

Radius Residential Care Limited

ANNUAL SHAREHOLDERS' MEETING 2023

CEO's Address – Andrew Peskett

Brien's update on strategy has demonstrated that we continue to make progress on a number of fronts. This has flowed through to our business performance driving record earnings in FY23. Critical to achieving this is our exceptional people who are at the heart of the daily operations of our business. It is through these 1,900 individuals that we are able to provide the quality of care that ultimately generates returns on our assets, which in turn propels us forward and delivers returns to our stakeholders.

With that in mind I want to firstly talk about our people. While the impact of Covid-19 has diminished, we still had some tricky times in FY23 with outbreaks particularly in the first half of the year. This, combined with extreme weather events in the second half of the financial year presented challenges to our operations. The resilience and dedication of our exceptional people ensured we were able to continue to deliver the highest quality of care to our residents. If you've been fortunate enough to witness the care and support that Radius Care Homes offer to your loved ones, I'm confident that you truly grasp the immeasurable impact our people have. I am very proud to work for an organisation with an amazing culture of caring that Brien has been instrumental in creating.

While labour pressures have remained in the sector Radius has worked hard to ensure we have front-line nurses and caregivers at our care homes. Despite the well-publicised shortage of nurses and pay disparity issues, Radius Care has been successful in recruiting a large number of internationally qualified nurses to help fill our vacancies and support our existing teams. This recruitment initiative has been so successful that recently Radius Care has been able to establish a nursing bureau to provide greater flexibility to our people and reduce the costs of external providers.

In recognition of the incredible service of our people we have now implemented an employee loyalty bonus issue of shares to the value of \$1,000 to all Radius Care employees with a tenure of 10 or more years.

This is an opportune moment for me to publicly acknowledge and thank all the employees of Radius Care for their extraordinary compassion they demonstrate in Radius Care Homes, I am certain you understand the invaluable difference you all make – thanks team!

I would like to reinforce why Radius Care is well positioned to capitalise on a market with very strong fundamentals. As the demand chart demonstrates, the proportion of New Zealanders over the age of 85 continues to grow and our population also continues to increase in life expectancy. With increased life expectancy comes an increasing need for high acuity and specialist care. Continuity of care also becomes important to enable our residents to stay in one place as their level of dependency increases.

The Radius Care portfolio is well positioned to meet these needs as it is focused on the most needs-based segments of the market with around 87% of our beds certified as high acuity against an industry

average or around 58%. This also underpins our occupancy levels which remain well above industry averages.

Radius Care is well positioned to diversify away from its core revenue streams by providing more choice of rooms and services through our premium offerings and through adjacent offering such as the Radius Shop and our new nursing bureau service RConnect.

As Brien has highlighted, we have been able to grow our operations through acquisitions and developments and this remains a core opportunity for future growth for the business.

Looking at FY23 performance, we delivered record underlying earnings and maintained our market leading key metric of EBITDA per bed. This was a function of increasing revenue by 10%, due in part to a sustained focus on growing revenue from premium services, and by maintaining operational efficiency in delivering superior levels of care. We have also grown the portfolio both organically and through acquisitions and we now have 1,889 care beds (up 105) 148 independent living units (up from 101 in FY22). Over time as we continue to develop the portfolio, we will have care suites and more retirement village units, which will result in a more diversified portfolio and will increase the breadth of offerings to our customers, which is critical in this time to have full continuum of care and different options in care.

Looking at FY24, I am excited about the opportunities for Radius Care. We have hit the ground running with significant commercial intensity, including executing on a business improvement program that is already reaping many rewards through streamlined operations and portfolio optimisation. We're very excited to drive these improvements to ensure that we continue to be the clear industry leader in care. Our first quarter underlying EBITDA results are significantly ahead of the FY23 first quarter and we anticipate that this trend will continue as we look to outperform last year's underlying EBITDA performance.

We have recently been successful in receiving approval from our bank to implement a debt management program which includes the disposal of some non-core assets to reduce our debt and provide capacity to grow. We are now making good progress on asset sales in order to meet the bank requirements.

The Government recently confirmed the latest pay funding arrangements from 1 July 2023 for the sector and while it does not go far enough to address the significant years of underfunding which has forced some operators to shut their doors, it is pleasing to see increased investment in the sector including better pay rates for our nurses.

Thank you for the chance to present our exciting growth trajectory to everyone present in the room and those joining us online today. By maintaining a people-focused approach and staying true to our strategy, we will continue to provide outstanding care and services to those we serve. Together, we care about care.