Aide memoire
August 2024

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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 post AstraZeneca's H1 2024 results.

Sell-side analysts who wish to contribute to company-collected consensus estimates are requested to submit updated numbers by **Thursday 29 August 2024**; 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. 2024 guidance at constant exchange rates (CER)
Based on underlying business strength, AstraZeneca upgraded its FY2024 guidance when announcing H1 2024 results on 25 July 2024. Total Revenue is now anticipated to increase by a mid teens percentage at constant exchange rates. (previously a low double-digit to low teens percentage). Core EPS is also anticipated to increase by a mid teens percentage (previously a low double-digit to low teens percentage). An increase in Collaboration Revenue is not assumed in the upgraded guidance (previous guidance assumed a substantial increase). Other operating income is expected to decrease substantially (FY2023 included a $241m gain on the disposal of *Pulmicort* Flexhaler US rights, and a $712m one-time gain relating to updates to contractual arrangements for *Beyfortus*). A Core tax rate of 18%-22% is anticipated.

If average June 2024 FX rates were to remain for the reminder of the year, a low single-digit adverse FX impact is anticipated for Total Revenue and a mid single-digit adverse impact is anticipated for Core EPS.

Variations in performance between quarters can be expected to continue.

2. FY24 Revenue - sales

2.1 Product Sales
It was clarified on the FY23 earnings call that Product Sales growth in FY24 is anticipated to be within the guidance range provided for Total Revenue.

2.2 Oncology
Tagrisso faced a mandatory price reduction in Japan in June 2023. In September 2023, the US FDA restricted *Lynparza's* 2L+ ovarian indication to the germline or somatic BRCA-mutated patient population. As expected, *Faslodex* was included in the ninth batch of volume-based procurement which was announced in China in November 2023. Effective 1st February 2024, *Imfinzi's* price in Japan has been reduced by 25% and as mentioned on the H1 2024 earnings call, an additional mandatory price reduction of 11% is anticipated in August following recent fixed dosing approvals. As announced at Q1 results, *Imfinzi* and *Imjudo* revenues will be reported separately going forward.

2.3 Respiratory and Immunology
Airsupra was launched in January 2024 and recorded $21m of sales in H1. As previously mentioned, reported revenues were not a reflection of underlying demand due to customary introductory discounts.

3. Revenue – other

3.1 Collaboration Revenue
At the time of writing, no significant transactions have been announced to be booked in Q3 2024.

4. Product Sales Gross margin
On the H1 2024 earnings call, it was reiterated that the Company continues to anticipate that the Core Product Sales Gross Margin percentage will be slightly lower in 2024 vs. 2023 (81.7%) driven by higher sales in Emerging Markets and increased *Beyfortus* product supply to Sanofi. In addition, higher sales of partnered products (e.g. *Enhertu* and *Tezspire*) in regions where AstraZeneca book product sales and then pay out a profit share from cost of sales to partners will have a negative mix effect on the gross margin percentage.

5. Operating expenses
Total operating costs increased by 15% in H1 2024. It was mentioned on the H1 2024 earnings call that in addition to accelerations of R&D projects, recent acquisitions such as Gracell, Fusion Pharmaceuticals and Amolyt (all now closed) will add to R&D expenses which are now anticipated to end up towards the upper end of the previously indicated low 20's percentage range for the full year. Operating leverage continues to be a focus for the company. Quarterly variations in expenditure should be expected.

6. Other operating income
At the time of writing, no material transactions have been announced to be booked in Q3 2024.

7. Financing expenses
On 30 July 2024 it was announced that the Company had priced a €1.4bn bond offering in two tranches - €650m of fixed rate notes with a coupon of 3.121% maturing on 5 August 2030 and €750m of fixed rate notes with a coupon of 3.278%, maturing on 5 August 2033. Both bonds were swapped into USD at approximately SOFR +0.8% and +0.95% respectively with quarterly payments.

On 22 February 2024 it was announced that the company had priced a $5bn bond offering; $1.25bn of fixed rate notes with a coupon of 4.80% maturing 26 February 2027, $1.25bn with a coupon of 4.85% maturing 26 February 2029. $1bn with a coupon of 4.90% maturing 26 February 2031 and $1.5bn with a coupon of 5.00% maturing 26 February 2034. The average interest rate of 4.9% for this bond issue is higher than the Company's average cost of debt.

Core Finance expenses (including JVs) were $984m in 2023 and it was mentioned on the FY2023 earnings call that these are anticipated to increase in 2024 (vs. 2023). H1 2024 Core Finance expenses (including JVs) were $549m.

8. Income tax
The UK corporation tax increased to 25% (from 19%) on 1 April 2023. The OECD framework (BEPS Pillar 2), with a global minimum effective tax rate for large multinational companies of 15% will be implemented in more jurisdictions in 2024. A Core Tax rate of 18-22% is anticipated for the full year.

9. Outstanding number of shares
The outstanding number of shares was 1,550,277,001 as of end July 2024.

10. Investor Day 2024

AstraZeneca hosted an Investor Day on 21st May 2024 at which a new Total Revenue ambition was announced. The Company targets $80bn in risk-adjusted Total Revenue by 2030. (slides available here).

At the Investor Day, the Company reaffirmed that it is on track to achieve a Core operating margin in the mid30's percentage by 2026. Beyond 2026, the Core operating margin will be influenced by portfolio evaluation and the Company will target at least mid-30's percentage.

In line with past communications, Core R&D expenses are anticipated to be in the low 20's percentage of Total Revenue.

11. Cash flow

Past Transactions:

The last payment ($833m) to the former shareholders of Acerta was paid in Q1 2024.

In March 2019, AstraZeneca entered a collaboration with Daiichi Sankyo on *Enhertu*. AstraZeneca paid an upfront payment of $1.35bn (half in 2019 and remaining part in 2020). In addition, there are potential contingent payments of up to $5.55bn (of which ~$1.5bn has been paid) including $3.8bn in regulatory milestones and $1.75bn for sales-related milestones. For more details, please see announcement.

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 the last $325m was paid in Q3 2022. 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. For more details, please see the announcement.

On 9 November 2023, AstraZeneca announced a license agreement for ECC5004, an investigational oral once-daily glucagon-like peptide 1 receptor agonist (GLP-1RA), with Eccogene. Under the terms of the agreement, Eccogene will receive an initial upfront payment of $185m. In addition, Eccogene will also receive up to an additional $1.825bn in future clinical, regulatory, and commercial milestones and tiered royalties on product net sales.

On 12 December 2023, AstraZeneca announced the acquisition of Icosavax Inc. for an upfront payment of $0.8bn with a further $0.3bn in potential future CVR payments. As of 30th September 2023, Icosavax had $229m in cash and marketable securities on its balance sheet. The closure of the acquisition was announced on 19 February 2024.

On 27 December 2023, AstraZeneca announced the acquisition of Gracell Biotechnologies Inc. Under the terms of the definitive agreement, AstraZeneca will acquire all of Gracell's fully diluted share capital (including shares represented by ADSs) through a merger for a price of $2.00 per ordinary share in cash at closing (equivalent to $10.00 per ADS of Gracell) plus a non-tradable contingent value right of $0.30 per ordinary share (equivalent to $1.50 per ADS of Gracell) in cash payable upon achievement of a specified regulatory milestone. The upfront cash portion of the consideration represents a transaction value of approximately $1.0bn. Combined, the upfront and potential contingent value payments represent, if achieved, a transaction value of approximately $1.2bn. AstraZeneca will acquire the cash, cash equivalents and short-term investments on Gracell's balance sheet, which totalled $234.1m as of 30th September 2023. The closure of the transaction was announced on 22 February 2024.

Recent transactions:

On March 14 2024, AstraZeneca announced the acquisition of Amolyt Pharma. Under the terms of the agreement, AstraZeneca will acquire all of Amolyt Pharma's outstanding shares for a total consideration of up to $1.05 billion, on a cash and debt free basis. This includes $800 million upfront at deal closing, plus the right for Amolyt Pharma's shareholders to receive an additional contingent payment of $250 million payable upon achievement of a specified regulatory milestone. The closure of the transaction was announced on 15 July 2024.

On March 19 2024, AstraZeneca announced the acquisition of Fusion Pharmaceuticals Inc. for an upfront payment of around $2bn and an additional ~$0.4bn in potential contingent value rights. At the end of December 31 2023, Fusion had cash, cash equivalents and short term investments of $234m. The closure of the transaction was announced on 5 June 2024.

On 20 May 2024 AstraZeneca announced that it intends to build a $1.5bn manufacturing facility in Singapore for ADCs. Supported by the Singapore Economic Development Board, this will be AstraZeneca's first end-to-end ADC production facility. Design and construction work are anticipated to begin in 2024 with targeted operational readiness from 2029.

On the FY23 earnings call it was mentioned that capital expenditure is anticipated to increase by ~50% in 2024, driven by investments in new manufacturing capabilities including API, new factory for inhaled products in China and investments in cell therapy. All of these are multi-year projects. It is anticipated that BD payments in 2024 related to past transactions will be at about the same level as in 2023 (~$2bn).

As of 30 June 2024, AstraZeneca had a net debt of $26.3bn.

12. Currency impact

As mentioned above, if average June 2024 foreign exchange rates were to remain for the remainder of 2024, it is anticipated that Total Revenue would face a low single-digit adverse impact and Core EPS would incur a mid single-digit adverse impact.

13. Table with recent key financial data

$m	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Product sales	**10,630**	**10,590**	**10,798**	**10,566**	**10,882**	**11,018**	**11,323**	**12,177**	**12,452**
y-o-y % (CER)	38%	16%	2%	1%	5%	5%	5%	18%	18%
Alliance Revenue	*138*	*214*	*251*	*286*	*341*	*377*	*424*	*457*	*482*
Collaboration Revenue	*3*	*178*	*158*	*27*	*193*	*97*	*277*	*45*	*4*
Total revenue	**10,771**	**10,982**	**11,207**	**10,879**	**11,416**	**11,492**	**12,024**	**12,679**	**12,938**
Y-o-y % (CER)	37%	19%	1%	0%	9%	6%	8%	19%	17%
Core R&D	**-2,431**	**-2,357**	**-2,526**	**-2,300**	**-2,568**	**-2,485**	**-2,914**	**-2,698**	**-2,872**
Y-o-y % (CER)	40%	16%	12%	10%	8%	5%	14%	18%	13%
Core SG&A	**-3,137**	**-3,160**	**-3,583**	**-3,054**	**-3,296**	**-3,355**	**-4,034**	**-3,413**	**-3,735**
Y-o-y % (CER)	33%	16%	15%	8%	8%	7%	12%	13%	16%

Due to rounding, the sum of Product Sales, Alliance Revenue and Collaboration Revenue may not agree to totals.

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 (Alliance Revenue) outlines the partnered medicines for which Alliance Revenue is anticipated. **Tab 4** (Collaboration Revenue) will capture upfront payments and milestone receipts.

The costs associated with the AZ restructuring programme should be outlined separately on **Tab 5** (Restructuring). Detailed commentary is always welcome to provide clarity and to reduce the scope for misinterpretation.

Tab 6 (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 7** (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* , Dato-DXd and tezepelumab), we are also collecting WW forecasts (rows 523-525, 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 8** (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 29 August 2024**.

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).