



**API SCHEME MEETING  
THURSDAY 17 MARCH 2022  
CHAIR'S ADDRESS**

On behalf of the Board and management of API, I welcome you to this Scheme Meeting. The Scheme Meeting has been convened in accordance with the orders of the Federal Court of Australia made on 14 February 2022.

I begin by acknowledging the Traditional Owners of all the lands on which we are meeting today. I also pay my respects to Elders past, present and emerging.

Today's Scheme Meeting is being held online via the Lumi platform. This allows Shareholders, proxies and guests to attend the meeting, virtually. Attendees can watch a live webcast of the meeting. In addition, Shareholders and proxies have the ability to ask questions and submit votes.

If you require assistance, please refer to the "Virtual Meeting User Guide" which can be found on the API website, which is [www.api.net.au](http://www.api.net.au), under the "Investors" tab and the "API Scheme Documents" sub-tab. Also, if you require assistance with the technology for this meeting, please call 1300 737 760 or +61 2 9290 9600.

As is normally the case at our shareholder meetings, I remind you that recording and broadcasting this meeting is not permitted.

This Meeting has been convened to consider the proposed scheme of arrangement under which WFM Investments Pty Ltd, a wholly-owned subsidiary of Wesfarmers Limited [(ASX: WES) (Wesfarmers)] will acquire all of the shares in API that it does not already own ("Scheme") at \$1.55 per share, less the cash amount of the ordinary dividend paid by API on 15 December 2021, and any special dividend paid by API before implementation of the Scheme.

Joining me online today are API's directors:

- Lee Ausburn, Independent Non-Executive Director, appointed in 2008, Chair of the People and Remuneration Committee and the Nomination Committee, and member of the Audit and Risk Committee.
- Jenny Macdonald, Independent Non-Executive Director, appointed in 2017, Chair of the Audit and Risk Committee, and member of the People and Remuneration Committee.





- Janine Allis, Independent Non-Executive Director, appointed in 2020, and member of the People and Remuneration Committee.
- Clive Stiff, Independent Non-Executive Director appointed in 2020, and member of the Audit and Risk Committee.
- George Tambassis, Independent Non-Executive Director, appointed in 2021.
- Richard Vincent, Chief Executive Officer and Managing Director, who joined API in 2005 and was appointed CEO and Managing Director in 2017; Richard is also the current Chair of the National Pharmaceutical Services Association,

Also joining me online today is API's Company Secretary, Anne Mustow, appointed in 2019, and API's Chief Financial Officer, Peter Mendo, appointed in 2015.

### **API In Pictures**

Today is a significant day in the history of API. API began as a co-operative of pharmacists on 19 April 1910, and is now in its 112<sup>th</sup> year. Whilst the Group has come a long way -having expanded the goods and services it distributes, been listed on ASX, and created a substantial retail footprint - it has always retained a strong community service focus.

We are immensely proud of the service API has provided in the past – including recently during the COVID-19 pandemic, the destructive bushfires of Christmas 2019, and now through the current devastating floods in QLD and NSW. We expect that this community focus will continue for a long time to come, under its proposed new owner, Wesfarmers, should shareholders vote in favour of the Scheme at this meeting.

### **Wesfarmers**

Wesfarmers is one of Australia's largest listed companies. It has a diverse range of retail and industrial businesses, including brands such as Bunnings, Kmart, Target, and Officeworks. Wesfarmers is a large private sector employer in Australia and is owned by more than 494,000 shareholders. Should the Scheme be approved, API will form part of a new health division within the Wesfarmers Group. When it announced its proposal to acquire API in July 2021, Wesfarmers said:

*“Wesfarmers is well-positioned to bring capital and unique capabilities to support investment that will strengthen the competitive position of API and its community pharmacy partners.”*

Your API Board is pleased that API will be in capable hands if the Scheme is implemented.



## **Scheme Overview**

Before moving to the formal business of the meeting, I will say a few words about the proposed Scheme of arrangement. Details of the Scheme are outlined in the Scheme Booklet dated 14 February 2022. The Scheme Booklet was made available to shareholders in accordance with the orders of the Federal Court of Australia.

The Scheme Booklet can be found on API's website which is [www.api.net.au](http://www.api.net.au), under the "Investors" tab and the "API Scheme Documents" sub-tab.

If the Scheme is approved and implemented, Wesfarmers will acquire all shares in API held by Shareholders, other than itself, for \$1.55 per share, less the ordinary dividend of \$0.02 cents per share paid by API on 15 December 2021, and less any special dividend paid by API before implementation. As it is intended that API pay a Special Dividend of \$0.03 cents per share, fully franked, immediately before the Scheme is implemented, the remaining \$1.50 per share will be paid to API Shareholders in cash on implementation, if the Scheme is approved and all conditions are satisfied.

The Total Cash Value of the scheme consideration, being \$1.55 per API share, implies an equity value for API of approximately \$773.9 million.

The total cash value of \$1.55 per share offered by Wesfarmers represents:

- a premium of 35.4% to the last undisturbed closing price of API shares on 9 July 2021 of \$1.145;
- 36.9% premium to the one-month VWAP of API shares to, and including, 9 July 2021 of \$1.132 per API Share; and
- 33.3% premium to the three-month VWAP of API shares to and including 9 July 2021 of \$1.163.

The Scheme is subject to customary conditions, consistent with other schemes of arrangement, which are described in the Scheme Booklet and set out in the Scheme Implementation Deed. The API Directors are not aware of any reason why these conditions will not be satisfied.

## **Reasons to Vote in favour of the Scheme**

The API Board has identified several reasons why you should vote in favour of the Scheme and, for balance, factors which may lead you to vote against it. These are all explained in detail in the Scheme Booklet, and those reasons supporting a vote in favour are summarised on the current slide.

Having regard to the Board's responsibility to act in the best interests of all shareholders, your Directors believe the advantages of the Scheme outweigh the disadvantages.



### **Independent Expert's Conclusion**

The Board appointed Grant Thornton to prepare an independent expert's report about whether, in the opinion of the independent expert, the Scheme is in the best interests of API shareholders.

In its report, the Independent Expert concluded that the Scheme is "fair and reasonable" and therefore, in the absence of a Superior Proposal, the Scheme is in the best interests of API shareholders.

In particular, the Independent Expert estimated the market value of API shares to be between \$1.48 to \$1.78 on a 100% controlled basis, and noted that the Total Cash Value of \$1.55 per share offered by Wesfarmers falls within the market value range.

The full commentary of the Independent Expert in relation to the Scheme, is set out in its Report which is contained in Annexure A to the Scheme Booklet, and summarised on the current slide.

### **Recommendation of API Directors**

Your API Directors continue to unanimously recommend that Shareholders vote in favour of the Scheme. In reaching their recommendation, your API Directors have assessed the Scheme, having regard to the reasons to vote in favour of, or against, the Scheme, as set out in the Scheme Booklet.

Your API Directors believe the Total Cash Value of the Scheme consideration, recognises the value of API's existing business, and its medium and longer term potential. The Scheme provides certainty, by virtue of the payment of cash proceeds in the near term for API Shareholders.

At the time of this Meeting, no Superior Proposal exists, and the API Directors are not aware of any Superior Proposal that is likely to emerge.

Prior to this meeting, the API Directors instructed that the API shares owned or controlled by them be voted in favour of the Scheme.

### **Scheme Vote and Resolution**

The sole item of business is to consider, and, if thought fit, to pass the Scheme Resolution, which is set out in the Notice of this Meeting contained in Annexure D to the Scheme Booklet.

The Scheme Resolution is also now shown on the current slide and is as follows:

*'That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between API and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by Federal Court of Australia to which API and Wesfarmers agree.'*



For the Scheme to be approved by API shareholders, the Scheme Resolution must be passed by:

1. a majority in number (that is more than 50%) of API shareholders present and voting at the Meeting (either in person or by proxy); and
2. at least 75% of the total votes cast on the scheme resolution by API shareholders present and voting at the Meeting (either in person or by proxy).

As Chair, I intend to call a poll on the Scheme Resolution. The poll will be undertaken by the use of the Lumi voting system, following consideration and discussion of the relevant item of business. There will be a five-minute period at the conclusion of the meeting to allow shareholders to finalise their voting using the online platform.

As Chair of the meeting, I can vote undirected proxies given to the Chair, where the proxy appointment expressly authorises the Chair of the meeting to exercise an undirected proxy. I intend to vote undirected proxies in favour of the Scheme Resolution where permitted.

Steve Hodkin of Boardroom Pty Ltd, representing our share registry, has agreed to act as Returning Officer, and I now appoint Steve Hodkin as the Returning Officer.

### **Scheme Implementation Timetable**

If the Scheme Resolution is passed today by the required majorities, and the conditions I referred to earlier in the meeting are satisfied, API will apply to the Federal Court of Australia for approval of the Scheme.

If the Court approves the Scheme, a copy of the Court orders will be lodged with the Australian Securities and Investments Commission (ASIC), following which the Scheme will become legally effective, and API shares will be suspended from trading on the ASX.

The Court hearing to approve the Scheme is scheduled for 10.15am (Melbourne time) on 21 March 2022. Following this, if the Court approves the Scheme, lodgement of the Court Orders with ASIC, and suspension from trading on the ASX, is expected to occur on 22 March 2022.

The Scheme is then expected to be implemented on 31 March 2022. It is on this date that the scheme consideration would be paid to Shareholders in respect of API shares they held on the proposed record date of 29 March 2022.

These dates are subject to satisfaction of the outstanding conditions, with any changes to be announced to the ASX.

If the outstanding conditions are not satisfied or the Scheme is not approved by Shareholders and the Court, the Scheme will not proceed, and API will continue as a stand-alone entity listed on the ASX.



## **Questions**

I will now address any questions received relating to the Scheme Resolution. I will endeavour to answer questions straight away. However, I may take a question on notice if necessary.

As you are probably aware, this is a Shareholder meeting and only Shareholders, proxy holders, attorneys and corporate representatives may vote, ask questions and speak to the Scheme Resolution.

To ask a question in text online, open the Lumi app on your mobile device or online. Select the messaging tab at the top of the Lumi platform. At the top of that tab there is a section for you to type your question. Once you have finished typing, please hit the arrow symbol to send.

To ask a question verbally, please pause the broadcast on the Lumi platform and then click on the link under "Asking audio questions". A new page will open where you will be prompted to enter your name and the topic of your question before being connected. You will listen to the meeting on this page while waiting to ask your question. If you have any issues using this system, please return to the Lumi platform.

## **Conduct of poll**

Voting will be conducted by an online poll using the Lumi voting system which I will describe in a moment.

Proxy holders will cast their open votes online. The votes of Shareholders who have lodged directed proxies with the share registry will be cast automatically.

## **Online attendees - voting**

If you are eligible to vote at this meeting:

- A new voting tab will appear in the Lumi app.
- Selecting this tab will present you with voting options.
- To cast your vote simply select one of the options.
- There is no need to hit a "submit" or "enter" button as the vote is automatically recorded.

You do however have the ability to change your vote, up until the time voting closes.

As mentioned earlier, there will be a five-minute period at the conclusion of the meeting to allow shareholders to finalise their voting using the online platform.



### **Opening the poll**

I now open the voting and ask Shareholders and other eligible participants to cast their vote in relation to the Scheme Resolution. The voting period will remain open until five minutes after the close of the meeting.

### **Proxies Received**

While you are finalising your votes, I will explain the details of proxies received in respect of the Scheme Resolution.

As you can see on the screen, we received:

- 210,634,655 votes in favour from 1,106 shareholders;
- 3,413,543 votes undirected from 303 shareholders appointing the Chair as proxy to vote, which I will vote in favour;
- 192,107 votes undirected from 15 shareholders appointing other proxies to vote; and
- 6,931,458 votes against from 225 shareholders.

18 Shareholders (representing 371,651 shares) abstained, and are accordingly not counted when determining the outcome of the Scheme.

If you have not already done so, please cast your vote, as the voting will be closing soon.

This concludes the official business of the Meeting.

### **Thank You**

Thank you for your participation this afternoon. As I mentioned, voting will remain open until five minutes after I close the meeting.

As a reminder, the results of the vote will be announced on the ASX as soon as they become available and will also be available on API's website.

Finally, I would like to take this opportunity to acknowledge Shareholders for your support and belief in API. I would also like to recognise my fellow Board members, the executive management team, all staff, franchisees, pharmacists, suppliers, contractors and the like, for their involvement with API. Whilst this Meeting may mark the end of an era for API, a new and exciting period for the API Group and its stakeholders may be about to begin.

I now DECLARE this Scheme Meeting CLOSED for all purposes, subject to the conduct and conclusion of the poll after voting closes in five minutes' time.



# SCHEME MEETING

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THURSDAY 17 MARCH 2022



# Important Notice

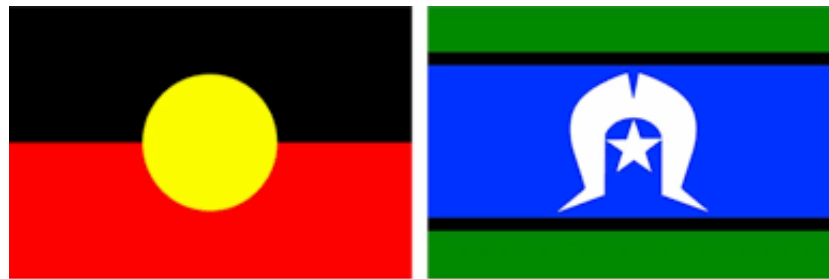
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The material in this presentation is of general information about API's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. Nothing in this presentation should be construed as a recommendation or forecast by API or an offer to sell or a solicitation to buy or sell shares. It does not take into account the investment objectives, financial situation or needs of a particular investor. These should be considered with or without professional advice when deciding if an investment is appropriate.

*Authorised by API's Chair and CEO & Managing Director*

# Acknowledgement of Country

I begin by acknowledging the Traditional Owners of all the lands on which we meet today. I also pay my respects to Elders past, present and emerging.



# Introductions – API Board

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- Ms Lee Ausburn
- Ms Jennifer Macdonald
- Ms Janine Allis
- Mr Clive Stiff
- Mr George Tambassis
- Mr Richard Vincent, CEO & Managing Director
- Ms Anne Mustow, General Counsel & Company Secretary
- Mr Peter Mendo, CFO

# API in pictures.....



1910



1911



1971

Marsden Park



2022



# API in pictures.....



1980s

2000s



# API in pictures.....



# Wesfarmers



## Wesfarmers

“Wesfarmers is well-positioned to bring capital and unique capabilities to support investment that will strengthen the competitive position of API and its community pharmacy partners.”\*

- 12 July 2021**  
API announced receipt of an unsolicited non-binding indicative offer from Wesfarmers for \$1.38/sh (21% premium to last close)
- 29 July 2021**  
API rejected Wesfarmers' NBIO as 'not compelling'
- 16 September 2021**  
API announced a revised Wesfarmers' NBIO for \$1.55/sh that the Board had decided to allow Wesfarmers to conduct confirmatory due diligence and unanimously intended to recommend the bid (subject to certain conditions)
- 27 September 2021**  
API announced that Sigma submitted a conditional NBIO comprising \$0.35 in cash and 2.05 Sigma shares for each API share, implying a value of \$1.57/sh at the time. The Board allowed Sigma to undertake confirmatory due diligence.
- 7 October 2021**  
Wesfarmers announced that it had acquired 19.3% of API's issued capital and that it did not intend to support Sigma's proposal.
- 5 November 2021**  
Sigma announced it will not proceed with its non-binding indicative offer
- 8 November 2021**  
API announced it had signed a Scheme Implementation Deed signed with Wesfarmers
- 2 December 2021**  
API announced receipt of Woolworths' non-binding indicative proposal to acquire API, that the proposal, if completed, would be more favourable than the Wesfarmers' Scheme and that Woolworths would be permitted to conduct confirmatory due diligence
- 15 December 2021**  
Ordinary dividend paid - \$0.02 cents per API share, fully franked
- 7 January 2022**  
Woolworths withdrew its non-binding indicative offer
- 11 February 2022**  
ACCC approval received for Wesfarmers' proposed acquisition of API
- 15 February 2022**  
Scheme Booklet despatched
- 17 March 2022**  
Scheme Meeting to be held

\* Wesfarmers announcement to ASX, 12 July 2021

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# THE SCHEME

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KEN GUNDERSON-BRIGGS



# Scheme Overview

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## If the Scheme is implemented, API shareholders will receive, in exchange for transferring their API Shares to Wesfarmers, a Special Dividend of 3 cents cash per API Share and Scheme Consideration of \$1.50 cash per API Share

- Scheme Consideration (payable by Wesfarmers) is \$1.53 per API Share, less any Special Dividend. API Directors intend that API will pay a fully franked Special Dividend of \$0.03 per API Share on 29 March 2022
- API Shareholders received \$0.02 cash per API Share fully franked Ordinary Dividend in December 2021
- Therefore the Total Cash Value of the Scheme is **\$1.55 per API Share**.
- Key pending conditions to the Scheme (all customary):
  - Approval of the Scheme by API Shareholders at the Scheme Meeting
  - Approval of the Scheme by the Federal Court
- If these conditions are satisfied, the Scheme is proposed to be implemented (and Scheme Consideration paid) on **31 March 2022**
- After implementation, API will become the new healthcare division of Wesfarmers and will be delisted from ASX

# Reasons to Vote in Favour



Your API Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of API Shareholders



The Independent Expert has concluded that the Scheme is fair and reasonable and therefore, is in the best interests of API Shareholders in the absence of a Superior Proposal



The Total Cash Value represents a premium for your API Shares on ASX prior to the announcement of the Wesfarmers Initial Proposal



The all cash consideration provides Scheme Shareholders with certainty of value and the opportunity to realise their investment for cash



Those API Shareholders that are eligible may receive an additional benefit from the value of franking credits attached to the Special Dividend that API intends to pay



No proposal exists that the API Board considers to be a Superior Proposal



The Scheme has limited conditionality



The API share price may fall in the near-term if the Scheme is not implemented and no Superior Proposal emerges



If the Scheme does not proceed, API Shareholders will continue to be exposed to risks associated with API's business, rather than realising certain value for their API Shares in a certain timeframe

**Reasons why you may vote against the Scheme are set out in the Scheme Booklet**

# Independent Expert's Conclusion

API Directors appointed Grant Thornton Corporate Finance ("Independent Expert") to report on whether the Scheme is in the best interests of API Shareholders\*

The Independent Expert concluded that the Scheme is **FAIR AND REASONABLE** and hence in the **BEST INTERESTS** of API shareholders in the absence of a superior alternative proposal emerging

## Independent Expert's fairness assessment

A\$ per API share	Low	High
Fair market value of API shares before the Scheme	1.48	1.78
Scheme Consideration (Total Cash Value)	1.55	1.55
<b>Premium/(discount)</b>	<b>0.07</b>	<b>(0.23)</b>
<b>Premium/(discount) (%)</b>	<b>5.0%</b>	<b>(13.1%)</b>
<b>Fairness Assessment</b>	<b>FAIR</b>	

The Scheme Total Cash Value is within the range of fair market value of API Shares on a control basis.

\* The Independent Expert's report is attached to the Scheme Booklet

# Your Directors' Recommendation

**Your API Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal**

**At the time of this Meeting, no Superior Proposal exists and the API Directors are not aware of any Superior Proposal that is likely to emerge.**



# SCHEME RESOLUTION

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KEN GUNDERSON-BRIGGS

# Scheme Resolution

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*That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between API and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by Federal Court of Australia to which API and Wesfarmers agree.*

# Scheme Implementation Timetable\*

- Scheme Meeting: 17 March 2022
- Second Court Hearing: 21 March 2022
- Scheme Effective Date: 22 March 2022
- Special Dividend Record Date: 25 March 2022, 7.00pm
- Special Dividend Payment Date: 29 March 2022
- Scheme Record Date: 29 March 2022, 7.00pm
- Scheme Implementation Date: 31 March 2022

\* If Scheme is approved

# Online Attendees – Text Question Process



Select the messaging tab and type your question in the “Ask a question” box.

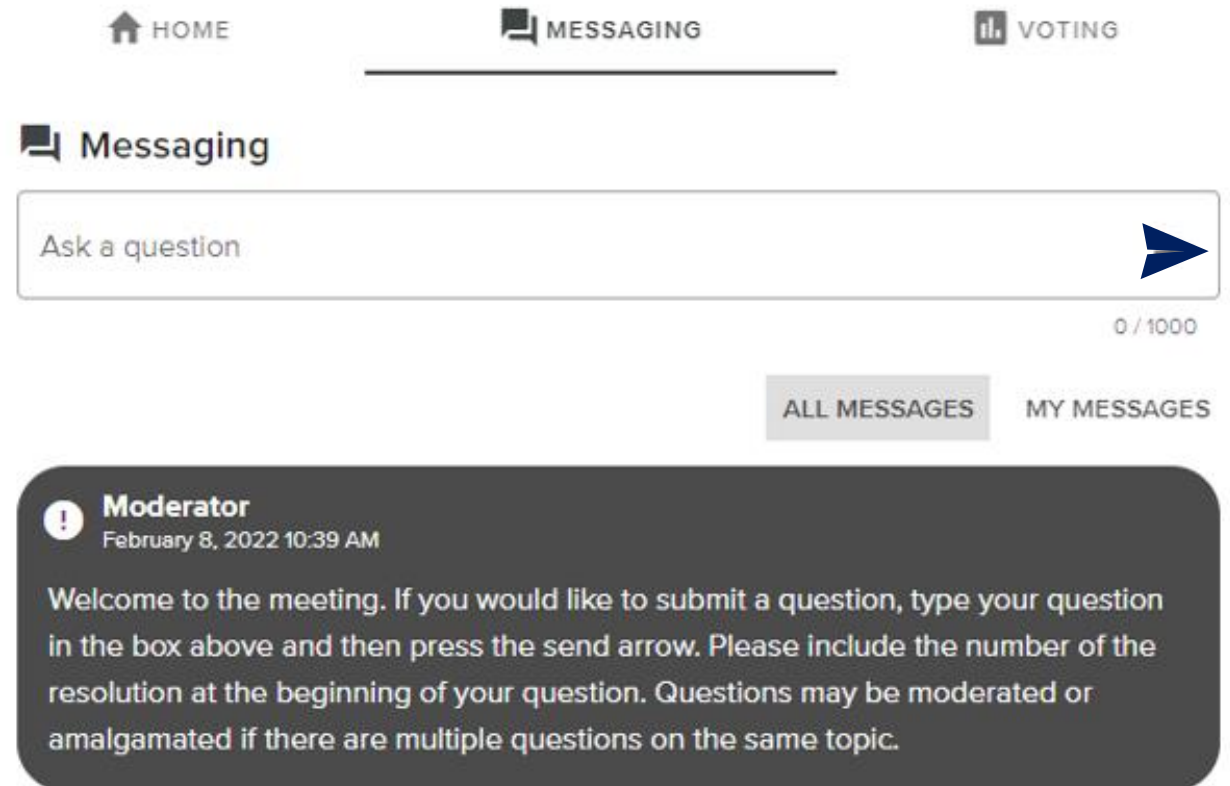


Press the send button to submit your message for review.



✓ Received

Your submitted questions, along with any written responses from the meeting team can be found by selecting “My Messages”





# Online Attendees – Audio Question Process



When the audio questions line is available, a link will appear on the home tab titled **Asking Audio Questions**

If you would like to ask an audio question, **pause the meeting broadcast** and click on the link

You will be prompted to enter your name and the topic of your question before being placed in the audio questions queue

A screenshot of the LUMI mobile application interface. At the top, the meeting ID '123-456-789' is displayed. Below it are three navigation tabs: 'HOME' (with a house icon), 'MESSAGING' (with a speech bubble icon), and 'VOTING' (with a bar chart icon). The 'HOME' tab is active. The main content area is titled 'Instructions' and contains three sections: 'Watching the Webcast' with instructions to press play and ensure volume; 'Asking Text Questions' with instructions to use the messaging tab; and 'Asking Audio Questions' with instructions to pause the broadcast and click a link labeled 'HERE' in orange. A fourth section, 'Voting', is partially visible at the bottom. An orange arrow points from the 'HERE' link in the screenshot to the 'pause the meeting broadcast' text in the second callout box on the left.

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VOTING

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# Conduct of Poll

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- To be conducted on the Scheme Resolution by voting online
- Proxy holders will cast open votes online
- Any directed proxies will be cast automatically

# Online Attendees – Voting

When open, the vote will be accessible by selecting the voting tab at the top of the screen



To vote, simply select the direction in which you would like to cast your vote. The selected option will change colour

For



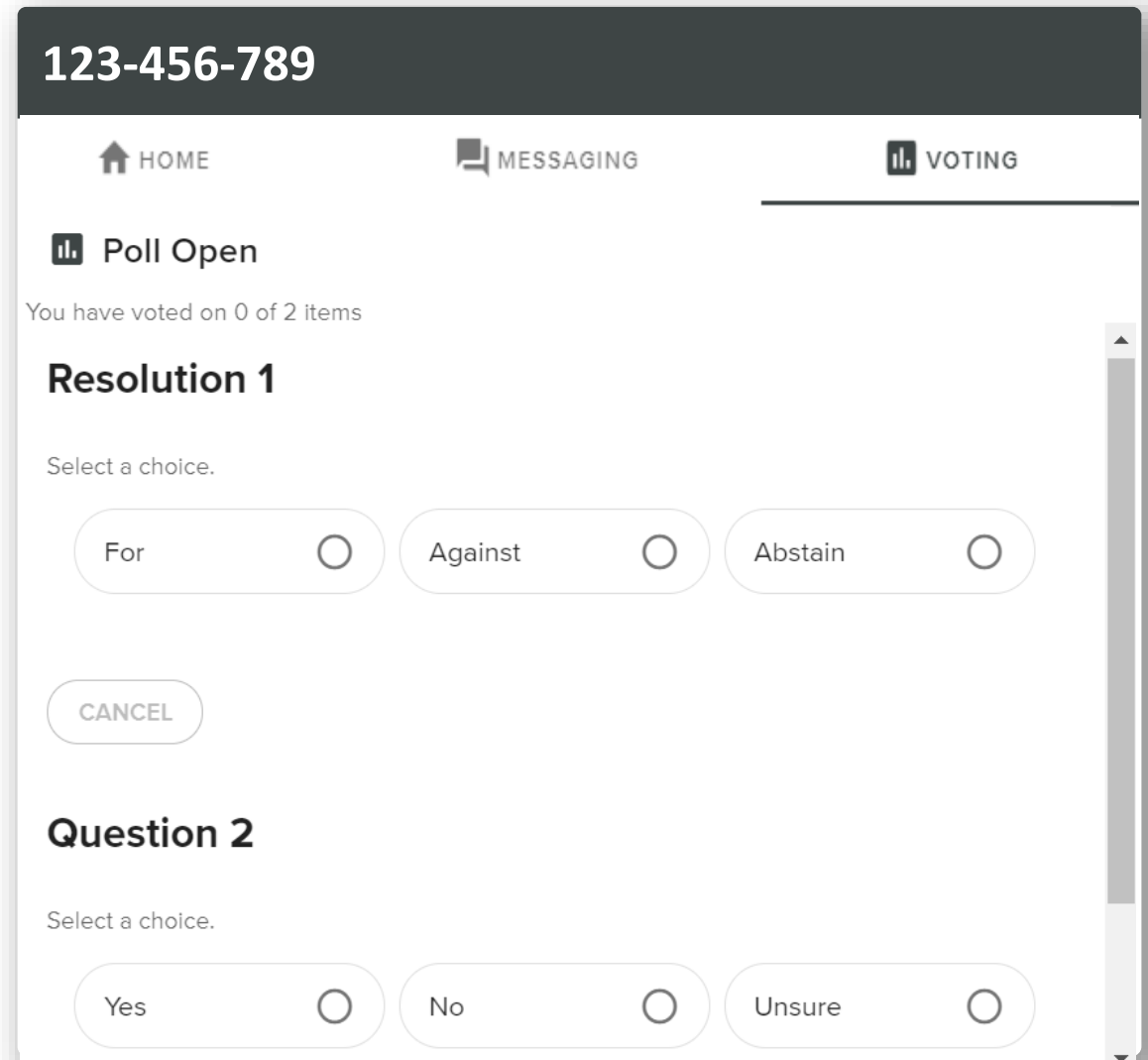
Against



Abstain



There is no submit or send button, your selection is automatically recorded. You can change your mind or cancel your vote any time before the poll is closed



123-456-789

HOME MESSAGING VOTING

**Poll Open**

You have voted on 0 of 2 items

**Resolution 1**

Select a choice.

For  Against  Abstain

CANCEL

**Question 2**

Select a choice.

Yes  No  Unsure

The screenshot shows a mobile application interface for voting. At the top, there's a dark header with the phone number '123-456-789'. Below that is a navigation bar with three tabs: 'HOME', 'MESSAGING', and 'VOTING', with 'VOTING' being the active tab. The main content area shows a 'Poll Open' notification and a progress indicator 'You have voted on 0 of 2 items'. The first poll is 'Resolution 1' with the instruction 'Select a choice.' and three radio button options: 'For', 'Against', and 'Abstain'. Below these is a 'CANCEL' button. The second poll is 'Question 2' with the instruction 'Select a choice.' and three radio button options: 'Yes', 'No', and 'Unsure'. A vertical scrollbar is visible on the right side of the screen.

# Opening the Poll

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- Voting is now open

# Proxies Received

Requisite majority for the Scheme Resolution to pass: >75% of votes cast are in favour

	Votes	%
For:	210,634,655	95.24
Against:	6,931,458	3.13
Open – usable:	3,605,650	1.63
Abstain:	371,651	N/A
Exclusions:	95,068,472	N/A

Requisite majority for the Scheme Resolution to pass: >50% shareholders voting, vote in favour

	Voting shareholders	%
For:	1,106	67.1
Against:	225	13.6
Open – usable:	318	19.3



# SCHEME MEETING - CLOSE

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THURSDAY 17 MARCH 2022