



## Second-Quarter 2021 Earnings Conference Call Prepared Remarks July 28, 2021

[Slide 4: Opening Remarks – Albert Bourla]

**Albert Bourla – Pfizer Inc. – Chairman and Chief Executive Officer**

[Slide 5: Q2 2021 Key Highlights]

I am proud to say that Pfizer delivered an outstanding second-quarter performance on many levels. Most notably:

- We delivered extremely strong financial results. Even excluding direct sales and alliance revenues provided by our COVID-19 vaccine, we generated 10% operational revenue growth compared with the prior-year quarter. And I would note that the year-ago quarter also was strong, delivering 6% operational growth for the comparable business.
- At the same time, we continued to accelerate the production and delivery of the Pfizer-BioNTech COVID-19 vaccine and, in collaboration with BioNTech, have now shipped more than one billion doses since last December. This is truly remarkable, especially when you consider that prior to the pandemic, Pfizer produced approximately 200 million doses annually across our entire Vaccines portfolio.

[Slide 6: Q2 2021 Revenues: Key Growth Drivers].

Let me start with commentary on some of our biggest growth drivers in the quarter.

The **Pfizer-BioNTech COVID-19 Vaccine** contributed \$7.8 billion in global revenues during the second quarter, and we continue to sign agreements with governments around the world. Just last week, we announced that the U.S. government has purchased an additional 200 million doses of the vaccine — bringing the total number of doses to be supplied to the U.S. government under its existing supply agreement to 500 million. This is in addition to the 500 million doses that we agreed to provide to the U.S. government at a not-for-profit price, to be donated to the poorest countries in the world. We anticipate that a significant amount of our remaining 2021 vaccine manufacturing capacity will be delivered to middle- and low-income countries where we price in line with income levels or at a not-for-profit price. In fact, we are on

track to deliver on our commitment to provide this year more than one billion doses, or approximately 40% of our total production, to middle- and low-income countries, and another one billion in 2022.

**Vyndaqel** and **Vyndamax** revenues were up 77% operationally to \$501 million globally. Our disease education efforts in the U.S. continued to support increases in appropriate diagnosis, while the main driver of growth in Japan has been the successful establishment of several referral networks in select areas resulting in new patient starts. We anticipate these efforts will continue to support a strong trajectory for the franchise.

**Eliquis** continued its strong performance, with revenues up 13% operationally to \$1.5 billion. This was led by growth in the U.S. and emerging markets, driven primarily by strength of the clinical profile, ease of use for both patients and clinicians, continued increased adoption in non-valvular atrial fibrillation and overall oral anti-coagulant market share gains.

**Pevnar 13 in the U.S.** was up 34% overall to \$642 million. This growth was due primarily to higher levels of healthcare activity and wellness visits compared with the prior-year quarter, which was heavily impacted by COVID-19-related mobility restrictions and limitations. Growth in the pediatric indication was also due to year-over-year government purchasing patterns and was partially offset by lower year-over-year birth rates. Growth in the adult indication was partially offset by the continued impact of the lower remaining eligible unvaccinated population. During the quarter, the U.S. Food and Drug Administration (FDA) approved Pevnar 20™ for adults ages 18 and over for the prevention of both invasive disease and pneumonia caused by the 20 pneumococcal serotypes in the vaccine. I would note that a 15-valent vaccine also recently received FDA approval in adults, however that approval did not include the pneumonia indication. We believe the only way to add that indication to the 15-valent vaccine in the U.S. will be to conduct a post-licensure efficacy/effectiveness trial, which we believe means that for the foreseeable future, Pevnar 20 likely will be the only vaccine with an indication against vaccine-type pneumonia for the 20 serotypes.

For **Ibrance**, we continue to be pleased by the double-digit growth in international markets and are encouraged by signs of recovery in several key markets. In the U.S., Ibrance continues to be the leading CDK4/6 inhibitor, with 83% total patient share and 73% share of first-line metastatic new patient starts. While total prescription volume was stable in the second quarter, paid demand for Ibrance was down due to increased enrollment in our Patient Assistance Program, which we referenced last quarter. This resulted in a second-quarter revenue decline in the U.S. of 7% compared with the year-ago quarter.

**Inlyta's** global revenues were up 29% operationally to \$257 million, primarily reflecting increased adoption in the U.S. and developed Europe of combinations of certain immune checkpoint inhibitors and Inlyta.

**Xtandi in the U.S.** was up 14% to \$303 million, driven by strong demand across all approved indications.

Our **global biosimilars** revenues grew 88% operationally to \$559 million driven by several recent oncology biosimilar launches. As you can see, biosimilars have become a meaningful part of our business, while delivering lower-cost patient care options that can help reduce overall healthcare spending levels.

### **[Slide 7: JAK Inhibitor Portfolio]**

Now let me share two brief updates from our JAK Inhibitor portfolio.

We continue to remain confident in the importance of the JAK inhibitor class for appropriate patients with inflammatory diseases given the role of JAK pathways in inflammatory processes. In addition, we have taken a targeted approach to developing selective JAK inhibitors based upon our extensive knowledge of JAK biology, coupled with our medical chemistry capabilities, that suggests the best target for a specific indication. We believe this approach may optimize the benefit/risk profile. Of course, patient safety is of utmost importance, and we continue to monitor all compounds in our portfolio to identify signals both in development as well as after regulatory approval.

Global **Xeljanz** revenues were down 9% operationally in the quarter to \$586 million, driven primarily by a 15% decline in the U.S. While prescription volume increased 2%, this revenue decline reflects an unfavorable change in channel mix toward lower-priced channels and continued investments to improve formulary positioning and unlock access to additional patient lives, as well as a negative impact on new patient starts resulting from an ongoing review by the FDA of safety data from the post-marketing ORAL Surveillance study of Xeljanz in subjects with rheumatoid arthritis who were 50 years of age or older and had at least one additional cardiovascular risk factor. International developed markets achieved 11% operational growth in the quarter.

The FDA recently notified Pfizer that it would not meet the Prescription Drug User Fee Act (PDUFA) goal date for the supplemental New Drug Applications (sNDA) for Xeljanz/Xeljanz XR for the treatment of adults with active ankylosing spondylitis. No revised PDUFA goal date has been set for these sNDAs.

The FDA also recently notified Pfizer that it would not meet the PDUFA goal date for the New Drug Application (NDA) for abrocitinib for the treatment of adults and adolescents with moderate to severe atopic dermatitis. The FDA cited its ongoing review of Pfizer's post-marketing safety study, ORAL Surveillance, evaluating tofacitinib in patients with rheumatoid arthritis as a factor in the extension. No revised PDUFA goal date has been set for this NDA.

### **[Slide 8: Affordable Access]**

Now, I want to touch on the Biden Administration's recent Executive Order on promoting competition. While we believe there may be better alternatives than some of the policies put forward in the Executive Order, we can agree that fostering competition and lowering costs for patients should be the focus of any

regulatory or legislative action. We continue to support more affordable options for patients like biosimilars, improving the Medicare program to cap out-of-pocket costs and lower cost-sharing for seniors, and making insurance work by requiring that patients share in rebate savings at the pharmacy counter. We believe these meaningful solutions would have an immediate impact for patients without sacrificing future innovation.

**[Slide 9: Looking Ahead]**

Overall, I believe the second quarter was a clear and powerful demonstration of the capabilities of the new Pfizer. Looking forward, we intend to build upon these successes by continuing to follow the science, trust in our people and remain focused on delivering breakthroughs for the patients we serve.

As such, we continue to expect a revenue CAGR of at least 6%, on a risk-adjusted basis, through the end of 2025 and double-digit growth on the bottom line. I would note that these projections do not include any potential impact from our COVID-19 vaccine, recent or subsequent business development activities, or potential future mRNA programs. We remain very confident in our ability to achieve these growth rates because of the strength of both our current product portfolio and our R&D pipeline.

At the same time, we will continue to pursue business development opportunities with the potential to further enhance our long-term growth prospects. Just last week, we announced a global collaboration with Arvinas to develop and commercialize ARV-471, an investigational oral PROTAC® (PROteolysis TArgeting Chimera) estrogen receptor protein degrader. The estrogen receptor is a well-known disease driver in most breast cancers, and we are excited to work with Arvinas on the first potential PROTAC for breast cancer, which with its encouraging early clinical data has the potential to become a novel hormonal therapy backbone for HR+ breast cancer.

Now I'll turn it over to Mikael to speak more about our R&D efforts and then Frank will provide financial details on the quarter and our outlook for the remainder of 2021.

**[Slide 10: Scientific Updates – Mikael Dolsten]**

**Mikael Dolsten – Pfizer Inc. – Chief Scientific Officer and President, Worldwide Research, Development and Medical**

Thank you, Albert. I'm delighted to share some highlights from Pfizer's R&D pipeline, which continues to be one of our greatest strengths.

**[Slide 11: First in Class Science Updates (Q2 2021)]**

Today, I will share updates on eight select programs in which we are pursuing first in class breakthrough science and which have estimated approvals before 2030 and the potential to have profound impacts on millions of patients.

**[Slide 12: First in Class Science: ARV-471 PROTAC in Breast Cancer]**

Last week, we announced a global collaboration with Arvinas to develop and commercialize ARV-471—potentially the first PROTAC, or PROteolysis TArgeting Chimera, estrogen receptor protein degrader.

ARV-471 represents breakthrough drug design technology: PROTAC protein degraders efficiently eliminate rather than inhibit disease-causing proteins.

To our knowledge, ARV-471, which was designed to be an oral, high-potency estrogen receptor degrader with a favorable safety profile, is the only ER-targeting PROTAC degrader in clinical development and has a distinct mechanism of action from the many SERDs in development.

In the future, novel assets like ARV-471 have the potential to be the new endocrine therapy backbone either alone or in combination with CDK inhibitors such as IBRANCE, other targeted therapies, and/or therapies with novel mechanisms of action.

Early clinical data show ARV-471 has the potential to be an endocrine therapy of choice across treatment settings in breast cancer.

ARV-471 is being evaluated as a treatment for metastatic breast cancer in a Phase 1 dose escalation study, a Phase 1b combination study with IBRANCE, and a Phase 2 monotherapy dose expansion study.

Starting in 2022, we expect to initiate Phase 3 studies across lines of therapy in metastatic breast cancer, including in combination with IBRANCE, followed by pivotal studies in the early breast cancer setting.

**[Slide 13: ARV-471: Potential First Oral PROTAC for Breast Cancer Compelling Pre-clinical and Clinical Data]**

Let me share some of the pre-clinical data that has us excited.

The chart on the left shows ARV-471 demonstrated impressive anti-tumor activity in combination with IBRANCE (palbociclib) in pre-clinical studies.

In the Phase 1 interim analysis of 21 patients, ARV-471 demonstrated a compelling efficacy signal in heavily pretreated patients, the majority with prior fulvestrant treatment and all with prior CDK4/6 inhibition treatment.

The images on the right show one patient on ARV-471 monotherapy who had a confirmed partial response after four cycles with a 51% reduction in target lesion size, as indicated by the arrows.

Two patients had unconfirmed partial responses and one patient demonstrated stable disease with more than 50% target lesion shrinkage.

Five paired tumor biopsies demonstrated ER degradation up to 90%, with an average of 62%.

**[Slide 14: First in Class Science: ROBO2 Ligand Trap Biological in Kidney Disease]**

The next program is ROBO2, details of which we have not shared previously.

No disease-specific treatments are currently available for Focal segmental glomerulosclerosis, or FSGS for short.

We have developed, in collaboration with Boston University and Boston Medical Center, a potentially novel and first-in-class disease modifying biological therapy comprising a SLIT-2 ligand antibody Fc trap that lowers activation of the ROBO2 receptor for treating FSGS as well as adjacent glomerulopathies.

Preliminary results from an interim analysis of our ongoing Phase 2a study in adult patients with steroid-resistant FSGS demonstrated promising data with a statistically significant and clinically meaningful reduction in urine protein to creatinine ratio, or UPCR.

We are advancing the program to potentially demonstrate proof of concept in 2022 and preparing for pivotal studies.

**[Slide 15: ROBO2 Ligand Trap Biological: Phase 2a Study Reduction in Proteinuria in Focal Segmental Glomerulosclerosis Patients]**

This chart shows the change in UPCR, a marker of renal function, from baseline in steroid/treatment resistant patients in the Phase 2a study.

There was a favorable reduction in proteinuria at 13 weeks based on data from approximately half of the first dose cohort of the study. Please note after stopping the treatment as per study protocol, the UPCR deteriorated indicating the need for continuous therapy.

Treatment every two weeks was well tolerated with no significant safety signals to date.

**[Slide 16: First in Class Science: Leading Gene Therapy Programs]**

Next, let's turn to our gene therapy programs in Hemophilia A and B and Duchenne Muscular Dystrophy.

Pfizer continues to advance the broadest late-stage gene therapy portfolio of potentially transformational treatments.

We expect phase 3 interim analyses for all three programs in 2022.

**[Slide 17: Gene Therapy: Positive Data from Phase 1/2 to Support Phase 3 Programs]**

In a Phase 1/2 hemophilia A study, we have seen durable expression of Factor 8 activity through 78 weeks with an annual bleed rate in the first 52 weeks of zero.

In a Phase 1/2 hemophilia B study, we have seen sustained expression of Factor 9 activity into year four of the phase 1/2 long-term follow-up study, with an annual bleed rate of less than one.

In a Phase 1b Duchenne Muscular Dystrophy study, statistically significant expression of mini-dystrophin and a 3.5 point increase in the North Star Ambulatory Assessment score have been observed.

**[Slide 18: First in Class Science: Lyme Vaccine]**

Now we'll turn to our Lyme disease vaccine—the only active Lyme vaccine candidate in clinical development today—being co-developed with Valneva.

The ongoing Phase 2 study, which completed recruitment of adult and pediatric participants last week, will evaluate the optimal vaccination schedule for use in Phase 3.

We expect potential proof of concept in January 2022 and a Phase 3 study start in the first half of 2022.

**[Slide 19: Lyme Vaccine Phase 2 Data: Over 90% of Subjects Seroconvert All 6 Serotypes]**

This chart shows that more than 90% of subjects seroconverted to all six serotypes with a three-dose vaccination schedule at zero, two and six months in the Phase 2b study, demonstrating a favorable immune response.

**[Slide 20: First in Class Science: RSV Adult Vaccine]**

Our respiratory syncytial virus vaccine is the most advanced bivalent protein based vaccine with Phase 2 published data showing high neutralizing titers against both RSV A and B subtypes, which has not been demonstrated in clinical development by a monovalent prefusion F vaccine.

We have been advancing this asset for both adults through direct vaccination and infants through maternal immunization. Today, I will focus on adults.

In 2020, we initiated a Phase 2a study to evaluate the safety, immunogenicity, and efficacy of the recombinant RSV pre-Fusion vaccine in a virus challenge model in healthy adults 18 to 50 years of age.

I will show you data on the next slide which we plan to submit for peer reviewed publication soon.

**[Slide 21: RSV Adult Vaccine: Phase 2 Human Challenge Data 100% Vaccine Efficacy Achieved in Adults 18–50-years-old]**

Results from a Phase 2 challenge study of 62 subjects show the vaccine was 100% effective against mild to moderate symptomatic infection and most participants in the study experienced minimal to no side effects.

As a performance benchmark, the Ad26.RSV preF vaccine showed 52% observed efficacy in the same human challenge model.

In this slide we show very favorable protective changes of the vaccine on viral load (left side) and in reducing drastically RSV disease severity (right side).

Based on these overwhelmingly positive data, we will accelerate the development of our RSV vaccine in adults. We plan to initiate a global Phase 3 trial in the third quarter and hope to conclude the study swiftly, in part due to the recent spike in RSV infections reported by the CDC.

**[Slide 22: Pfizer's mRNA strategy]**

The swift delivery of the world's first mRNA-based vaccine made the scientific opportunity of mRNA technology clear.

Our strategy to advance and unlock the full potential of mRNA is focused in three core areas.

We are strengthening the core COVID-19 vaccine franchise, growing an infectious disease vaccine pipeline and exploring therapeutic areas like rare disease and oncology with the strongest potential.

**[Slide 23: First in Class Science: Flu Vaccine]**

Let's start with the mRNA flu vaccine, which we began working on with BioNTech in 2018.

Having a flu vaccine with much better efficacy, better T cell and innate immune responses, and more timely manufacture soon after strains are known could dramatically change the trajectory of disease.

We are projected to start first in human trials for a modified RNA, or modRNA, flu vaccine in the third quarter, subject to regulatory approval.

**[Slide 24: Pre-clinical Data: First Generation (Pre-COVID-19) modified RNA Flu]**

Preclinical studies were performed with a first generation modified mRNA tetravalent flu vaccine and the data were compared to data from a marketed FluAd vaccine.

Immunogenicity in mice for a first generation modRNA flu candidate across the 2018-2019 northern hemisphere strains were higher or as high as the trivalent adjuvanted subunit vaccine.

We are encouraged by these data and look forward to progressing this program.

**[Slide 25: First in Class Science: Pfizer-BioNTech COVID-19 Booster Vaccine]**

We now turn to our COVID-19 vaccine program, in collaboration with BioNTech.

The Delta variant, which is the most transmissible we've yet seen, is expanding rapidly worldwide and now represents approximately 83% of sequenced cases in the US.

We continue to believe it is likely that a third dose booster may be needed within 6 to 12 months after full vaccination to maintain the highest levels of protection, and studies are underway to evaluate the safety and immunogenicity of a third dose.

We are in ongoing discussions with regulatory agencies regarding a potential third dose booster of the current vaccine and, assuming positive results, anticipate an Emergency Use Authorization submission as early as August.

Pending regulatory approval, we also plan to start an immunogenicity and safety study in August to evaluate an updated version of our vaccine specifically designed to target the Delta variant.

**[Slide 26: COVID-19 Vaccine: Neutralization Titers Much Higher Post 3rd Dose Than Post 2nd for Wild Type and Beta Variants]**

Here we show initial data from a small number of patients receiving a third dose of the existing vaccine.

We observe a significant boost in neutralizing antibodies following a third dose of the current vaccine for both wild type and the Beta variant.

At eight months post dose two, antibody levels start to decline from their earlier peaks.

In our initial analysis, a third dose given more than six months after the second dose elicited neutralizing antibodies which are more than 5-times higher against the wild type and more than 10-times higher against the Beta variant than after two primary doses alone.

The third dose elevates the neutralizing antibodies in our laboratory studies to up to 100-times higher levels post-dose three compared to pre-dose three.

Just as we saw in the analysis of neutralizing antibodies from those in the original Phase 3 trial, the levels in the older population were comparable to the younger population.

**[Slide 27: COVID-19 Vaccine: 3rd Dose Strongly Boosts Neutralizing Titers Against Delta Strain]**

Here, we show new breaking data from a small number of participants that a third dose boost with the current vaccine elicited neutralizing titers that when tested against the Delta variant were more than five-fold post-dose two in younger people and more than 11-fold post-dose two in older people.

Receiving a third dose more than six months after vaccination, when protection may be beginning to wane, was estimated to potentially boost the neutralizing antibody titers in participants in this study to up to 100 times higher post-dose three compared to pre-dose three.

These preliminary data are very encouraging as Delta continues to spread.

**[Slide 28: First in Class Science: Oral COVID-19 Protease Inhibitor]**

Finally, let's turn to our potentially first in class oral COVID-19 anti-viral protease inhibitor.

If successful, our protease inhibitor has the potential to provide patients infected with COVID-19 with a new oral therapy that could be prescribed for a 5-day treatment course at the first sign of infection, before patients are hospitalized or in critical care.

For patients who are in close contact with someone who contracts COVID-19, we will study both 5- and 10-day post-exposure prophylaxis courses.

The goal is to reduce SARS-Cov-2 viral load, thereby hopefully decreasing or preventing symptoms of COVID-19 and minimizing the risk of hospitalization.

In July, we initiated a Phase 2/3 trial to evaluate the efficacy, safety, and tolerability of the orally administered protease inhibitor in participants with COVID-19. If successful, we project a potential U.S. Emergency Use Authorization submission in the fourth quarter.

**[Slide 29: Oral Protease Inhibitor Shows Robust Preclinical Anti-viral Effects and Good Preliminary Human Pharmacokinetics Profile]**

Our protease inhibitor exhibits potent, selective in vitro antiviral activity against SARS-CoV-2 and other coronaviruses, and potentially all currently known COVID-19 variants.

It also has demonstrated a robust preclinical antiviral effect on cells and in SARS-Cov-2 infected animals, enabled by selectivity that is more than 100 times higher for coronavirus 3CL proteases than human proteases.

The chart on the left shows robust dose dependent reductions in disease microscopical scores in mice.

In Phase 1 human studies to date, we have seen desirable drug exposure, good tolerability and no safety findings up to a dose of 500 mg twice a day over 10 days in healthy volunteers.

The chart on the right, of the phase 1 pharmacokinetic study, shows high drug exposure over the entire treatment period exceeding greater than five times the exposure predicted to inhibit SARS-Cov-2 viral replication.

This concludes our review of eight selected breakthrough programs among many more to come this decade.

Now, let me turn it over to Frank.

**[Slide 30: Financial Review – Frank D’Amelio]**

**Frank D’Amelio – Pfizer Inc. – Chief Financial Officer and Executive Vice President, Global Supply**

**[Slide 31: Quarterly Income Statement Highlights]**

Thanks, Mikael. I know you’ve seen our release so let me provide a few highlights regarding the financials.

The COVID-19 vaccine again had a dramatic positive impact on our quarterly results and Albert has already addressed the key points on the COVID-19 landscape.

Looking at the income statement, revenue and Adjusted cost of sales were significantly impacted by COVID-19 vaccine sales and the associated 50% gross profit split with BioNTech, which we recognize on the cost of sales line.

Revenue increased 86% operationally in the second quarter of 2021 driven by COVID-19 vaccine sales and solid performance from a number of our other key growth drivers.

And looking at the revenue growth excluding the COVID-19 vaccine contribution from direct sales and alliance revenues, I want to reiterate what Albert said in that we saw a continuation of solid performance from the business again this quarter, delivering 10% operational revenue growth despite a negative 4% impact from price. This nicely supports our projected revenue CAGR of at least 6% through the end of 2025. Of course, there will be some variability in quarterly growth rates due to a variety of factors but we continue to expect at least 6% through 2025.

There was no impact from the number of selling days in the quarter as compared to the year ago period like we saw in our first quarter where we had more selling days compared to the year ago period. I’d remind you that the offset to this imbalance will be seen in the fourth quarter results where we will have fewer selling days as compared to the year ago quarter. For the full year this results in essentially the same number of selling days in 2021 as 2020.

The Adjusted cost of sales increase shown here reduced this quarter's gross margin by 19 percentage points compared to the second quarter of 2020, which primarily reflects the impact of the COVID-19 vaccine gross profit split and applicable royalty expenses in addition to much smaller impacts from foreign exchange and product mix.

Adjusted SI&A expenses increased owing to a more normalized level of promotional and sales force activity along with some impact from foreign exchange.

The increase in Adjusted R&D expenses this quarter was driven by increased investments in the COVID-19 vaccine and antiviral programs as well as other programs within our pipeline.

Given the tax effect of increased COVID-19 vaccine revenue, our tax rate on Adjusted income increased to 16.6% which will impact our guidance which I will speak to in a minute.

Reported diluted EPS for the quarter was up 58% compared to the year-ago quarter, while Adjusted diluted EPS grew 73% for the quarter.

Foreign exchange movements resulted in a 6% benefit to revenue as well as a 6% benefit, or \$0.03, to Adjusted diluted EPS.

### **[Slide 32: 2021 Financial Guidance]**

Let's move to our revised 2021 guidance.

We've again provided total-company guidance, which includes the business with the COVID-19 vaccine, and then we've provided some additional sub-ledger detail on our assumptions regarding the projected COVID-19 vaccine contribution so you can also see our projection for the business without the COVID-19 vaccine.

Our revenue projection has increased and we now expect it to be in a range of \$78.0 to \$80.0 billion, with the COVID-19 vaccine revenue for the year being projected to be approximately \$33.5 billion based on contracts signed through mid-July. I'd note that this projection does not include the doses associated with our contract with the U.S. Government announced last week.

For Adjusted cost of sales, the range has increased to between 39.0% to 40.0%, which incorporates the incremental anticipated COVID-19 vaccine revenue which has a significantly higher cost of sales due to the gross profit split with BioNTech as compared to the rest of the business. The projected COVID-19 vaccine revenue as a percentage of total company revenue at the midpoint has increased to 42% as compared to 36% in our previous 2021 guidance.

On Adjusted SI&A, we have made a small increase to the projection and now expect \$11.5 to \$12.5 billion.

In addition, we increased our Adjusted R&D guidance range to \$10.0 to \$10.5 billion to incorporate anticipated spending on incremental COVID-19 related programs and other mRNA-based projects that are not part of the BioNTech collaboration.

Given the tax effect of increased COVID-19 vaccine revenues, we are increasing our projected tax rate for the full year to approximately 16.0%.

This yields an increased Adjusted diluted EPS range of \$3.95 to \$4.05 or 77% growth at the midpoint compared to 2020 including an expected 4% benefit from foreign exchange.

**[Slide 33: Assumptions Related to BNT162b2 within 2021 Financial Guidance]**

Let me quickly remind you of some assumptions and context on the projected COVID-19 vaccine contribution and our collaboration agreement:

As discussed earlier, the Pfizer BioNTech COVID-19 vaccine collaboration construct is a 50/50 gross profit split.

Pfizer books the vast majority of the global collaboration revenue, except for Germany and Turkey where we receive a profit share from BioNTech, and we do not participate in the China region.

We now expect that we can manufacture up to 3 billion doses by the end of 2021 subject to continuous process improvements, expansion at current facilities and adding new suppliers and contract manufacturers.

As of mid-July, we have contracted for approximately 2.1 billion vaccine doses for delivery in 2021 which drove our projection of approximately \$33.5 billion in revenue for the year.

Our cost of sales for the COVID-19 vaccine revenue continues to include manufacturing and distribution costs, applicable royalty expenses as well as a payment to BioNTech representing the 50% gross profit split.

We continue to expect that the Adjusted income before tax margin for the COVID-19 vaccine contribution to be in the high 20's as a percentage of revenue. This margin level also includes the anticipated spending on additional mRNA programs.

Let me add that if we contract for delivery of additional doses during the year, we will provide a guidance update in our subsequent earnings releases.

**[Slide 34: Selected 2021 Financial Guidance Ranges Excluding BNT162b2]**

If we remove the projected COVID-19 vaccine contribution from both periods, you will see that we slightly increased the 2021 revenue range to \$45 to \$47 billion, so representing approximately 7 percent operational revenue growth at the midpoint.

In terms of Adjusted diluted EPS without the contribution from the COVID-19 vaccine, we have increased the range to be between \$2.55 and \$2.65 for the year which represents approximately 11% operational growth at the midpoint. These growth rates are all consistent with how we've been publicly positioning the business post-the Upjohn separation.

**[Slide 35: Capital Allocation Framework]**

And going forward we will continue to maintain a prudent stance toward our capital allocation activities with the opportunities for deployment shown here on this slide.

**[Slide 36: Key Takeaways]**

In summary a strong quarter and first half of the year and we have increased our revenue and EPS guidance for the remainder of the year. In addition, we have had pipeline advances and just completed a very promising business development agreement with Arvinas.

I'll now turn it over to Chris to start the Q&A session.

**Disclosure Notice:** *This material represents prepared remarks for Pfizer Inc.'s earnings conference call and is not an official transcript. Except where otherwise noted, the information contained in these prepared remarks is as of July 28, 2021. We assume no obligation to update any forward-looking statements contained in these prepared remarks as a result of new information or future events or developments.*

*These prepared remarks contain forward-looking statements about, among other topics, our anticipated operating and financial performance; reorganizations; business plans and prospects; expectations for our product pipeline, in-line products and product candidates, including anticipated regulatory submissions, data read-outs, study starts, approvals, clinical trial results and other developing data that become available, revenue contribution, growth, performance, timing of exclusivity and potential benefits; strategic reviews; capital allocation objectives; dividends and share repurchases; plans for and prospects of our acquisitions, dispositions and other business development activities, and our ability to successfully capitalize on these opportunities; manufacturing and product supply; our efforts to respond to COVID-19, including the Pfizer-BioNTech COVID-19 vaccine (BNT162b2) and our investigational protease inhibitors; and our expectations regarding the impact of COVID-19 on our business, operations and financial results*

that involve substantial risks and uncertainties. You can identify these statements by the fact that they use future dates or use words such as “will,” “may,” “could,” “likely,” “ongoing,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “assume,” “target,” “forecast,” “guidance,” “goal,” “objective,” “aim,” “seek” and other words and terms of similar meaning. Among the factors that could cause actual results to differ materially from past results and future plans and projected future results are the following:

Risks Related to Our Business, Industry and Operations, and Business Development:

- *the outcome of research and development (R&D) activities, including, the ability to meet anticipated pre-clinical or clinical endpoints, commencement and/or completion dates for our pre-clinical or clinical trials, regulatory submission dates, and/or regulatory approval and/or launch dates; the possibility of unfavorable pre-clinical and clinical trial results, including the possibility of unfavorable new pre-clinical or clinical data and further analyses of existing pre-clinical or clinical data; the risk that pre-clinical and clinical trial data are subject to differing interpretations and assessments, including during the peer review/publication process, in the scientific community generally, and by regulatory authorities; and whether and when additional data from our pipeline programs will be published in scientific journal publications and, if so, when and with what modifications and interpretations;*
- *our ability to successfully address comments received from regulatory authorities such as the U.S. Food and Drug Administration or the European Medicines Agency, or obtain approval for new products or indications from regulators on a timely basis or at all; regulatory decisions impacting labeling, manufacturing processes, safety and/or other matters; the impact of recommendations by technical or advisory committees; and the timing of pricing approvals and product launches;*
- *claims and concerns that may arise regarding the safety or efficacy of in-line products and product candidates, including claims and concerns that may arise from the outcome of post-approval clinical trials, which could impact marketing approval, product labeling, and/or availability or commercial potential, including uncertainties regarding the commercial or other impact of the results of the Xeljanz ORAL Surveillance (A3921133) study or any potential actions by regulatory authorities based on analysis of ORAL Surveillance or other data;*
- *the success and impact of external business-development activities, including the ability to identify and execute on potential business development opportunities; the ability to satisfy the conditions to closing of announced transactions in the anticipated time frame or at all; the ability to realize the anticipated benefits of any such transactions in the anticipated time frame or at all; the potential need for and impact of additional equity or debt financing to pursue these opportunities, which could result in increased leverage and/or a downgrade of our credit ratings; challenges integrating the businesses and operations; disruption to business and operations relationships; risks related to*

*growing revenues for certain acquired products; significant transaction costs; and unknown liabilities;*

- *competition, including from new product entrants, in-line branded products, generic products, private label products, biosimilars and product candidates that treat diseases and conditions similar to those treated by our in-line products and product candidates;*
- *the ability to successfully market both new and existing products, including biosimilars;*
- *difficulties or delays in manufacturing, sales or marketing; supply disruptions, shortages or stock-outs at our or our third party suppliers' facilities; and legal or regulatory actions;*
- *the impact of public health outbreaks, epidemics or pandemics (such as the COVID-19 pandemic) on our business, operations and financial condition and results, including impacts on our employees, manufacturing, supply chain, sales and marketing, research and development and clinical trials;*
- *risks and uncertainties related to our efforts to develop and commercialize a vaccine to help prevent COVID-19 and potential treatments for COVID-19, as well as challenges related to their manufacturing, supply and distribution, including, among others, uncertainties inherent in research and development, including the ability to meet anticipated clinical endpoints, commencement and/or completion dates for clinical trials, regulatory submission dates, regulatory approval dates and/or launch dates, as well as risks associated with pre-clinical or clinical data (including the Phase 3 data for BNT162b2), including the possibility of unfavorable new pre-clinical, clinical or safety data and further analyses of existing pre-clinical, clinical or safety data; the ability to produce comparable clinical or other results, including the rate of vaccine effectiveness and safety and tolerability profile observed to date, in additional analyses of the Phase 3 trial and additional studies or in larger, more diverse populations following commercialization; the ability of BNT162b2 to prevent COVID-19 caused by emerging virus variants; the risk that more widespread use of the vaccine will lead to new information about efficacy, safety or other developments, including the risk of additional adverse reactions, some of which may be serious; the risk that pre-clinical and clinical trial data are subject to differing interpretations and assessments, including during the peer review/publication process, in the scientific community generally, and by regulatory authorities; whether and when additional data from the BNT162 mRNA vaccine program or other programs will be published in scientific journal publications and, if so, when and with what modifications and interpretations; whether regulatory authorities will be satisfied with the design of and results from these and any future pre-clinical and clinical studies; whether and when other biologics license and/or emergency use authorization (EUA) applications or amendments to any such applications may be filed in particular jurisdictions for BNT162b2 or any other potential vaccines that may arise from the BNT162 program, and if obtained, whether or when such EUA or licenses will expire or terminate; whether and when any applications that may be pending or filed for BNT162b2 (including the*

*Biologics License Application in the U.S. or any requested amendments to the emergency use or conditional marketing authorizations) or other vaccines that may result from the BNT162 program may be approved by particular regulatory authorities, which will depend on myriad factors, including making a determination as to whether the vaccine's benefits outweigh its known risks and determination of the vaccine's efficacy and, if approved, whether it will be commercially successful; decisions by regulatory authorities impacting labeling or marketing, manufacturing processes, safety and/or other matters that could affect the availability or commercial potential of a vaccine, including development of products or therapies by other companies; disruptions in the relationships between us and our collaboration partners, clinical trial sites or third-party suppliers, including our relationship with BioNTech; the risk that other companies may produce superior or competitive products; the risk that demand for any products may be reduced or no longer exist; risks related to the availability of raw materials to manufacture or test any such products; challenges related to our vaccine's ultra-low temperature formulation, two-dose schedule and attendant storage, distribution and administration requirements, including risks related to storage and handling after delivery by Pfizer; the risk that we may not be able to successfully develop other vaccine formulations, booster doses or new variant-specific vaccines; the risk that we may not be able to recoup costs associated with our R&D and manufacturing efforts; risks associated with any changes in the way we approach or provide research funding for the BNT162 program or potential treatment for COVID-19; challenges and risks associated with the pace of our development programs; the risk that we may not be able to maintain or scale up manufacturing capacity on a timely basis or maintain access to logistics or supply channels commensurate with global demand for our vaccine or any potential approved treatment, which would negatively impact our ability to supply the estimated numbers of doses of our vaccine within the projected time periods as previously indicated; whether and when additional supply agreements will be reached; uncertainties regarding the ability to obtain recommendations from vaccine advisory or technical committees and other public health authorities and uncertainties regarding the commercial impact of any such recommendations; pricing and access challenges for such products; challenges related to public vaccine confidence or awareness; trade restrictions; and competitive developments;*

- trends toward managed care and healthcare cost containment, and our ability to obtain or maintain timely or adequate pricing or favorable formulary placement for our products;*
- interest rate and foreign currency exchange rate fluctuations, including the impact of possible currency devaluations in countries experiencing high inflation rates;*
- any significant issues involving our largest wholesale distributors, which account for a substantial portion of our revenues;*
- the impact of the increased presence of counterfeit medicines in the pharmaceutical supply chain;*

- *any significant issues related to the outsourcing of certain operational and staff functions to third parties; and any significant issues related to our JVs and other third-party business arrangements;*
- *uncertainties related to general economic, political, business, industry, regulatory and market conditions including, without limitation, uncertainties related to the impact on us, our customers, suppliers and lenders and counterparties to our foreign-exchange and interest-rate agreements of challenging global economic conditions and recent and possible future changes in global financial markets;*
- *any changes in business, political and economic conditions due to actual or threatened terrorist activity, civil unrest or military action;*
- *the impact of product recalls, withdrawals and other unusual items;*
- *trade buying patterns;*
- *the risk of an impairment charge related to our intangible assets, goodwill or equity-method investments;*
- *the impact of, and risks and uncertainties related to, restructurings and internal reorganizations, as well as any other corporate strategic initiatives, and cost-reduction and productivity initiatives, each of which requires upfront costs but may fail to yield anticipated benefits and may result in unexpected costs or organizational disruption;*

*Risks Related to Government Regulation and Legal Proceedings:*

- *the impact of any U.S. healthcare reform or legislation or any significant spending reductions or cost controls affecting Medicare, Medicaid or other publicly funded or subsidized health programs or changes in the tax treatment of employer-sponsored health insurance that may be implemented;*
- *U.S. federal or state legislation or regulatory action and/or policy efforts affecting, among other things, pharmaceutical product pricing, intellectual property, reimbursement or access or restrictions on U.S. direct-to-consumer advertising; limitations on interactions with healthcare professionals and other industry stakeholders; as well as pricing pressures for our products as a result of highly competitive insurance markets;*
- *legislation or regulatory action in markets outside of the U.S., including China, affecting pharmaceutical product pricing, intellectual property, reimbursement or access, including, in particular, continued government-mandated reductions in prices and access restrictions for certain biopharmaceutical products to control costs in those markets;*
- *the exposure of our operations globally to possible capital and exchange controls, economic conditions, expropriation and other restrictive government actions, changes in intellectual property legal protections and remedies, as well as political unrest, unstable governments and legal systems and inter-governmental disputes;*

- *legal defense costs, insurance expenses, settlement costs and contingencies, including those related to actual or alleged environmental contamination;*
- *the risk and impact of an adverse decision or settlement and the adequacy of reserves related to legal proceedings;*
- *the risk and impact of tax related litigation;*
- *governmental laws and regulations affecting our operations, including, without limitation, changes in laws and regulations or their interpretation, including, among others, changes in tax laws and regulations, including, among others, any potential changes to the existing tax law by the current U.S. Presidential administration and Congress increasing the corporate tax rate and/or the tax rate on foreign earnings;*

*Risks Related to Intellectual Property, Technology and Security:*

- *any significant breakdown, infiltration or interruption of our information technology systems and infrastructure;*
- *the risk that our currently pending or future patent applications may not be granted on a timely basis or at all, or any patent-term extensions that we seek may not be granted on a timely basis, if at all; and*
- *our ability to protect our patents and other intellectual property, including against claims of invalidity that could result in loss of exclusivity, unasserted intellectual property claims and in response to any pressure, or legal or regulatory action by, various stakeholders or governments that could potentially result in us not seeking intellectual property protection for or agreeing not to enforce or being restricted from enforcing intellectual property related to our products, including our vaccine to help prevent COVID-19 and potential treatments for COVID-19.*

*We cannot guarantee that any forward-looking statement will be realized. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Investors are cautioned not to put undue reliance on forward-looking statements. A further list and description of risks, uncertainties and other matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and in our subsequent reports on Form 10-Q, in each case including in the sections thereof captioned “Forward-Looking Information and Factors That May Affect Future Results” and “Item 1A. Risk Factors,” and in our subsequent reports on Form 8-K.*

*These prepared remarks include discussion of certain financial measures that were not prepared in accordance with generally accepted accounting principles (GAAP). Reconciliations of those non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the Company’s Current Report on Form 8-K dated July 28, 2021.*

*These prepared remarks may include discussion of certain clinical studies relating to various in-line products and/or product candidates. These studies typically are part of a larger body of clinical data relating to such products or product candidates, and the discussion herein should be considered in the context of the larger body of data. In addition, clinical trial data are subject to differing interpretations, and, even when we view data as sufficient to support the safety and/or effectiveness of a product candidate or a new indication for an in-line product, regulatory authorities may not share our views and may require additional data or may deny approval altogether.*

*BNT162b2 has not been approved or licensed by the FDA, but has been authorized for emergency use by the FDA under an EUA to prevent Coronavirus Disease 2019 (COVID-19) for use in individuals 12 years of age and older. The emergency use of this product is only authorized for the duration of the declaration that circumstances exist justifying the authorization of emergency use of the medical product under Section 564 (b) (1) of the FD&C Act unless the declaration is terminated or authorization revoked sooner. Please see the EUA Fact Sheet for Healthcare Providers Administering Vaccine (Vaccination Providers) including full EUA prescribing information available at [www.cvdvaccine.com](http://www.cvdvaccine.com).*

*The information contained on our website or any third-party website is not incorporated by reference into this earnings release.*

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