



# IDHIFA<sup>®</sup> Royalty Monetization Accounting Summary

August 2020



# Forward Looking Statements

This presentation may contain forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. The words “anticipate,” “expect,” “goal,” “hope,” “milestone,” “plan,” “potential,” “possible,” “strategy,” “will,” “vision,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such statements are subject to numerous important factors, risks and uncertainties that may cause actual events or results to differ materially from Agios’ current expectations and beliefs. These risks are described in greater detail under the caption “Risk Factors” included in Agios’ public filings with the Securities and Exchange Commission. Any forward-looking statements contained in this presentation speak only as of the date hereof, and Agios expressly disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.



- In June 2020, Royalty Pharma acquired Agios' tiered, sales-based royalty rights on worldwide net sales of BMS/Celgene's IDHIFA<sup>®</sup> and rights to receive up to \$55 million in outstanding regulatory milestone payments from BMS for \$255 million
- Agios retains the right to receive \$25 million upon achievement of a specified ex-U.S. commercial milestone event, as well as reimbursement for costs incurred for its co-commercialization efforts and development activities
- Celgene and Agios are currently co-commercializing IDHIFA<sup>®</sup> in the U.S., and Agios continues to conduct certain clinical development activities within the IDHIFA<sup>®</sup> development program



- Transaction is accounted for similar to a debt agreement
  - Classified as “Liability related to sale of future revenue” on the balance sheet, net of issuance costs
  - Non-cash interest expense recorded will increase the liability balance
  - Royalty and milestones will decrease the liability balance
  - No impact to cash and no impact to investment balances
- Interest
  - Non-cash interest expense
  - Effective interest is calculated based on the IDHIFA<sup>®</sup> Royalties over the royalty agreement period
- Royalty and eligible ex-US regulatory milestones for IDHIFA will be recorded as revenue
- Royalty payments will be made directly from BMS to Royalty Pharma
- For relevant disclosures, see Note 10, Sale of Future Revenue, to Condensed Consolidated Financial Statements in Agios Form 10-Q filed July 30, 2020



# Illustrative Accounting for Royalty Monetization

## Impact on Agios Balance Sheet and Income Statement\*

\$ in millions	Balance Sheet		Income Statement	
	Cash	Liability	Revenue	Expense
Consideration, net of issuance costs	+100	+100		
Non-Cash Interest**		+26		+26
IDHIFA® Royalty Revenue		-10	+10	
Ex-US Regulatory Milestones to RP		-20	+20	

\*Amounts in table above are for illustrative purposes only

\*\*See following slide for illustrative interest calculation & liability reduction example



# Illustrative Accounting for Royalty Monetization (continued)

## Interest Calculation & Liability Reduction Example (\$ in millions)\*

Year	Consideration (net of issuance)	IDHIFA® Royalty Revenue	Regulatory Milestones to RP**	Non-cash Interest Expense***	Liability Balance
2020	+100	2		1	99
2021		5		22	116
2022		10	20	26	112
2023		15		25	122
2024		20		27	129
2025		25		29	133
2026		30		30	133
2027		35		29	126
2028		40		28	115
2029		45		26	96
2030		50		21	67
2031		40		15	42
2032		35		9	16
2033		20		4	0

\*Amounts in table above are for illustrative purposes only; \*\*Probability adjusted; \*\*\*Interest rate and expense are calculated based on the expected liability reduction of Royalty Pharma consideration over the expected royalty period and are subject to change (illustrative rate of 22.3% used)

