



## API CHAIRMAN 2021 AGM ADDRESS

For the second year in a row API has been adversely impacted by COVID-19 restrictions which saw the enforced closure of many of our Priceline-owned stores and all of our Clear Skincare clinics at various times and particularly for prolonged periods in Victoria, New South Wales and New Zealand.

Despite this detrimental impact on our retail businesses, overall revenue was virtually unchanged on a year ago at \$4 billion. Underlying EBITDA was up 7.7 per cent to \$158.4 million due to profit improvement measures implemented in the first year of the pandemic. Underlying NPAT was up 25 per cent to \$39.3 million. The higher growth rate of our NPAT compared to underlying EBIT was due to our interest costs reducing \$3.8 million reflecting lower average debt balances related to strong working capital management.

Cash conversion days remained at an optimal level and within half a day of last year's result. Richard will outline our Balance Sheet highlights reflecting another strong performance which allowed your board to pay a fully franked dividend of 2 cents per share for the second half, resulting in a dividend for the 2021 year that was 75 per cent higher than for the 2020 year.

Once again, we are pleased with our operational results given the backdrop against which they were achieved. They have demonstrated the robustness of our strategic business plan and our managerial capability to execute against it.

Taking the health, safety and wellbeing of our people first. You will see from the slide that there is a holistic approach to every aspect of wellbeing that permeates our business. This helps to ensure that everyone understands the crucial link between mental and physical wellbeing and that each of us understands how we can make a difference to our own wellbeing, and to that of our colleagues.

We remain absolutely committed to our strategic goal of 'a safer place to work every day' for all API Team Members. We were successful in this goal again in FY21 by bettering our Total Recordable Injury Rate target by 25%, meaning less people were injured than any year before. We achieved this by continuously improving our ISO45001 accredited Safety Management System in three key areas: 'People', 'Process' and 'Place'. We will continue to support our Team Members in FY22 to further improve these excellent results, and to create sustainable, operations focussed, safety solutions.





As COVID intensified so did the need for this unwavering safety focus. Early in the pandemic we moved quickly to ensure physical distancing and hygiene measures were in place at all our sites and offices, with treatment and tracing protocols established at the earliest possible opportunity. And as with society in general, the challenge was then not to become complacent as mandatory restrictions eased. So, we have maintained a focus on setting and communicating our health and safety requirements to our people, so we don't let our guard down. I am pleased to report that our safety plans protected our staff and provided continuity for the supply of products and services.

At API we are highly aware of the role that first responders play in looking after our communities. We saw that firsthand as we worked with emergency services during the bushfire and flood emergencies to ensure that townships and communities that were ravaged by the fires or floods were never short of vital medicines. So, I am pleased to let you know that Priceline Pharmacy outlets have been participating in the Australian Retailers Association's First Responders Day initiative where our fire, emergency, police officers, paramedics, ambulance crews, nurses and doctors can access a discount above and beyond any promotional offers that are available in store as a thank you from us for their valuable service.

As a Board, we are aware of the need to understand how sustainably our operations impact on our society and the planet. This year's Sustainability Report shows our progress in key areas. Our sustainability vision and principles provide the guard rails to govern API responsibly, providing care for our people and our community, helping protect our planet, contributing to the economy, and be customer centric.

I am delighted to be able to report that MSCI (Morgan Stanley Capital International), a global leader in indexing environmental, social and governance performance has maintained its triple A rating for API, the highest achievable rating. And I will now talk you through some of the initiatives that we undertook in the financial year.

As part of our efforts to protect our planet, through the year we achieved a nine per cent reduction in paper consumption that was driven by a push to print less and as a result we have removed many printers across the business.

Before COVID we had commenced a material reduction in business travel, those reductions combined with COVID restrictions resulted in an 83 per cent reduction in business travel. The challenge our team have now set themselves is to minimise an increase from this historical low. In addition, our new state of the art Distribution Centre in NSW is engineered to hold a 500-kilowatt solar system, which would produce over 52,000 kilowatt hours per month and a rainwater harvesting system that would feed into our landscaping and amenity water needs.

We have introduced an in-store cosmetic container recycling program and are the exclusive retail partner to L'Oréal's leading cosmetic brand 'Maybelline New York for Priceline' to pilot this initiative in Australia. This program allows anyone to bring in empty make-up containers for recycling, irrespective of the brand or where it was purchased, and they also receive Sister Club points. This initiative has been warmly welcomed by Priceline Pharmacy customers with an excellent response on social media platforms like Facebook and Instagram, and we are



very proud to be leading this change across the industry. This initiative sits comfortably alongside our unwanted medicines return scheme that allows patients across Australia to dispose of old medicines safely through an API aligned community pharmacy.

On the integrity front, we have strengthened our anti-bribery and corruption policies and we have communicated the measures to all relevant employees.

During the last financial year, we also published our inaugural Modern Slavery report, having in previous years put in place the systems and mechanisms to ensure we have appropriate visibility over the practices of our suppliers.

At an economic level, over the year we distributed over 118 million units of medicine and opened 19 new Clear Skincare clinics, resulting in an increase in headcount, and we generated many hundreds of new jobs in our community.

Our investment in community and sport accelerated during the year in new partnerships with grassroots and women's soccer. We recognise the importance of team sport on health and wellbeing, and we will continue to support these groups.

And it is particularly worth noting that our Priceline Pharmacy network were responsible for over 250,000 COVID vaccinations during the year and will continue this role through the vaccination booster program, helping to keep our community safe from infection.

Richard will talk to the tremendous contribution that our Priceline Sisterhood Foundation continues to make.

You will recall that we announced on 12 July last year that Wesfarmers had submitted an indicative proposal to acquire API. We announced an updated proposal from Wesfarmers on 16 September at \$1.55 per API share less the FY21 final dividend of 2c and any special dividend, and on 8 November we advised the market that we had entered into a Scheme Implementation Deed with Wesfarmers on that basis. We also received separate indicative proposals from Sigma Healthcare and Woolworths Group, neither of which have proceeded with their proposals.

We continue to work closely with Wesfarmers, we understand they are awaiting a determination from the ACCC, and we remain on track to complete the transaction at or around the end of the first quarter of this calendar year.

In concluding, I would like to welcome George Tambassis to the Board. George has a deep knowledge of the pharmacy sector along with strategic and operational expertise that has added significant value to the Board. We will hear from George shortly.

Finally, I would like to take this opportunity to thank my fellow Directors and Management of API for their support and dedication over the last year. I am immensely proud of what has been achieved.

I will now invite Richard to address the meeting.