



15 December 2021

Dear Shareholder,

Australian Pharmaceutical Industries Limited (API) – Final Dividend payment

Further to our full year financial results announcement on 28 October 2021, I am pleased to enclose the details of your fully franked final dividend payment for the six months ended 31 August 2021.

The API Board is delighted to be paying a final dividend for the 6 months ending 31 August 2021. The dividend has been supported by our resilient revenue, particularly in our Pharmacy Distribution business, and strong growth in Underlying EBIT, up 15.3% on the prior year. This result was achieved despite extended COVID-19 related lockdowns which significantly impacted upon our retail businesses requiring the temporary closure of all non-pharmacy Priceline stores and 84 Clear Skincare Clinics. The fully franked final dividend of 2.0¢ per share, when combined with the 1.5¢ per share fully franked interim dividend, represents a payout of 44% of Underlying NPAT.

API's Pharmacy Distribution business reported growth of 3.6% in prescription medicine sales on the prior year, reflecting both the resilience of that business and improved in-stock positions of PBS medicines. Our NSW Distribution Centre development in Marsden Park remains on budget and to schedule and we look forward to the efficiencies and cost saving measures it will provide once completed – estimated at \$8 million EBIT from the start of FY23.

Priceline Pharmacy has played an important role in the national COVID-19 vaccination rollout, with vaccinations administered and booked totalling over 250,000 to date. The Priceline SisterClub continues to demonstrate its importance with SisterClub basket size up 6.0% in FY21 and 35% higher than basket size of non-members. Our customers have welcomed the launch of Boots No7 range, with the range having more sales to date across the network than any other Skincare brand for customers aged 45+. The pipeline of prospective Priceline Pharmacy franchisees is the strongest it has been for 3 years and satisfaction of our current franchise partners is well above industry averages. And in a significant strategic change, we have extracted the SisterClub from Priceline Pharmacy and combined it with our other digital assets to form our Digital Hub. This business will support all digital interactions with our customers across all of our businesses and will enable us to unlock the full value of the SisterClub.

Clear Skincare continues to improve its key metrics with a growth in revenue of 36% and Gross Profit of 43% on the prior year driven by store maturity and high margin Cosmetic Injectable growth of 48%. At 31 August there were 86 clinics in total, up 19 on the prior period, representing a growth in the network of 96% since acquisition. API now owns 100% of the Clear Skincare business having completed the final tranche acquisition on 1 September 2021.

We look forward to updating you on the post-COVID lockdown trading environment at the AGM. Thank you for your ongoing support.

Yours sincerely,

Kenneth W Gunderson-Briggs
Chair

