% price reduction. As a result, and following wholesaler-inventory compensation, *Brilinta* sales in Emerging markets declined by 20% in Q3 2020 while in Q4 2020 sales in Emerging Markets declined by 36%.

2.3 Respiratory & Immunology
Symbicort benefitted in Q1 2020 from a customer inventory increase related to the launch of an authorised-generic version in the US (for quarterly sales see section 9).

2.4 Other medicines
In March 2021, Daiichi Sankyo and AstraZeneca announced the transfer of distribution and marketing rights for *Nexium* in Japan back to AstraZeneca. *Nexium* has been co-promoted in Japan since the launch in 2011 but following the transfer of rights, AstraZeneca will market, distribute and promote *Nexium* on its own in Japan from 15 September 2021.

2.5 COVID-19 vaccine
Following UK authorisation for emergency use, the Company started recording sales ($2m) and cost of sales in Q4 2020. Given the vaccine will be provided on a not-for-profit basis for the duration of the coronavirus pandemic (and in perpetuity in low- and middle-income countries), no material benefit to operating profit is expected in 2021. In line with IAS 20, any reimbursement received for costs incurred are expected to be booked on the respective P&L line as an offset. Where grants are received in advance of related expenses, they are initially recognised in the balance sheet under trade and other payables as deferred income.

3. Collaboration revenue
No new collaborations or material milestones have been announced to be booked in Q1 2021.

4. Other operating income
On 1 February 2021, AstraZeneca announced that it had agreed to divest its 26.7% ownership of Viela Bio, Inc. as part of the proposed acquisition by Horizon Therapeutics plc. AstraZeneca anticipated to receive cash proceeds and profit of c.$760-$780m upon closing. The completion of the transaction was announced on 16 March 2021 and the proceeds were recorded as other operating income.

On 10 February 2021, AstraZeneca announced that it had completed an agreement to sell the rights to *Crestor* in over 30 countries in Europe except in the UK and Spain. The buyer Grünenthal made an upfront payment to AstraZeneca of $320m which was recorded as other operating income in Q1 2021.

5. Non-controlling interest
In November 2020, *Calquence* received marketing authorisation in the EU, which removed all remaining conditionality in respect of the options related to the 2015 acquisition of Acerta Pharma. The minority shareholders were then considered to have no further substantive variability in risk and reward related to their shares, as it was considered highly likely that one of the options would be exercised, and the price of the options was then fixed. Therefore, from November 2020, no further amounts of the consolidated AstraZeneca result were attributed to the minority shareholders of Acerta Pharma and no further accounting for non-controlling interests in relation to Acerta Pharma is anticipated in the future.

6. Outstanding number of shares
The outstanding number of shares was 1,313m as of end March 2021.

7. Cash flow
At YTD and Q3 2019 results 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 (at 31 December 2020, the put option liability amounted to $2,297m).

In July 2020, AstraZeneca and Daiichi Sankyo announced a new collaboration on datopotamab deruxtecan (DS-1062), a TROP2-directed antibody-drug conjugate. AstraZeneca will pay Daiichi Sankyo an upfront payment of $1bn in staged payments: $350m was paid in 2020, $325m due in 2021 and $325m due in 2022. For more details on potential milestones, please see the announcement.

Contributions from the pandemic C19VAZ increased net cash inflow from operating activities by $1,062m in 2020; the movement was primarily related to changes in C19VAZ working-capital balances within trade and other payables, trade and other receivables and inventories. These balances are anticipated to reverse in due course.

8. Currency impact

AstraZeneca's foreign-exchange rate sensitivity analysis is contained within the operating and financial review section of the FY 2020 results announcement. If foreign-exchange rates for January 2021 were seen over the full year, it is anticipated that there would be a low single-digit favourable impact on total revenue and Core EPS.

9. Table with key financial data

$m	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Product sales	**6,250**	**6,311**	**6,048**	**6,520**	**7,011**
y-o-y % (CER)	9%	17%	9%	7%	11%
-Pulmicort sales	**413**	**380**	**97**	**151**	**368**
y-o-y % (CER)	7%	0%	-69%	-55%	-14%
-Symbicort sales	**712**	**790**	**653**	**599**	**680**
y-o-y % (CER)	13%	36%	15%	-2%	-5%
Total revenue	**6,664**	**6,354**	**6,275**	**6,578**	**7,410**
Y-o-y % (CER)	5%	17%	11%	3%	10%
R&D	**-1,494**	**-1,336**	**-1,376**	**-1,453**	**-1,707**
Y-o-y % (CER)	4%	9%	9%	10%	12%
SG&A	**-2,625**	**-2,177**	**-2,176**	**-2,171**	**-2,838**
Y-o-y % (CER)	9%	7%	3%	-1%	6%

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 14 April 2021**.

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).