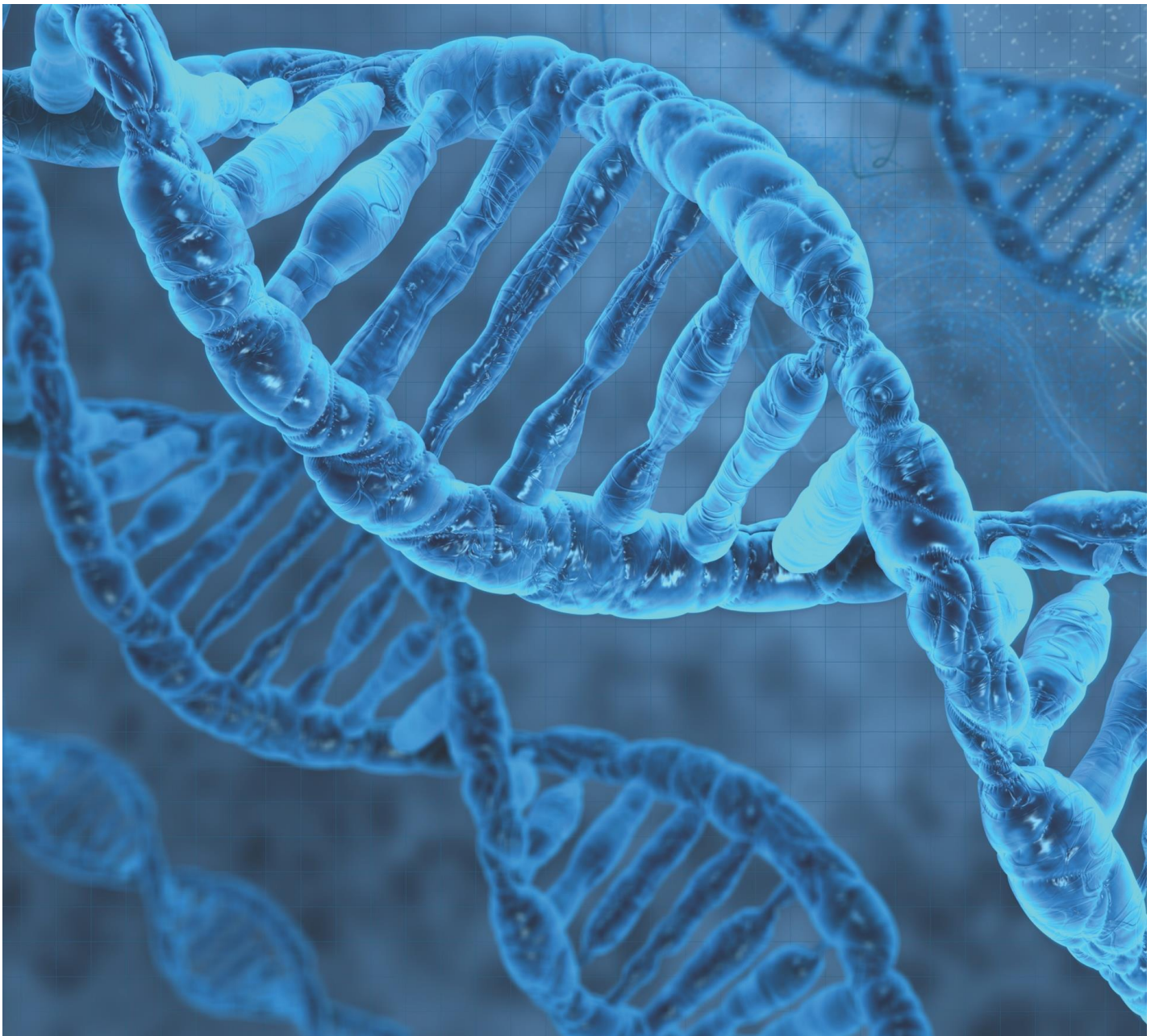


Tax Transparency Code

AstraZeneca Australia Tax Contribution Report

For Year Ended 31 December 2020



Chief Financial Officer's Statement

I am pleased to present AstraZeneca Australia's (AZA) Tax Contribution Report for 2020.

In preparing this report we have followed the recommendations of the Board of Taxation's Tax Transparency Code, we support the adoption of this voluntary code as AZA has a strong commitment to compliance, governance and transparency.

AstraZeneca operates in the highly regulated global industry of manufacture and wholesaling of pharmaceuticals used for the treatment of Cardiovascular and Metabolic Diseases, Respiratory & Immunology and Oncology. AstraZeneca must ensure it enters into transactions in an ethical manner to maintain its reputation with regulators, governments, health care professions & patients.

To meet this objective and to make a positive difference to the lives of our patients and staff, AstraZeneca manages its global and local tax obligations in line with domestic and international laws and regulations which is consistent with its overall approach to risk management and compliance.

Signed

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Peter Sean Fahey
Chief Financial Officer
Date: Oct 27, 2021

Introduction to AstraZeneca Australia

Established on 30 October 1957, AZA is a biopharmaceutical company engaged primarily in the manufacture, marketing, distribution and sale of prescription medicines in both domestic and export markets. .

AZA is a subsidiary of AstraZeneca plc a UK based global biopharmaceutical company employing 76,100 staff worldwide.

AZA has manufacturing facilities and head office located in Macquarie Park, New South Wales with sales and other staff based throughout the country.

AZA focuses on three main areas of healthcare: Cardiovascular and Metabolic Diseases (CVMD), Respiratory & Immunology and Oncology.

AZA is the largest national manufacturer of pharmaceuticals, providing A\$463 million of medicines to the local market and approximately A\$612 million in exports mainly to China and Japan.

AZA also participates in the Group's R&D work and is currently involved in more than 41 clinical trials across Australia with the trials focusing on potential treatments for Cancer, Cardiovascular disease, Diabetes and Respiratory illnesses.

During the year, the ultimate parent entity AstraZeneca P.L.C, in conjunction with Oxford University, developed and gained successful approvals of a COVID-19 vaccine. AstraZeneca Pty Ltd reached an agreement with the Australian Government to produce and supply COVID-19 vaccine to Australia.

AZA currently employs over 1,084 people who are dedicated to the manufacture, supply and distribution of medicines that aim to improve the health and wellbeing of Australians. We invest in our people to ensure we have a well-educated and well-trained workforce.

Overall contribution to the Australian Economy

AstraZeneca Australia (AZA) has been operating in Australia for more than 60 years. Since humble beginnings in a converted ex World War II army canteen in the Brisbane suburb of Rockdale, AZA has contributed to the Australian economy through its own operations and via other industries that supply the intermediate inputs including packaging used in AZA's manufacturing facility.

AZA has been manufacturing continuously since 1958, & manufacturing at Macquarie Park, North Ryde, Sydney, since 1970 after relocating from Brisbane.

Gains in patient wellbeing due to conditions treated by medicines developed by AstraZeneca also contribute in improved quality of life, reduced health system expenditure, increased workforce productivity and other financial benefits to society.

Tax Governance

AstraZeneca manages its global tax obligations strictly in compliance with domestic and international tax laws and regulations. This underpins AstraZeneca's global tax policy, the key principles of which are:

- AstraZeneca fully complies with the letter and spirit of the laws and regulations in the countries in which we operate
- AstraZeneca has established and is committed to maintaining compliance governance processes to ensure the integrity of tax returns, and timely and accurate tax payments in all the countries in which we operate
- AstraZeneca maintains professional and transparent relationships with tax authorities and ensures there is access to relevant information necessary to confirm the integrity of our tax processes, returns and payments.
- Government tax incentives are accessed only where appropriate and in line with substantial business activities and the intent of the Government policy.

These principles are consistent with AstraZeneca's broader approach to low risk tolerance in relation to taxation management and compliance. AstraZeneca maintains appropriate reporting lines to Senior Executive Officers and to the Group Audit Committee which ultimately reports to the AstraZeneca Plc Board.

ATO public disclosure

It is expected that the Commissioner of Taxation will publicly disclose the following details in respect of AZA's consolidated entity AstraZeneca Holdings Pty Ltd's income tax return for the year ended 31 December, 2020.

Name	AstraZeneca Holdings Pty Ltd
ABN	59066876962
Total income	\$1,153,691,439
Taxable/net income or (loss)	\$227,811,682
Income Tax Payable	\$63,532,645

Income Tax Expense

Total income reported in the income tax return represents gross income for accounting purposes – i.e. income before any expenses are taken into account. Total income is not an indicator of the real, economic or taxable profits of an organisation. Accounting profit is a better indicator, as it takes into account both income received and expenses incurred.

We provide following a summary of AZA's total income & accounting profit for the year ended 31 December 2020, followed by a reconciliation of AstraZeneca's accounting profit to tax paid for the year ended 31 December 2020, as reported in the income tax return. All material differences have been disclosed in this reconciliation. Effective tax rate (ETR) has been calculated based on the company tax expense divided by accounting profit.

The prior year is also included for comparison.

Total income & accounting profit	2020	2019
	A\$'000	A\$'000
Total income	1,153,691	1,565,610
Less: total expenses (excluding tax)	1,080,307	1,498,963
Profit before income tax	73,384	66,647

Reconciliation of Accounting Profit to Income Tax Payable				
	2020		2019	
	ETR	A\$'000	ETR	A\$'000
Profit before income tax		73,384		66,647
Income tax at statutory rate	30%	22,015	30%	19,994
Increase/(decrease) in income tax expense due to:				
– non-deductible expenses e.g. entertainment		18		300
– other		(948)		(809)
– (over)/under provision of income tax in prior year		636		17,381
Tax Expense recognised in Accounts	30%	21,721	55%	36,866
Temporary & Permanent differences Net accounting add-back:				
– R&D expenses		3,749		2,481
– Other differences		42,874		(14,850)
Total Taxable income		227,812		81,658
Tax at 30%	30%	68,344	30%	24,497
Less tax offset:				
– R&D tax offset		(4,811)		(3,185)
Tax Paid	87%	63,533	32%	21,313

Income Tax Expense continued

Reconciliation of income tax expense to cash tax paid		
	2020	2019
	A\$'000	A\$'000
Tax paid	63,533	21,313
Current year tax instalments payable next year	(45,293)	(3,231)
Prior year tax instalments paid this year	3,231	1,915
Tax Refund	(10,144)	8,808
Tax paid for FY2014 - 2018 adjustment	0	12,727
Cash Tax Paid per cash flow statement	11,327	41,532

Net accounting add-back

There are differences between the recognition of income and expenses for accounting and tax purposes. AstraZeneca had a net accounting add-back which predominantly relates to the following:

1. Research and Development (“R&D”) expenses: R&D expenses are added back before determining taxable income, as an equivalent amount is used in the calculation of the R&D tax offset (being the tax-effected amount shown above of A\$4,810,860).
2. Non-deductible business expenses: including certain legal fees which are capitalised for tax purposes, timing differences between tax and accounting in respect of depreciation and expenses accrued for accounting purposes (e.g. in respect of salary and wages, advanced payment) and permanent differences (e.g. certain entertainment expenses).

R&D tax offset

As AstraZeneca engages in and invests a significant amount in R&D, it is entitled to the R&D tax incentive. This Government endorsed tax offset seeks to encourage more companies to engage in R&D for the benefit of the Australian economy.

On taking into account the impact of the R&D Offset and the treatment of vaccine revenue, the effective tax rate (ETR) for AstraZeneca for the year ended 31 December 2020 is approximately 87%.

International Related Party Dealings

Medicines for the Australian market are either imported as finished products or processed and packaged in our local manufacturing site in Macquarie Park, Sydney. The company sources finished medicines and active pharmaceutical ingredients from AstraZeneca entities in the Sweden, UK, the Netherlands and France.

The company exports to AstraZeneca companies across the Asia region.

2020		A\$'000	
Exported Medicines		Imported Goods	
China	642,310	Sweden	564,554
Japan	19,088	United Kingdom	100,626
Total exported medicines	661,397	The Netherlands	36,386
		France	16,458
		Total imported goods	718,024

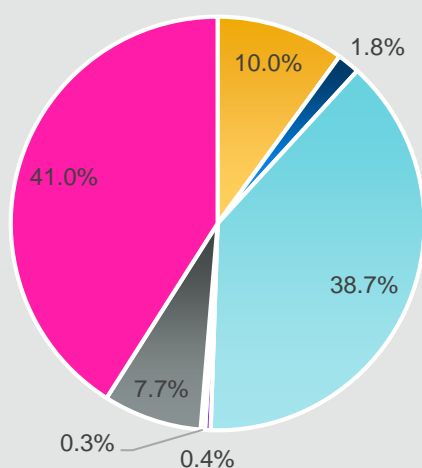
Revenue R&D, other services		A\$'000	
Research & Development		Net Other services	
Sweden	22,165	United Kingdom	14,411
Total R&D	22,165	Sweden	(1,354)
		Other countries	835
		Total other services	13,892

Total Cash Tax Contribution Summary

Provided below is a summary of AstraZeneca's total cash taxes paid to Australian tax authorities during the year ending 31st December 2020.

Cash Tax Contributions	
Year ending 31 December 2020	A\$,000
Company Taxes	
Company income tax	11,316
Fringe Benefits Tax	1,985
Net GST (net collected less tax credits)	43,705
Withholding taxes on dividends/interest/invoices without ABN	484
Property taxes	390
Payroll Taxes	8,689
Total Company taxes	66,569
Employee Taxes	
PAYG/PAYE salary withholding	46,227
Total taxes paid	112,797

Cash Tax contributions by category
Year ending 31 December 2020



- Company income tax 10.0%
- Fringe Benefits Tax 1.8%
- Net GST (net collected less tax credits) 38.7%
- Withholding taxes on dividends/royalty/interest/invoices without ABN 0.4%
- Property taxes 0.3%
- Payroll Taxes 7.7%

Conclusion

AstraZeneca takes its obligation to the Australian community and compliance with Australia's taxation laws very seriously. This reports provides clarity on our tax contribution.

We are committed to ensuring full compliance with both our reporting obligations and payment of taxes that are assessed by the ATO.

As a company, we engage honestly and openly with the ATO & other revenue authorities to ensure full compliance as a responsible corporate tax citizen.

For further information please refer to www.astrazeneca.com.au .