Aide memoire
May 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 following announcement of Q1 2021 results on 30 April 2021.

Sell-side analysts who wish to contribute to company-collected consensus estimates are requested to submit updated numbers by **Wednesday 2 June 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
FY21 guidance was reiterated at Q1 2021 results; 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 the pandemic COVID-19 vaccine. Similarly, the guidance excludes the proposed acquisition announced in December 2020. Following the positive shareholder vote, the acquisition is still 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 - sales

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, enabling a higher number of patients to benefit from the medicine. The revenue per patient will be reduced by the lower price, but partly offset by the longer duration of use in the new setting.

Further, it was noted on the Q1 2021 results conference call that during November and December 2020 and January 2021, the Company saw the impact of the third COVID-19 wave with diagnosis rates in lung, chronic lymphocytic lymphoma and ovarian cancer being ~30% lower vs. pre-COVID-19 levels in the U.S.

2.2 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. Following the transfer of rights, AstraZeneca will market, distribute and promote *Nexium* on its own in Japan from 15 September 2021.

Synagis sales were down 72% in Q1 2021, reflecting low levels of RSV infections globally due to greater infection precautions globally as a result of COVID-19.

In March 2017, AstraZeneca and Sanofi announced an agreement to develop and commercialise nirsevimab. Sanofi will lead commercialisation activities and record revenues for nirsevimab and AstraZeneca will report its share of revenue as collaboration revenue. The two companies share all costs and profits. SOBI has the right to participate in payments that may be received by AstraZeneca from the US profits or losses for nirsevimab.

2.3 COVID-19 vaccine

AstraZeneca recorded COVID-19 vaccine sales of $275m in Q1 2021. Given the vaccine is 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. However, quarterly fluctuations can be expected such as that in Q1 2021 whereby Core EPS recorded a negative impact of $0.03 from the COVID-19 pandemic vaccine initiatives. In line with IAS 20, any reimbursement received for costs incurred are expected to be booked on the respective profit and loss 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. Revenue - collaboration revenue

At the time of writing, no new collaborations or material milestones have been announced to be booked in Q2 2021.

4. Gross margin

The core gross profit margin declined by three percentage points in Q1 2021 to 74.6%. 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 offsets these impacts. These variations in gross margin performance between quarters can be expected to continue.

5. Other operating income

At the time of writing, no new divestments have been announced that would be booked in Q2 2021.

6. Non-controlling interest

As previously communicated, no further accounting for non-controlling interests in the relation to Acerta Pharma B.V. (Acerta) is anticipated in the future.

7. Outstanding number of shares

The outstanding number of shares was 1,313m as of end April 2021.

8. 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 31 March 2021 of $2,336m.

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 due in 2021 and $325m due in 2022. For more details, please see the announcement.

The increase in net cash inflow from operating activities of $1,795m in Q1 2021 was primarily driven by a decrease in working capital, of which $996m related to the movement in pandemic COVID-19 vaccine working capital balances within trade and other payables, trade and other receivables and inventories. These balances are anticipated to reverse in due course.

9. Currency impact

AstraZeneca's foreign-exchange rate sensitivity analysis is contained within the operating and financial review section of the Q1 2021 results announcement. If foreign-exchange rates for April to December 2021 were to remain at the average of rates seen in Q1 2021, it is anticipated that there would be a low single-digit favourable impact on Total Revenue and Core EPS.

10. Table with recent key financial data

$m	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Product sales	**6,250**	**6,311**	**6,048**	**6,520**	**7,011**	**7,257**
y-o-y % (CER)	9%	17%	9%	7%	11%	11%
Total revenue	**6,664**	**6,354**	**6,275**	**6,578**	**7,410**	**7,320**
Y-o-y % (CER)	5%	17%	11%	3%	10%	11%
Core R&D	**-1,494**	**-1,336**	**-1,376**	**-1,453**	**-1,707**	**-1,638**
Y-o-y % (CER)	4%	9%	9%	10%	12%	18%
Core SG&A	**-2,625**	**-2,177**	**-2,176**	**-2,171**	**-2,838**	**-2,399**
Y-o-y % (CER)	9%	7%	3%	-1%	6%	7%

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 2 June 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).