

Aide memoire
September 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 ahead of AstraZeneca's Q3 2024 results.

Sell-side analysts who wish to contribute to company-collected consensus estimates are requested to submit updated numbers by **Wednesday 9 October 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:

Full year 2024 Guidance	
Guidance at constant exchange rates (CER)	<p>Based on underlying business strength, AstraZeneca upgraded its FY2024 guidance on 25 July 2024.</p> <p>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).</p> <p>Core EPS is also anticipated to increase by a mid teens percentage (previously a low double-digit to low teens percentage).</p> <p>An increase in Collaboration Revenue is not assumed in the upgraded guidance (previous guidance assumed a substantial increase).</p> <p>Other operating income is expected to decrease substantially (FY2023 included a \$241m gain on the disposal of <i>Pulmicort</i> Flexhaler US rights, and a \$712m one-time gain relating to updates to contractual arrangements for <i>Beyfortus</i>).</p> <p>A Core tax rate of 18%-22% is anticipated.</p> <p>If average June 2024 FX rates were to remain for the remainder 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.</p> <p>Variations in performance between quarters can be expected to continue.</p>
Other highlighted comments	
Product Sales	Product Sales growth in FY24 is anticipated to be within the guidance range provided for Total Revenue.

- Oncology	Effective 1 st February 2024, <i>Imfinzi</i> 's price in Japan was reduced by 25%. An additional mandatory price reduction of 11% took place in August following recent fixed dosing approvals. As announced at Q1 results, <i>Imfinzi</i> and <i>Imjudo</i> revenues will be reported separately going forward.
- Respiratory & Immunology	<i>Airsupra</i> was launched in January 2024 and recorded \$21m of sales in H1. Reported revenues were not a reflection of underlying demand due to customary introductory discounts.
Collaboration Revenue	At the time of writing, no significant transactions have been announced to be booked in Q3 2024.
Product Sales Gross margin	<p>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 <i>Beyfortus</i> product supply to Sanofi.</p> <p>The latter will, together with <i>FluMist</i>, put downward pressure on the product sales gross margin in the second half of the year. In addition, higher sales of partnered products (e.g. <i>Enhertu</i> and <i>Tezspire</i>) 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.</p>
Core Operating expenses	<p>Total operating costs increased by 15% in H1 2024.</p> <p>The Company expects R&D expenses for full year 2024 to be in the high end of the low 20% range of Total Revenues. This is driven by acceleration of R&D projects and recent acquisitions such as Gracell, Fusion Pharmaceuticals and Amolyt.</p> <p>In 2023 there was a significant step-up in operating expenses in the fourth quarter which is not anticipated to be repeated in Q4 2024.</p> <p>Operating leverage continues to be a focus for the company. Quarterly variations in expenditure should be expected.</p>
Other operating income	At the time of writing, no material transactions have been announced to be booked in Q3 2024.
Financing expenses	<p>On 22 February 2024, 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.</p> <p>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.</p>

	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.
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.
Outstanding number of shares	The outstanding number of shares was 1,550,286,637 as of end August 2024.

Investor Day 2024	<p>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).</p> <p>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.</p> <p>In line with past communications, Core R&D expenses are anticipated to be in the low 20's percentage of Total Revenue.</p>
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Cash flow	
<u>Past Transactions:</u>	<p>The last payment (\$833m) to the former shareholders of Acerta was paid in Q1 2024.</p> <p>In March 2019, AstraZeneca entered a collaboration with Daiichi Sankyo on <i>Enhertu</i>. Financial terms were as following:</p> <ul style="list-style-type: none"> • An upfront payment of \$1.35bn • 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. <p>In July 2020, AstraZeneca and Daiichi Sankyo announced a collaboration on datopotamab deruxtecan. Financial terms were as follows:</p> <ul style="list-style-type: none"> • 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. • 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.
<u>More recent transactions:</u>	<p>Other transactions in last 12 months included:</p> <p>On 9 November 2023, AstraZeneca announced a license agreement for ECC5004, an investigational oral once-daily</p>

	<p>glucagon-like peptide 1 receptor agonist (GLP-1RA), with Eccogene.</p> <p>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. On 27 December 2023, AstraZeneca announced the acquisition of Gracell Biotechnologies Inc. for a transaction value of approximately \$1.0bn.</p> <p>On March 14 2024, AstraZeneca announced the acquisition of Amolyt Pharma. for a total consideration of up to \$1.05 billion, on a cash and debt free basis.</p> <p>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.</p> <p>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.</p> <p>It is anticipated that BD payments in 2024 related to past transactions will be at about the same level as in 2023 (~\$2bn).</p>
CAPEX	The Company anticipates capital expenditure 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.
Debt	As of 30 June 2024, AstraZeneca had a net debt of \$26.3bn
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.

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%
<i>Alliance Revenue</i>	<i>138</i>	<i>214</i>	<i>251</i>	<i>286</i>	<i>341</i>	<i>377</i>	<i>424</i>	<i>457</i>	<i>482</i>
<i>Collaboration Revenue</i>	<i>3</i>	<i>178</i>	<i>158</i>	<i>27</i>	<i>193</i>	<i>97</i>	<i>277</i>	<i>45</i>	<i>4</i>
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 **Wednesday 9 October 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).