

Friendly Society Medical Association Limited

ABN 69 088 347 602

VOLUNTARY TAX TRANSPARENCY CODE

Friendly Society Medical Association Limited (FSMA) has chosen to provide additional disclosure of tax information as recommended by the Board of Taxation's Voluntary Tax Transparency Code ("TTC"). FSMA is currently classified as a 'medium business' for the purposes of the TTC (i.e. The Company's aggregated Australian turnover is between A\$100 million and A\$500 million).

FSMA has chosen to disclose the following tax information in our annual report and below:

- A reconciliation of accounting profit to tax expense and to income tax paid or income tax payable. This information is disclosed in note 5(a) to the Financial Statements of our annual report.
- Identification of material temporary and non-temporary differences. This information is disclosed in note 5(a) to the Financial Statements of our annual report.
- The effective company tax rate for Australian operations for the year ended 30 June 2023 is 0% (30 June 2022:0%). This effective tax rate is lower than the Australian company tax rate because the principle of mutuality applies to FSMA as we are a member based organisation. This means when members transact with us, the income is not taxable, however the costs of deriving this income are not deductible.
- Our Taxation policy sets out FSMA's approach to tax risk management and governance. In summary, FSMA's approach to tax risk management and governance is as follows:
 - The organisation complies with all relevant State and Commonwealth Taxation legislation;
 - Taxation liabilities are paid as they fall due;
 - Records are maintained accurately and in accordance with taxation legislation;
 - Taxation administration and the preparation of tax returns shall be performed by persons that are qualified and competent to do so. All workers must be aware of their obligations with respect to the administration of taxation, this principally involves their obligations with respect to the Goods and Services Tax and Fringe Benefits Tax.
- Our total revenue for the 2023 financial year was \$316.3 million. From this, we paid all the operating costs of the business including the following tax payments:
 - Payroll tax (approximately \$2,270,000)
 - Land tax (approximately \$250,000)
 - Fringe benefits tax (approximately \$132,000)

Through our membership model we provided benefits to members of \$28.1 million.

Despite the challenges from high inflation, interest rate increases, supply chain disruptions and product shortages, we are proud that National Pharmacies continued to provide high quality care, services and products to our customers and the wider community. As a community focused organisation, we set our environmental, social and governance (ESG)

commitments to help us constantly find better and more impactful ways of supporting our people and communities we serve.

In 2023 financial year, we introduced a partnership with PharmaCycle to be the first pharmacy group in South Australia to recycle used medication blister packs, which has diverted approximately 1.5 million blister packs, equating to 2.2 tons of material from landfill.

We also partnered with Heart of the Nation and installed Automatic External Defibrillators (AEDs) across 20 National Pharmacies stores which provide the community with 24 hour access to a machine in an emergency.

Furthermore, after two years as a ticketed stadium event, the National Pharmacies Christmas Pageant returned to the streets of Adelaide in its 90th year. We are delighted to announce the extension of the sponsorship to the event's 100th year.

As a foundation partner and sponsor of the South Australian Children's charity "Kick Start for Kids" National Pharmacies once again collected and pledged donations of approximate \$42,000 during the year.

National Pharmacies focused on implementing a number of major strategic initiatives including the acquisition of another store in regional Victoria, the rebranding of the store network, the implementation of a new Dose Administration Aid packing facility, and the refit of the Norwood Pharmacy and Marion Optical stores. Further, capital investment was made enhancing the IT capability and introducing new systems to support member growth and customer experience.

- FSMA has no international related party dealings.