

Chairman's Address to Shareholders

Ladies and Gentlemen,

On behalf of the Board of Directors, I extend a warm welcome to all of you present this afternoon for the **41st Annual General Meeting** of your Company. We are pleased that we are able to hold our first-ever virtual Annual General Meeting and provide you the ability to interact and update you on the progress we have made in delivering your Company's strategy.

The Directors' Report and the Audited Financial Statements for the financial year ended March 31, 2020 have been with you for some time now. I will, with your kind permission, take them as read.

Dear shareholders, we are living through an unprecedented time for society and our economies. The crisis around the COVID-19 pandemic has affected everyone. These challenges are only reinforcing our resolve to continue working towards making the world more resilient by pushing the boundaries of science to safeguard and change the lives of people around the world.

Your Company has been agile in its response to the COVID-19 outbreak by considering science as its guiding force, putting patients first and always opting for the right thing to do. In this crisis, our priority has been to enable uninterrupted supply of medicines to safeguard the health of those in need of our products, our employees and also the wider communities.

To enable continued delivery of our medicines to patients, your Company management worked on a timely basis to establish an effective inventory management process, minimized disruptions to the supply chain and similar other measures. The Company also augmented its digital pathways to reach out to its various constituents with measures like remote detailing to healthcare professionals, collaborating with telemedicine providers, e-pharmacies and with investments in new platforms to communicate and exchange scientific information and other data with healthcare professionals.

Further, during these challenging times, the safety and wellbeing of our employees in India has been of paramount importance. We implemented a number of measures to reduce the risk of viruses' spread including an early decision to allow all employees to work from home, doing away with business travel, off site

meetings and strict protocols of access to Company facilities. For those in the supply-chain and manufacturing roles whose physical presence was required, enhanced safety protocols were worked out and implemented. A graded return-to-work policy was established, under which strict social distancing norms were made mandatory.

Through these and other concerted efforts your Company's management, its employees, and partners, are aiming for greater agility and sharper timelines to bring about a higher level of resilience in this period of huge uncertainty. It is a scenario which changes fast, and is impossible to predict, but by being constantly vigilant, and establishing robust Business Continuity plans management is confident in its ability to deal with uncertainties. We remain watchful and ready to react with appropriate measures to changing circumstances.

Fiscal year 2019-20

Moving to your Company's performance, during FY 2019-20, significant progress was made in delivering its science-led and patient focussed strategy in India. Your Company's business has been growing, driven by an innovative portfolio in therapy

areas of high disease burden, rich global R&D pipeline, good governance and commercial excellence.

The Company registered sales of INR 8,013 million with a growth of 17% achieving a total comprehensive income of INR 673 million, during the financial year 2019-20. This growth comes from the focussed therapeutic areas of Cardio-Metabolism, Oncology and Respiratory, which your Company has been pursuing.

This platform for growth has performed well, with innovative molecules like Brilinta, Forxiga, Xigduo, Symbicort, Onglyza, Kombiglyze continuing to deliver. The launches of new molecules like Tagrisso, Lynparza and Imfinzi have begun to make an impact in improving the lives of cancer patients and cater to hitherto an unmet need.

- Brilinta is approved for treatment in Acute Coronary Syndrome and High Risk Post MI patients and continued to register rapid growth
- Forxiga and Xigduo in the dapagliflozin franchise, as part of the SGLT2 class of drug (Sodium Glucose Cotransporter Inhibitors), also experienced robust growth.

Your Company's partnerships with Sun Pharma Laboratories Limited and Abbott Healthcare Private Limited for the marketing of the aforesaid products has helped boost sales of the franchises, and the products efficacy has led to a wider acceptance among physicians benefiting numerous patients.

- Tagrisso is used to treat non-small cell lung cancer carcinomas with specific mutation. Tagrisso is a new standard of care for EGFR positive lung cancer patients and offers superior efficacy and safety in comparison to 1st gen TKIs
- Lynparza is an Oral PARP Inhibitor used to treat PARP dependent tumours like ovarian cancer, breast cancer & has been recently approved for pancreatic cancer. Lynparza has been able to touch lives of more than 500 patients and continues to grow
- We are happy to announce the launch of IMFINZI. With the launch of IMFINZIT, a new standard of care, a multi-disciplinary approach to treat Stage III disease is being established to optimally utilize available tools of chemoradiation, immunotherapy, and surgery.

During part of the last month of fiscal year 2019-20 when COVID-19 outbreak resulted in the entire country being locked down due to which supply chains were

disrupted causing some delays in deliveries to upcountry customers this has gradually improved and I am glad to inform you that deliveries are now regular and timely.

MACRO ECONOMIC OVERVIEW

India has been one of the fastest-growing trillion-dollar economies in the world and the fifth-largest overall, with a nominal GDP of \$2.94 trillion overtaking the United Kingdom and France. However, the pandemic has wreaked huge damage not only on India's economy but almost every economy in the world. Growth rates have dramatically dropped, and recovery is expected to take a while.

Most governments, battling to contain the spread of virus to save lives, have also introduced huge and substantial fiscal and monetary measures to arrest economic downturn. These measures are aimed to provide relief to people who have lost livelihoods, micro and small businesses facing liquidity and profitability issues, large businesses in need of liquidity and many others in need. Whilst these measures could possibly arrest some of the damage, it is consumer confidence and spending, which currently has been affected, that needs to change for future growth. Some green shoots are said to be emerging, but we have to plan for slow change and not expect miracles.

A key outcome of the pandemic has been the enormous attention that it has brought to healthcare across the world. Many governments, healthcare, pharmaceutical, insurance and all related businesses are taking a hard look at the future of healthcare and are gearing up to deal with emerging changes. Co-morbidities have been the cause of many fatalities and this area, in all likelihood will receive a lot of attention, which in turn would affect the pharmaceutical industry.

Indian Pharmaceutical Market (IPM)

The ₹150,153 Crore (US\$ 19.63 billion) Indian Pharmaceutical industry experienced a value growth of 10.8% in FY2019-20 over FY2018-19.

Domestic Indian companies account for an 80% share of IPM and had a value growth of 11.7% in FY 2019-2020, while MNCs grew at 7.4%. Indian companies registered a volume growth of 4.2 % in FY19-20 against 3.7% in FY 2018-19, while MNCs experienced a 1.8% decline in volumes.

Therapeutic areas of Antidiabetic, Inhaled Respiratory, Cardiovascular, and Oncology in which AstraZeneca India is actively operating, grew higher than the overall market growth of 10.8% for FY 2019-20.

Looking ahead the impact of Non-communicable diseases (NCDs), its increasing incidence, diagnosis, health insurance coverage, government initiatives to improve healthcare access is bound to improve healthcare infrastructure. Further digitisation, especially in the area of distribution, co-marketing agreements-and other changes will drive demand and growth of the industry.

OPERATIONS

In our manufacturing operations, the focus on continuous improvements was a key deliverable. Using Lean methodologies operations delivered improved efficiencies and minimised waste. The Operations team is also leveraging digital technology to streamline process and reduce non-value-added work, e.g. implementation of Robotic Process Automation, RPA.

Operations continue to record excellent safety performance. Our factory has received, second time in a row, an award from the National Safety Council for Best

Management and Safety performance. We celebrated six years without an LTI or MTI.

Quality in operations remains excellent, resulting in no critical observations in both internal and external audits.

OUTLOOK

In FY 2020-21, your Company will continue to prioritize investments in its focus areas in-line with its global growth platforms. Accelerating new products remains a key priority and your Company is committed to maintaining timelines of key regulatory milestones to align with the global pipeline, subject to conduct of clinical trials, regulatory approvals, and reasonable commercial viability.

All the therapeutic areas in which your Company is currently active have recorded above-average market growth during FY2019-20. These include therapeutic areas of Antidiabetic, Inhaled Respiratory, Cardiovascular, and Oncology.

Your Company will continue to emphasize high standards of sales and marketing practices, maintaining a strong focus on patient needs and safety. Your Company

remains committed to high product quality, which underpins the safety and efficacy of its medicines.

Your Company will maintain a strong focus on cost optimization and controls. Management is undertaking measures to reduce unproductive discretionary and non-customer facing spends. Management also continues to develop simple and more efficient processes to encourage accountability and improve decision-making and communication.

In preparing your Company's financial statements for Fiscal 2019-20, management has considered all possible impact of known events arising from COVID-19 pandemic and therefore believes that there will be no material impact on the operations and financial position of your Company. However, given the uncertainties impact assessment of COVID-19 will be a continuous process and management will closely monitor all developments to assess their impact and deal and disclose them appropriately.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to make a meaningful difference to society and contribute to its betterment. Accordingly, it has formulated a CSR policy which accords with the Company's philosophy of being a good Corporate Citizen laying down the guidelines and mechanisms for undertaking socially relevant and useful programs.

During the year, your Company focused on its flagship initiative for prevention and early detection of cancer among women, the "Ganga Godavari Cancer Screening Programme". The programme aims to conduct specialised check-up camps for screenable cancers such as oral, cervical and breast cancer for women from underprivileged sections of the population. In the first phase of the programme, the Company has reached over 4,000 women beneficiaries with cancer awareness and screening. During the ongoing second phase, the Company intends to reach over 1,200 women beneficiaries. The Board Members had the privilege to visit the NGO partner – Indian Cancer Society during the financial year. The partner's commitment to prevent cancer and change the lives of those impacted by cancer was commendable.

Your Company also continues to make a difference through its signature global community investment initiative, the Young Health Programme (YHP). In the wake of the unprecedented circumstances brought on by the COVID-19 pandemic, the Company quickly mobilized its resources and re-directed its efforts to donate over 75,000 high quality N95 masks to central and state health authorities to support healthcare practitioners battling in the front line of COVID-19 pandemic.

Also, employees of your Company generously came forward to make a voluntary contribution to the PM CARES Fund. The employees, by donating through encashment of the earned leaves in the Company, collectively pooled in INR 66.25 lakh. We are very grateful to our employees for coming forward to support the nation's fight against Covid – 19.

ACKNOWLEDGEMENTS

Finally, I take this opportunity to express my sincere appreciation for the support of all our stakeholders including shareholders, employees, business associates, bankers, Government departments, State Government of Karnataka, the health care community and last but not the least, patients, for their confidence reposed in AstraZeneca. I place on record the Board's deep appreciation of the active

assistance given by the AstraZeneca Group in addressing and responding to many complex issues and challenges encountered by the Company during the year.

Finally, I thank my colleagues on the Board for their contribution and commitment to the growth of the Company and for their wise counsel and support.

Narayan K Seshadri

Chairman