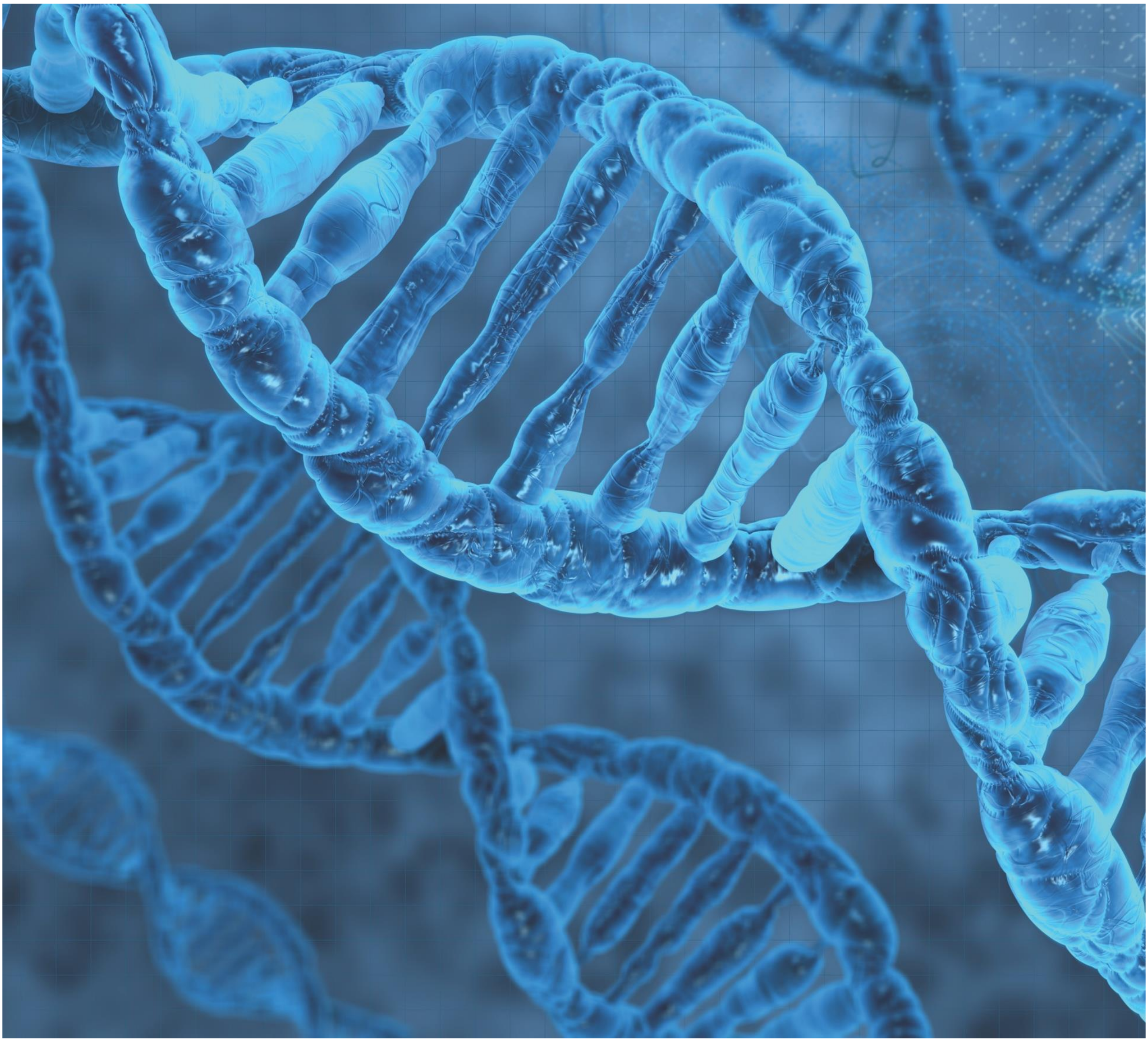
Tax Transparency Code

AstraZeneca Australia
Tax Contribution Report

For Year Ended 31 December 2022



Chief Financial Officer's Statement

I am pleased to present AstraZeneca Australia's (AZA) Tax Contribution Report for 2022.

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, Renal and Metabolic Diseases, Respiratory & Immunology, Oncology and Vaccines and Immune Therapies. 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

Peter Fahey (Nov 8, 2023 09:48 GMT+11)

Peter Sean Fahey
Chief Financial Officer
Date: 03/11/2023

Introduction to AstraZeneca Australia

Established on 30 October 1957, AstraZeneca Australia (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 approximately 83,500 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 four main areas of healthcare: Cardiovascular, Renal and Metabolic Diseases (CVRM), Respiratory & Immunology, Oncology and Vaccines and Immune Therapies.

AZA is the largest national manufacturer of pharmaceuticals, providing A$724 million of medicines to the local market and A$150 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 40 clinical trials across Australia with the trials focusing on potential treatments for Cancer, Cardiovascular disease, Renal disease and Respiratory illnesses.

AZA currently employs over 1,041 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 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 and 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's approach is to manage tax risks and tax costs in a manner consistent with applicable regulatory requirements and with shareholders' best long term interests, taking into account operational, economic and reputational factors.
- AstraZeneca have established and maintain robust policies and compliance processes to ensure the integrity of our tax returns, and timely and accurate tax payments in all countries in which we operate.
- AstraZeneca seek to develop and maintain professional and transparent relationships with tax authorities. We engage with transparency and ensure there is access to relevant information demonstrating the integrity of our tax processes, returns and payments.
- AstraZeneca access government sponsored tax incentives where appropriate and in line with substantive business activities (e.g. UK patent box and R&D tax credits).

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 – updated 2022

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, 2022.

Name	AstraZeneca Holdings Pty Ltd
ABN	59066876962
Total income	$915,404,362
Taxable/net income or (loss)	$ 140,076,254
Income Tax Payable	$ 33,338,818

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 2022, followed by a reconciliation of AstraZeneca's accounting profit to tax paid for the year ended 31 December 2022, 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	2022	2021
	A$'000	A$'000
Total income	915,404	1,085,128
Less: total expenses (excluding tax)	843,766	1,016,882
Profit before income tax	71,638	68,246

Reconciliation of Accounting Profit to Income Tax Payable				
		2022		2021
	ETR	A$'000	ETR	A$'000
Profit before income tax		**71,638**		**68,246**
Income tax at statutory rate	30%	21,491	30%	20,474
Increase/(decrease) in income tax expense due to:				
– non-deductible expenses e.g. entertainment		36		20
– other		(1,243)		1,028
– (over)/under provision of income tax in prior year		450		(1,326)
Tax Expense recognised in Accounts	**29%**	**20,734**	**30%**	**20,196**
Temporary & Permanent differences Net accounting add-back:				
– R&D expenses		6,474		4,921
– Other differences		14,815		21,589
Total Taxable income		**140,076**		**155,685**
Tax at 30%	30%	42,023	30%	46,706
Less tax offset:				
– R&D tax offset		(8,684)		(6,315)
Tax Paid	**47%**	**33,339**	**59%**	**40,391**

Income Tax Expense continued

Reconciliation of income tax expense to cash tax paid		
	2022	2021
	A$'000	A$'000
Tax paid	33,339	40,391
Current year tax instalments payable next year	(2,516)	(20,644)
Prior year tax instalments paid this year	20,644	45,293
Tax Refund	13,677	334
Cash Tax Paid per cash flow statement	65,144	65,375

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$8,684,058.05).
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, the effective tax rate (ETR) for AstraZeneca for the year ended 31 December 2022 is approximately 47%.

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.

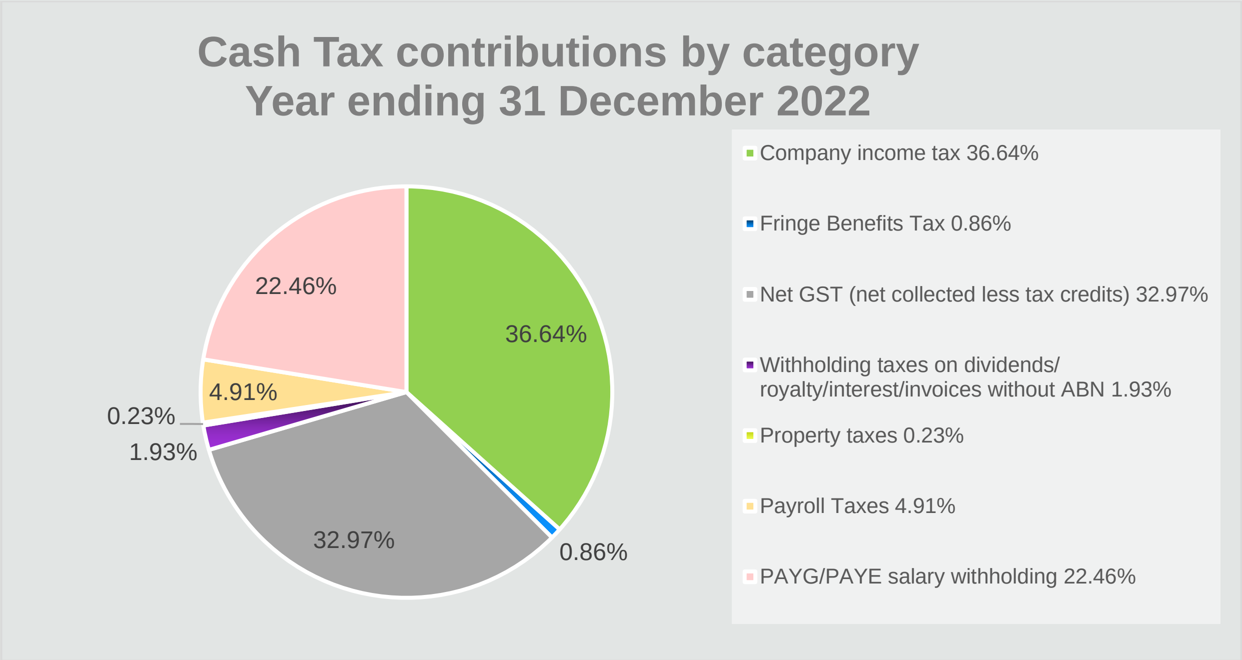
2022		A$'000	
Exported Medicines		**Imported Goods**	
China	142,415	United Kingdom	232,963
Japan	14,442	Sweden	211,391
Total exported medicines	156,857	The Netherlands	15,852
		France	38,163
		Total imported goods	498,368

Revenue R&D, other services		A$'000	
Research & Development		**Net Other services**	
Sweden	28,930	Sweden	5,493
Total R&D	28,930	United Kingdom	14,872
		Other countries	(892)
		Total other services	19,473

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 2022.

Cash Tax Contributions	
Year ending 31 December 2022	**A$,000**
Company Taxes	
Company income tax	65,144
Fringe Benefits Tax	1,534
Net GST (net collected less tax credits)	58,624
Withholding taxes on dividends/interest/invoices without ABN	3,438
Property taxes	405
Payroll Taxes	8,739
Total Company taxes	**137,884**
Employee Taxes	
PAYG/PAYE salary withholding	**39,929**
Total taxes paid	**177,813**



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 comply 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 as a responsible corporate tax citizen.

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