Aide memoire
January 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 FY 2020 results.

Sell-side analysts who wish to contribute to company-collected consensus estimates are requested to submit updated numbers by **Thursday 21 January 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 (all guidance and indications are at constant exchange rates (CER)):

1. 2020 guidance
Financial guidance for 2020 was unchanged at last quarterly results: 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.

2. Total revenue
During the YTD and Q3 2020 period, total revenue grew by 10%, supporting guidance, but with the anticipated quarterly variation:

$m	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Product sales	**5,465**	**5,718**	**6,132**	**6,250**	**6,311**	**6,048**	**6,520**
Collaboration revenue	26	105	274	414	43	227	58
Total revenue	**5,491**	**5,823**	**6,406**	**6,664**	**6,354**	**6,275**	**6,578**
Y-o-y % (CER)	11%	18%	22%	5%	17%	11%	3%

3. Product sales

3.1 Oncology
Enhertu
Daiichi Sankyo (DS) records sales of *Enhertu* in the US and forecasted ¥29.2bn (~$277m) in fiscal 2020 (ending March 2021). DS will also record sales in most European countries (where it has affiliates). AstraZeneca will record 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 profit 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 accounted for in a similar manner to *Enhertu*.

3.2 Cardiovascular, Renal & Metabolism
Roxadustat
In December 2020 the US FDA requested further clarifying analyses of clinical data to complete its review of roxadustat for a potential indication in chronic kidney disease, delaying the PDUFA date to 20 March 2021. In China, the FibroGen collaboration has a 50/50 split of gross profit with AstraZeneca recording its share of gross profit as collaboration revenue. FibroGen has previously shared an estimated annual net price in China of approximately $1,500. In July 2020, FibroGen announced an amendment to the collaboration, resulting in AstraZeneca anticipating to book the majority of sales

from 2021 (and account for FibroGen's share of gross profit through cost of sales). AstraZeneca has recorded $19m of collaboration revenue during the YTD and Q3 2020 period.

3.3 Respiratory & Immunology

Tezepelumab

In July 2020, Amgen announced an amendment to the distribution agreement with AstraZeneca with regards to the commercialisation of tezepelumab in severe, uncontrolled asthma. 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 COVID-19

Following U.K. MHRA authorisation for emergency use, the Company will start recording sales and cost of sales. 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 Q4 2020. In line with IAS 20, any reimbursement received for R&D costs incurred are expected to be booked on the respective P&L line as an offset.

3.5 China

National reimbursement drug list (NRDL)

In late December 2020, the NRDL update for 2021 was announced. *Tagrisso* was included for 1st-line use. As anticipated the price discount will enable a broader adoption by the eligible patients as was the case in the 2nd-line setting. Expanded use will be accompanied by an increase in duration of treatment. *Zoladex* remains on the NRDL after re-negotiation and *Lynparza* inclusion was renewed and expanded to also include 1st-line BRCA-mutated ovarian cancer. *Imfinzi* was not included. In addition, *Breztri* and *Bevespi* were also added to the NRDL.

As per normal practice, following announcement of the updated NRDL, the Company will make accruals for inventory revaluation in Q4 2020. A lower demand is anticipated in Q1 2021 ahead of the new list price which becomes effective on **1 March 2021**.

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 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, following wholesaler-inventory compensation, *Brilinta* sales in Emerging Markets declined by 20% in Q3 2020.

4. Collaboration revenue

As mentioned on the Q3 and YTD 2020 results conference call, significant milestones relating to *Lynparza* are expected to be booked in Q4 2020. In addition, as previously announced, AstraZeneca will record a $25m regulatory milestone in Q4 2020 following EU approval of *Lynparza* in 1st-line HRD-positive ovarian cancer in combination with bevacizumab based on the PAOLA-1 Phase III trial

In addition to *Enhertu* and 2020 roxadustat profit share (see above), an element of non-material royalties will be recorded as usual in collaboration revenue.

5. Other operating income

2020

On 4 January 2021, AstraZeneca announced the completion of the previously announced agreement to sell the commercial rights to *Atacand* and *Atacand Plus* in around 70 countries globally 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 **in Q4 2020**.

2021
On 1 December 2020, AstraZeneca announced that it has agreed to sell the rights to *Crestor* in over 30 countries in Europe except the UK and Spain. The divestment is anticipated to close during Q1 2021, subject to customary closing conditions and regulatory clearances, upon which Grünenthal will make an upfront, non-contingent payment to AstraZeneca of $320m and may also make future milestone payments of up to $30m. Income arising from the upfront and future payments will be reported in AstraZeneca's financial statements within other operating income and expense.

As mentioned on the YTD and Q3 2020 results conference call, AstraZeneca anticipates a slightly lower combined collaboration revenue and other operating income for FY 2020 vs. FY 2019.

6. Outstanding number of shares
The outstanding number of shares was 1,313m as of end December 2020.

7. 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 and approval milestone payments) were excluded, the Company would target dividend coverage in 2020.

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 30 September 2020, the put option liability amounted to $2,255m. At the same time, a legal provision was established in relation to a settlement with AbbVie on BTK inhibitor intellectual property.

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 Q4 2020 income from the aforementioned *Atacand* divestment, $250m will be payable on completion of the transaction, and the remainder later 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 YTD 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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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 **Thursday 21 January 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 these templates).