

28 May 2021

Radius Care announces strong performance for its first financial report as a listed company, meeting or exceeding all FY2021 Guidance metrics

FY2021 Highlights

- Total FY2021 revenue of \$126.0m, up \$12.2m on the prior year and a record for Radius Care
- FY2021 Underlying EBITDA of \$23.4m, in line with guidance of \$23.0m to \$23.8m¹
- FY2021 Pre-NZ IFRS 16 Underlying EBITDA of \$10.5m, in line with guidance of \$10.2m to \$11.0m¹
- FY2021 Available Funds From Operations (AFFO) of \$3.7m, slightly higher than guidance of \$2.9m to \$3.5m¹
- FY2021 gross, fully imputed final dividend of 0.89 cents per share, bringing total gross, fully imputed dividends declared in relation to FY2021 to 1.46 cents per share
- Net interest-bearing bank debt of \$24.5m as at 31 March 2021, down \$4.7m since 31 March 2020
- Exercise of option to acquire circa 4.3ha site at Belfast, Christchurch increasing greenfield development pipeline by 70 care beds, 30 care suites and 94 retirement village units

FY2022 Guidance

- FY2022 Underlying EBITDA of \$23.5m to \$25.5m
- FY2022 Pre-NZ IFRS 16 Underlying EBITDA of \$10.5m to \$12.5m
- FY2022 AFFO of \$3.7m to \$4.7m

Radius Residential Care Limited (Radius Care, NZX:RAD) today announced its FY2021 annual results for the 12 months to 31 March 2021.

Executive Chairman Brien Cree commented “The result for FY2021 signals the best year ever for the company and demonstrates continued strong growth of the business. In 2003 Radius Care started with one 54 bed aged care facility. We now have 22 aged care facilities across New Zealand with more than 1,700 care beds and two retirement villages comprising 76 units. This is our first annual result as a listed company and I’m

¹Underlying EBITDA and AFFO are non-GAAP financial measures and differ from NZ GAAP, NZ IFRS and IFRS Net Profit After Tax and Net cash provided by Operating Activities, respectively. Radius Care uses Underlying EBITDA and AFFO, along with other measures, to monitor financial performance and for shareholder dividend determination considerations. Refer to note 2.1 to Radius Care’s FY2021 audited consolidated financial statements for reconciliations of Underlying EBITDA and AFFO to reported Net Profit After Tax.

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pleased to report it's been a record year, despite the incredible challenges COVID-19 has presented".

Radius Care listed on the NZX on 10 December 2020. Radius Care is a specialist aged care and retirement village provider. Radius Care's aged care business is primarily focused on the high acuity and specialist care segments of the market (being hospital, dementia, psychogeriatric, physical and intellectual care).

Chief Executive Stuart Bilbrough commented "We're delighted with the strong result and with all key FY2021 guidance metrics in line or better than those set out in our Listing Profile released at the time of Radius Care's NZX listing. The FY2021 financial year was one that presented unparalleled uncertainty. COVID-19 saw us lock down all our facilities ahead of the nationwide move to Level 4. It was a move that had been practised as part of our risk mitigation procedures however, like many businesses, a nationwide facility lockdown was unprecedented. The Radius Care team across New Zealand worked together incredibly well to bring the company through without incident. I'm very proud of their contribution and commitment and their role in delivering such a strong result."

Strategic growth

Radius Care's strategic growth focus includes:

- purchasing strategically important facilities already operated (but not owned) by Radius Care
- undertaking value accretive brownfield developments via facility extensions and reconfigurations
- undertaking greenfield developments
- acquiring value accretive care focused facilities

"Shortly after our 31 March 2021 financial year end, in early April, we announced that we have exercised the option to purchase a circa 4.3 ha property at Belfast, Christchurch. Resource consent has been issued by Christchurch City Council for a new integrated aged care and retirement village facility totalling 70 care beds, 30 care suites and 94 retirement village units to be constructed on the property. We are now focused on the final design process, obtaining building consents and commencing construction contracting discussions in relation to this development. The facility will be able to be constructed across multiple stages providing a degree of funding flexibility with the optimal timing to be determined as the planning progresses."

Operational performance

Achievements for the year include:

- a further lift in average bed occupancy
- a continued focus on high acuity and specialist care
- continued strong clinical care outcomes

all supporting Radius Care's strategy of maximising occupancy and enhancing returns through optimising the care bed mix and increasing private funding.

Bed occupancy increased to 93.4% in March 2021, up from 91.6% in March 2020. Bed numbers increased during the year by 11 to 1,715 through minor reconfigurations at several facilities.

"Some 86% of the beds in our nationwide portfolio were certified for high acuity care use during the year, up from 82% for the period March to August 2020. In addition, some 41.4% of care beds in the FY2021 financial year were classed as swing beds, a material increase from the prior year's 34.1%. Swing beds are care beds that are certified for high acuity hospital level care but could also be used to provide low acuity rest home level care, depending on the residents' needs, providing flexibility to meet resident demand. Our expectation is that the current proportion of swing beds gives us the level of flexibility we need.

Financial performance

Notable features of the year included:

- a 10.8% increase in total revenue to \$126.0m
- an increase in private accommodation supplements from \$4.9m in FY2020 to \$5.6m FY2021
- an increase in Underlying EBITDA per occupied aged care bed to \$19.5k in FY2021 from \$17.2k per care bed in FY2020 (a 13.3% increase)²
- FY2021 AFFO ahead of guidance, partially due to lower maintenance capex for the FY2021 year

"An important driver in the Radius Care growth story is the continuing change in the mix of our revenue. We expect the proportion of our income derived from private direct revenue to increase at a considerably faster rate than the Government contract associated revenue. This will come from accommodation supplement and retirement village revenue. These revenue streams will continue to grow as Radius Care builds new multi-facility developments and invests in the redevelopment of existing sites."

The closure of New Zealand's borders in March 2020 led to a requirement to recruit nurses from the local labour pool which, together with a strengthening of the senior management team ahead of the NZX listing, contributed to a 5.1% increase in employee costs. In addition as part of the listing process, Radius Care also strengthened its governance function with Hamish Stevens and Mary Gardiner joining the Radius Care board as independent directors. This investment in senior management and governance positions will allow Radius Care to capitalise on its growth intentions. Limited additional staff investment is needed for the next phase of growth. Strong focus on the cost base

²Underlying EBITDA for aged care segment divided by the average number of Care Beds occupied during the period.

ensured that nursing bureau costs remained low and were \$0.7m in FY2021 compared with \$2.3m in the prior year.

AFFO for the FY2021 year of \$3.7m was higher than the guidance of \$2.9 to \$3.5m provided in the Listing Profile, in part due to the lower than anticipated maintenance capex.

The company's net external bank debt position at balance date reduced by \$4.7m over FY2021 to \$24.5m as at 31 March 2021.

Dividend

Radius Care's dividend policy is to target a cash dividend payout ratio of 50% to 70% of full financial year AFFO with an interim dividend to be paid in December and a final dividend to be paid in June of each year. Each dividend is targeted to comprise of approximately half of the expected full year dividend.

A gross fully imputed interim dividend of 0.58 cents per share (cps) was paid in February 2021. Directors have declared a gross fully imputed dividend of 0.89 cps to be paid in June 2021, bringing the total gross fully imputed dividend of 1.46 cps for the financial year. The record date for the final FY2021 dividend is Monday 14 June 2021 and the payment date is Monday 21 June 2021.

Outlook

Industry dynamics continue to be supportive of Radius Care's overall business performance in the medium and longer term underpinning organic growth. Demand for aged care services is forecast to continue to increase for at least the next decade, particularly for high acuity and specialist care.

Radius Care's operations and portfolio are heavily oriented to the high acuity and specialist care segments of the aged care industry. Government spending has historically been a significant contributor to Radius Care's revenue however private funding is an increasingly important driver of growth in overall revenue. This provides a clear demand driven growth pathway alongside which Radius Care will continue to expand its aged care and retirement village offering and deliver compassionate and outstanding clinical care outcomes.

At the time Radius Care listed on NZX it provided guidance in relation to three key financial metrics. It has chosen to again provide guidance in relation to the FY2022 year for these measures. Radius Care does not commit to providing guidance for future financial periods.

Guidance for the 12 months to 31 March 2022:

- FY2022 Underlying EBITDA of \$23.5m to \$25.5m
- FY2022 Pre-NZ IFRS 16 Underlying EBITDA of \$10.5m to \$12.5m
- FY2022 AFFO of \$3.7m to \$4.7m

This guidance is based on Radius Care's following expectations for the FY2022 year:

Aged Care

- Average occupancy is expected to increase over FY2022 given current run rates
- Accommodation supplement are expected to continue to increase
- Additional funding is expected from Government as part of the Equal Pay Claim for Healthcare assistants
- Operating costs are expected to increase but costs as a proportion of revenue are expected to remain stable

Retirement Village

- The sale of the remaining 4 unsold villas at Elloughton Grange Village is expected in FY2022
- Resale of at least 5 units expected in FY2022

For further information, please contact:

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About Radius Care

Radius Care was founded in 2003 and operates in the New Zealand aged care and retirement village sectors. It is a nationwide provider offering the full range of accommodation and care options giving residents the ability to “age in place”. Today, Radius Care operates 22 aged care facilities, of which it owns three and leases 19. It also owns and operates two retirement villages and an online shop for specialist assisted-living products. The company employs over 1,500 people, including highly qualified healthcare staff who are committed to providing the very best in nursing care. For more information visit radiuscare.co.nz or check our Facebook page [@RadiusCareNZ](https://www.facebook.com/RadiusCareNZ).