Aide memoire
January 2022

AstraZeneca PLC
Eastbrook House, Shaftesbury Rd,
Cambridge CB2 8BF, U.K.
T: +44 (0)203 749 5501
astrazeneca.com

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 FY2021 results.

Sell-side analysts who wish to contribute to company-collected consensus estimates are requested to submit updated numbers by **Thursday 20 January 2022**; 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
AstraZeneca provided some further clarification on its FY2021 guidance at Q3 2021 results. Total revenue excluding the COVID-19 vaccine is expected to grow by a low-twenties percentage, in line with prior guidance. Including vaccine revenues in Q4 2021, revenue is expected to grow by a mid-to-high twenties percentage. Core EPS is anticipated to grow to between $5.05 and $5.40 at constant exchange rates, in line with prior guidance.

Prior guidance excluded the revenue and profit impact of sales of the pandemic vaccine. The Company is now expecting to progressively transition the vaccine to modest profitability as new orders are received. COVID-19 vaccine sales in Q4 2021 are expected to be a blend of the original pandemic agreements and new orders, with the large majority coming from pandemic agreements. Any net profit from commercial vaccine contracts in the fourth quarter is expected to offset continued investment in R&D and supporting activities for our Covid medicines, including the Company's long acting antibody combination *Evusheld*, resulting in no material Core EPS contribution in 2021. Core earnings per share is expected to be $5.05-5.40 at constant exchange rates and in line with prior guidance. Core Tax Rate guidance is unchanged at 18-22%.

2. Revenue - sales

2.1 Oncology
COVID-19 continues affecting testing and diagnosis rates and on the Q3 earnings call it was estimated that diagnosis rates are around 5% to 10% below pre-COVID levels.

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, enabling a higher number of patients to benefit from the medicine.

Q2 2021 saw an inventory build-up in China which was reversed during the third quarter, adversely impacting *Tagrisso* sales in the quarter. In addition, *Tagrisso* sales are still catching up with the price discount for 1L NRDL inclusion but it is expected that volume growth will offset the price cut in the coming months and that *Tagrisso* will resume top-line growth in China at that point.

2.2 Rare diseases
Alexion sales are now reported as a separate disease area called Rare diseases. From 2022, *Andexxa* sales will move into CVRM and *Koselugo* sales will move into Rare diseases. Until then, these medicines will be reported in Rare diseases and Oncology respectively.

2.3 Other medicines
Synagis ex-US rights reverted to AstraZeneca on 30 June 2021 following the expiry of the former ex-US commercial rights agreement with AbbVie. Consequently, ex-US in market sales will be booked and recognised accordingly. It should be noted, that *Synagis* and *FluMist* are historically seasonal products.

2.4 COVID-19 vaccine and long acting antibody
AstraZeneca recorded COVID-19 pandemic vaccine revenues of $2,219m in the year to date. Core EPS was negatively impacted by $0.03 from the COVID-19 vaccine during the same period. Gross profits from the pandemic vaccine will be mainly offset by increased R&D costs (including pharmacovigilance costs) and some SG&A costs in order to deliver the no profit/no loss approach the company has been pursuing.

As previously communicated, AstraZeneca will continue to supply existing signed contracts at a no-profit basis but will transition to modest profit for new orders while remaining committed to equitable supply and affordable pricing. The limited profit contribution from the vaccine in Q4 2021 is expected to offset costs related to the continued investment in R&D and supporting activities for our Covid medicines, including the Company's long acting antibody combination, *Evusheld*.

In December 2021 the US FDA granted *Evusheld* emergency use authorisation. It has previously been announced that the US Government has ordered 700,000 doses. The overwhelming majority of these will be delivered in 2022.

2.5 China
In June 2021, the results of the 5th round of government volume-based procurement (VBP) in China were announced including AstraZeneca medicines *Pulmicort*, *Nexium* IV, *Casodex*, *Onglyza* and *Betaloc*. 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 are now faced with a mandatory price reduction (10-30%). The impact of NRDL and VBP on China revenues is expected to continue. Whereas there will be yearly fluctuations, it is anticipated that over the next four to five years, sales in China will grow by a high single-digit percentage on a CAGR basis.

In December 2021, the annual NRDL update was announced. *Lokelma* will be included on the NRDL from 1 January 2022. In addition, the inclusions of roxadustat and *Forxiga* (type-2 diabetes) were renewed.

3. Revenue - collaboration revenue
No new upfront payments have been announced to be booked in Q4 2021. Merck stated in its recent 10-Q filing that as per September 30, 2021 it had accrued for $400m of sales-based milestone payments related to the *Lynparza* collaboration with AstraZeneca.

4. Gross margin
The core gross profit margin declined by six percentage points year to date to 74.1%. The performance predominantly reflected the significant impact of equitable supply, at no profit to AstraZeneca, of the pandemic COVID-19 vaccine, together with an increasing contribution from profit-sharing arrangements, primarily *Lynparza*, and the impact of the Chinese National Reimbursement Drug List (NRDL) and the volume-based procurement (VBP) patient-access programmes. A higher proportion of Oncology sales and increasing patient access in China partially offset these impacts. If excluding the impact from the pandemic COVID-19 vaccine, the Core gross margin was somewhat lower YTD 2021 compared to the same period last year due to the reasons mentioned above.

5. SG&A
Following a period of successful pipeline delivery and news flow, investments continue to be made in a number of new launches in multiple therapy areas including *Saphnelo* (lupus), and *Forxiga* in CKD in Europe and Japan. In addition prelaunch investments for several products continue to be made for *Enhertu*, *Lynparza, Evusheld*, *Tezspire* and PT027.

6. Operating costs
Operating costs in the fourth quarter will consist of three parts; AstraZeneca base business, a full quarter of Alexion costs and COVID-19 related activities. As noted on the Q3 earnings call, similar to last year, operating expenses will be higher in the fourth quarter vs. the third quarter 2021. However, the step-up will not be of the same magnitude as seen between Q3 and Q4 2020 and therefore modest in nature. Profits from the COVID-19 vaccine in Q4 will offset some of the expenses incurred on *Evusheld*.

7. Share based payments
Prior to acquisition Alexion costs in relation to share based compensation were excluded from the Company's adjusted (non-GAAP) P&L. These share based compensation payments in 2020 for Alexion were $281m. Following consolidation of Alexion, and accounting for these under IFRS will result in these payments being included in AstraZeneca's Core P&L (COGS, R&D and SG&A) going forward.

8. Other operating income
No divestments have been announced to be booked in Q4 2021. In January 2022, it was announced that the agreement to transfer global rights of *Eklira* and *Duaklir* to Covis Pharma had been completed. AstraZeneca has received a payment of $270m from Covis. In the P&L the upfront payment will be fully offset by a charge for derecognition of the associated intangible asset and therefore there will be no Other Operating Income recorded for this in 2022.

9. Outstanding number of shares
The outstanding number of shares was 1,549m as of end October 2021. 236m shares were issued as part of the Alexion transaction in July 2021. The weighted number of outstanding shares during 2021 is expected to be 1,418m.

10. Cash flow
In the Q1 2021 results announcement, it was announced that AstraZeneca exercised its option to acquire the remaining 45% of shares in Acerta in April 2021. The Acerta agreement initially provided that the remaining 45% of shares in Acerta would be acquired at a price of approximately $3bn net of certain costs and payments incurred by AstraZeneca and net of agreed future adjusting items, using a pre-agreed pricing mechanism. In October 2019, an amendment agreement came into effect which was disclosed as part of year-to-date and Q3 2019 results, changing the timing of payments and reducing the maximum consideration required to be made to acquire the remaining outstanding shares of Acerta if the options were exercised. The payments are to be made in similar annual instalments in 2022, 2023 and 2024. The changes to the terms were reflected in the assumptions that were used to calculate the amortised cost of the option liability as of 30 September 2021 of $2,416m.

In July 2020, AstraZeneca and Daiichi Sankyo announced a collaboration on datopotamab deruxtecan. AstraZeneca will pay Daiichi Sankyo an upfront payment of $1bn in staged payments: $350m was paid in 2020, $325m paid in 2021 and $325m due in 2022. For more details, please see the announcement.

In March 2019, AstraZeneca entered a collaboration with Daiichi Sankyo on *Enhertu*. AstraZeneca paid an upfront payment of $1.35m (half in 2019 and remaining part in 2020). In addition, there are potential contingent payments of up to $5.55bn including $3.8bn in regulatory milestones and $1.75bn for sales-related milestones. For more details, please see announcement.

The increase in Net Cash Inflow from Operating Activities of $1,544m was primarily driven by the decrease in working capital, of which $497m related to the movement in pandemic COVID-19 vaccine working capital balances within trade and other payables, trade and other receivables and inventories

in the year to date, with the key movement being a $298m increase in vaccine contract liabilities to $1,914m as at 30 September 2021. These balances are anticipated to reverse in due course.

On 29 September 2021, AstraZeneca announced the full acquisition of Caelum Biosciences. Alexion will pay Caelum the agreed option exercise price of approximately $150m, with the potential for additional payments of up to $350m upon achievement of regulatory and commercial milestones.

In December 2021, AstraZeneca announced an agreement to develop and commercialise eplontersen with Ionis Pharmaceuticals. Under the terms of the agreement, AstraZeneca will pay Ionis an upfront payment of $200m. AstraZeneca will make additional conditional payments of up to $485m following regulatory approvals. It will also pay up to $2.9bn of sales-related milestones based on sales thresholds between $500m and $6bn, plus royalties in the range of low double-digit to mid-twenties percentage depending on the region

In January 2022 it was announced that AstraZeneca has entered into an exclusive global collaboration and licence agreement with Neurimmune AG for NI006, an investigational human monoclonal antibody currently in Phase Ib development for the treatment of transthyretin amyloid cardiomyopathy (ATTR-CM). Alexion will pay Neurimmune an upfront payment of $30m with the potential for additional contingent milestone payments of up to $730m upon achievement of certain development, regulatory and commercial milestones, as well as low-to-mid teen royalties on net sales of any approved medicine resulting from the collaboration.

11. Currency impact

As mentioned in the Q3 2021 results announcement, if foreign-exchange rates for October to December 2021 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 favourable impact on Total Revenue and an immaterial impact on Core EPS versus CER data. However, several of the main currencies experienced some adverse movements in Q4 2021. As a note, FX-impact YTD September 2021 was +4% and -1% for Total Revenue and Core EPS respectively. As a reminder, the Company's FY21 guidance for Total Revenue and Core EPS is at constant exchange rates. The Company's foreign-exchange rate sensitivity analysis is contained within the operating and financial review in the results announcement.

12. Table with recent key financial data

$m	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Product sales	**6,132**	**6,250**	**6,311**	**6,048**	**6,520**	**7,011**	**7,257**	**8,045**	**9,741**
y-o-y % (CER)	18%	9%	17%	9%	7%	11%	11%	27%	47%
Total revenue	**6,406**	**6,664**	**6,354**	**6,275**	**6,578**	**7,410**	**7,320**	**8,220**	**9,866**
Y-o-y % (CER)	22%	5%	17%	11%	3%	10%	11%	25%	48%
Core R&D	**-1,321**	**-1,494**	**-1,336**	**-1,376**	**-1,453**	**-1,707**	**-1,638**	**-1,801**	**-2,152**
Y-o-y % (CER)	9%	4%	9%	9%	10%	12%	18%	24%	46%
Core SG&A	**-2,206**	**-2,625**	**-2,177**	**-2,176**	**-2,171**	**-2,838**	**-2,399**	**-2,471**	**-2,866**
Y-o-y % (CER)	9%	9%	7%	3%	-1%	6%	7%	7%	29%

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

Sincere regards,
The AZN IR Team

Chris Sheldon		+44 7825 105 353
Christer Gruvris	BioPharmaceuticals (Cardiovascular, Renal & Metabolism), Finance & Fixed Income	+44 203 749 5711
Josie Afolabi	Oncology	+44 203 749 5631
Tom Waldron	Oncology, COVID-19	+44 7385 033 717
Lauren Swales	Environmental, Social and Governance	+44 7789 595 458
Philip Sparks	Other medicines	+44 7826 549 396
Morgan Sanford	Rare Diseases, BioPharmaceuticals (Respiratory & Immunology)	+1 203 856 0420
Jennifer Kretzmann	Corporate access, retail investors	+44 203 749 5824
US toll-free		+1 301 398 3251

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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 tezepelumab), we are also collecting WW forecasts (rows 476-477, 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 20 January 2022**.

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).