



Investor Presentation

Full Year Result FY24



Presenting *Today*

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Agenda

Overview of FY24 Performance

Delivered record operating and financial performance

Analysis of Result

Record EBITDA and cashflow, demonstrating our leadership in specialist care offerings

Industry Update

Industry headwinds have now substantially passed

Positioning Radius Care

Strategy update

Appendices

Key operational and financial metrics

Summary Profit and Loss, Balance Sheet and Cash Flow



About *Radius Care*

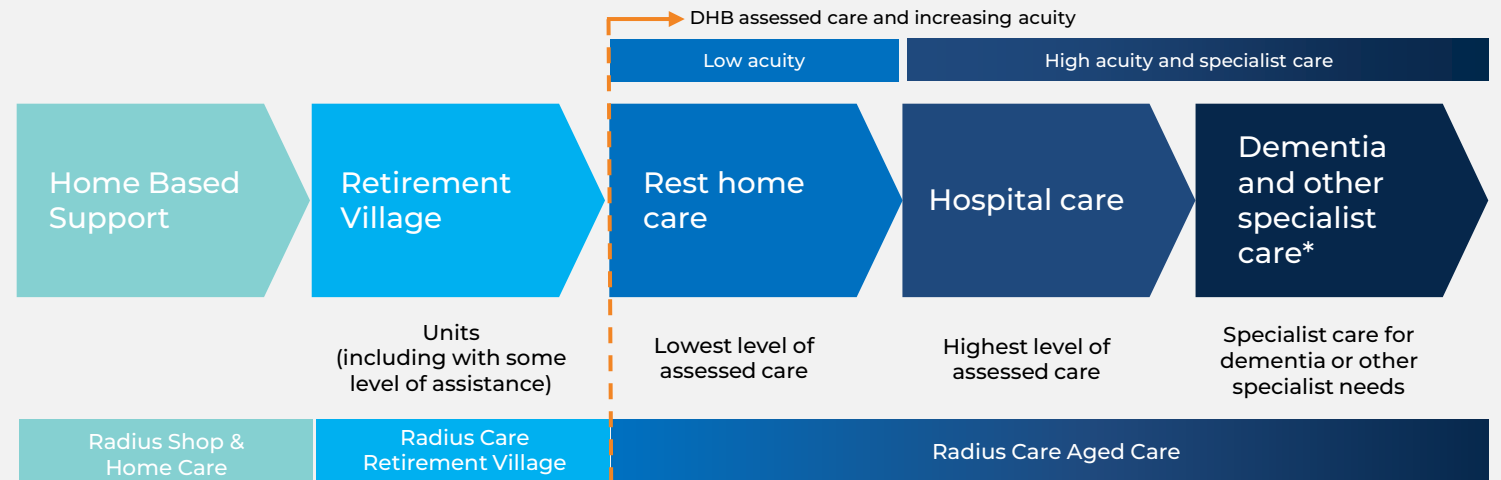
Radius Care is a leading provider of essential healthcare services to elderly New Zealanders in communities across the country.

Radius Care is focused on the high acuity and specialist care segment of the market (being hospital, dementia, psychogeriatric, physical and intellectual care). In addition, Radius Care also provides some in-home care services.

The high acuity and specialist care segment has the strongest expected demand growth, the highest per Care Bed EBITDA margins across the industry and strong barriers to entry.

Radius Care's offering provides specialised healthcare, as opposed to a focus on property development.

Our offerings in relation to the continuum of care



Overview of FY24 Performance

DELIVERED STRONG
OPERATING PERFORMANCE
ACROSS THE GROUP

FY24 Business *Highlights*

ANOTHER RECORD FULL YEAR PERFORMANCE

Strong Operating Performance

- Record full year trading with 47% increase in Underlying EBITDA¹.
- Strong resale gains at villages of \$1.8m with 28 village unit sales.
- Improved mix of higher-revenue Hospital and specialist care residents.
- Delivered \$1.3m annual savings in support office costs.
- Debt reduced due to improved operating cashflow and successful sale of a non-strategic asset.
- Dividends resumed.

Fully Staffed

- 1700 exceptional team members delivering exceptional care in our fully staffed care homes.

Value from Strategic Acquisitions

- Strong operating performance of Matamata Country Lodge contributed to growth.

Favourable Industry Dynamics Will Underpin High Occupancy and Growth

- Staffing: Covid and immigration associated nursing shortages are now behind us.
- Interest costs: Inflation easing and interest costs stabilised.

1. Earnings before interest, tax, depreciation and amortisation. Underlying EBITDA is a non-GAAP (unaudited) financial measure which is reconciled to GAAP measures included within the Appendices of this Investor Presentation.

FY24 *Financial* Highlights

Financial Performance

- Underlying EBITDA \$20.9m, 47% up on FY23
- Operating Cashflow of \$14.1m, up 249% from \$4.0m in FY23.
- AFFO¹ of \$7.4m, up 87% from \$4.0m in FY23.
- Underlying EBITDAR² (for the 12 months to 31st March 2024) per care bed of \$24.7k, up 24% from FY23.
- Accommodation supplements increased 24% to \$9.8m.
- Dividends resumed with FY24 dividend of 0.70 cents per share, including full imputation credits of 0.27 cents per share, paid on 16th May 2024.

Balance Sheet Position

- Total assets of \$334.7m.
- Investment properties of \$73.5m, up \$3.4m from FY23.
- Net Debt of \$73.5m, down \$26.5m from FY23.
- No short term borrowings.



1. Available Funds From Operations is a non-GAAP (unaudited) financial measure which is reconciled to GAAP measures included within the Appendices of this Investor Presentation.
2. Earnings before interest, tax, depreciation, amortisation and rent. Underlying EBITDAR is a non-GAAP (unaudited) financial measure.



Our *People*

Employee engagement up significantly on a year ago.

60% of Facility Managers were promoted from within Radius Care.

Last five audits have achieved the maximum four years certification, with two more expected (pending confirmation).

Over 100 Registered Nurses have completed our “EPEC” internal leadership programme.

27% year-on-year reduction in Registered Nurse turnover and a 19% reduction in turnover of all staff.

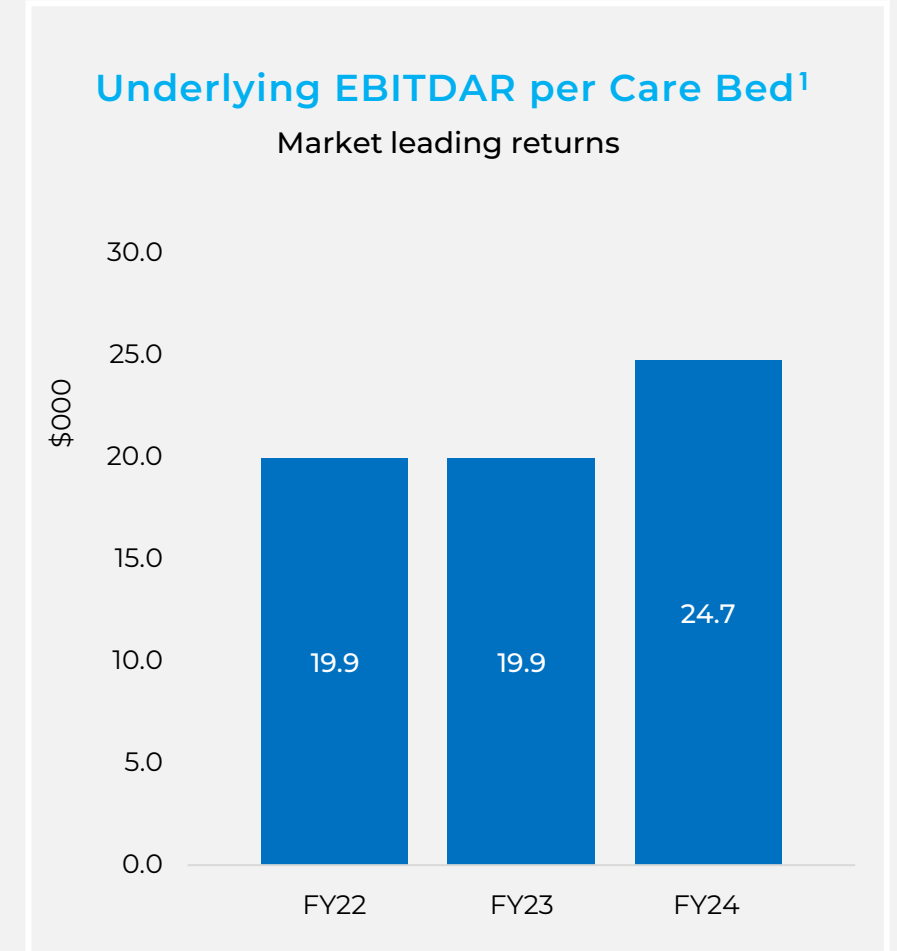
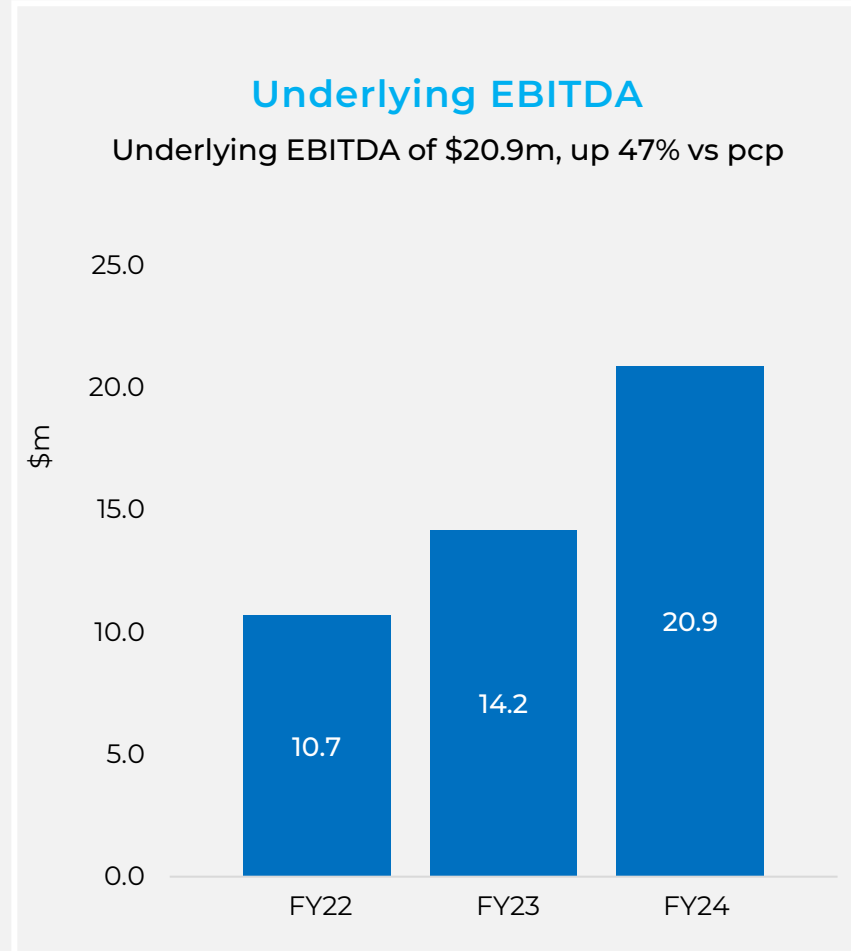
Analysis of Result

RECORD EBITDA AND CASHFLOW
DEMONSTRATING OUR LEADERSHIP
IN SPECIALIST CARE OFFERINGS



Financial *Performance* Overview

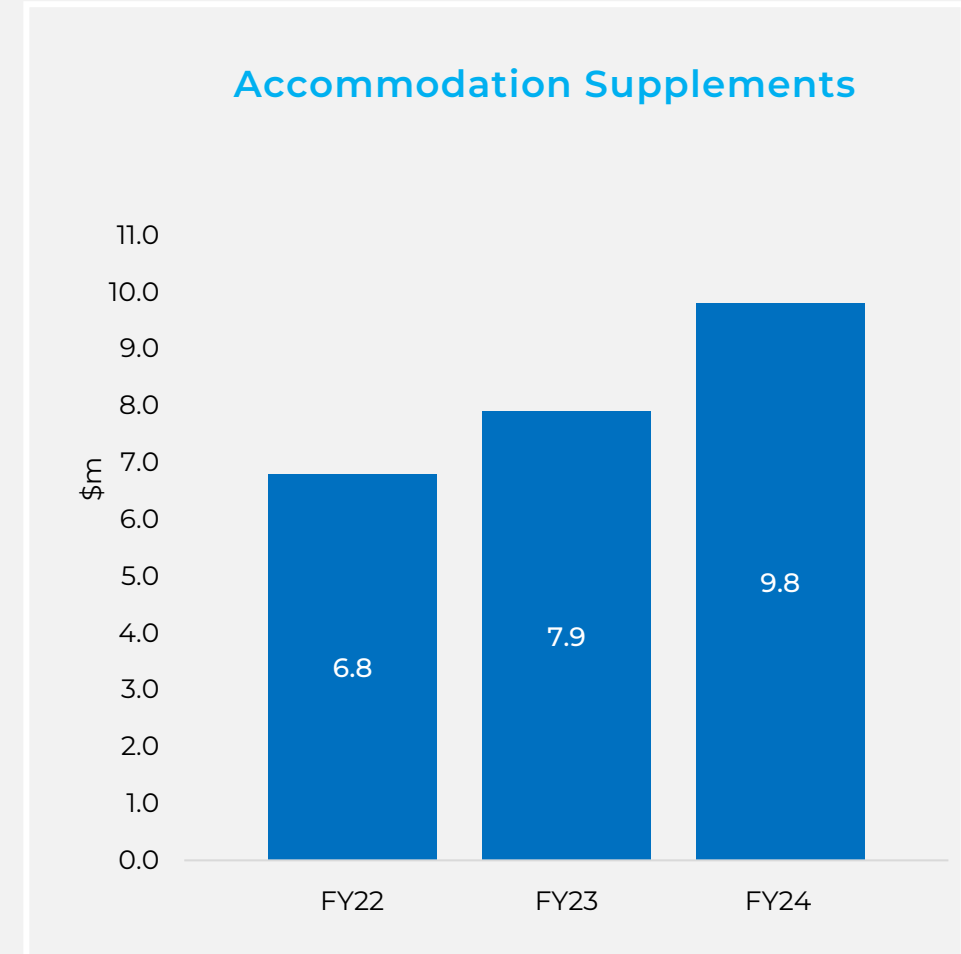
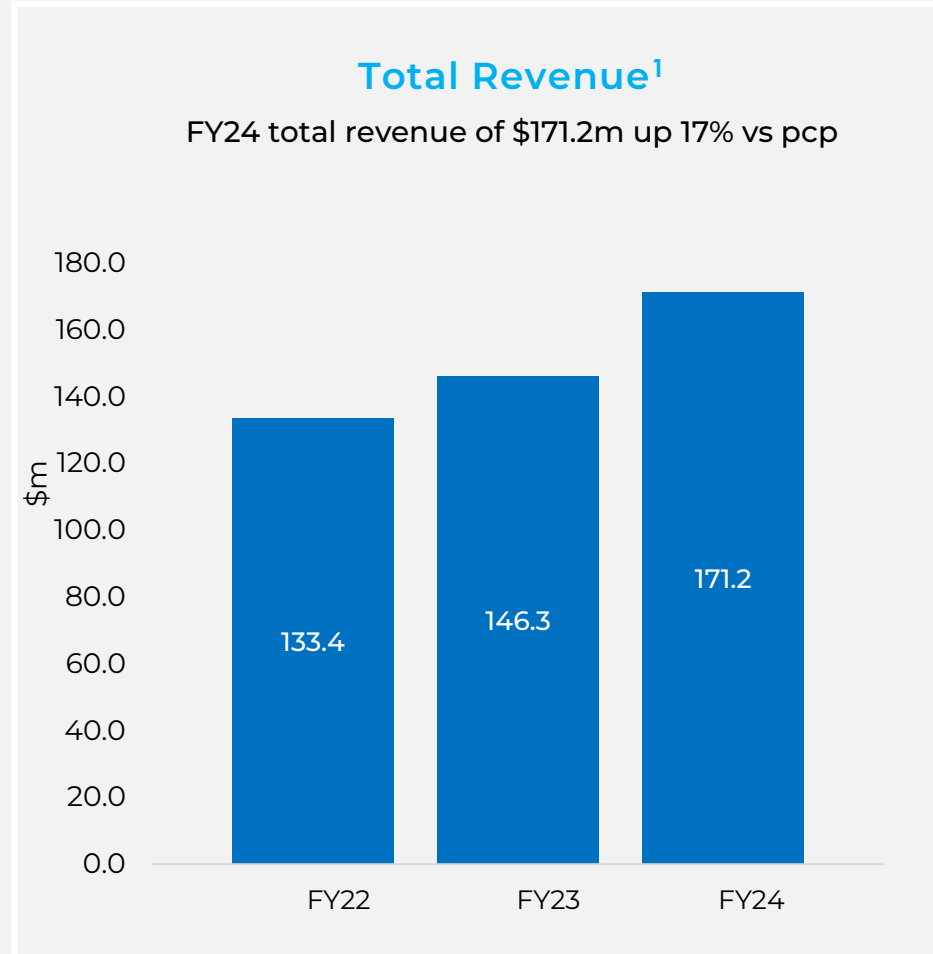
Continued strong occupancy, improved Hospital bed mix and successful execution of business improvement programme have materially lifted Underlying EBITDA.



1. Underlying EBITDAR for aged care segment divided by the average number of care beds occupied during the period.

Strong Revenue Growth

Continued strong occupancy, improved Hospital and Specialised Care bed mix and strong growth in Accommodation Supplements have contributed to total revenue growth of 17%.



1. Total revenue excludes other income.

Dividends and AFFO

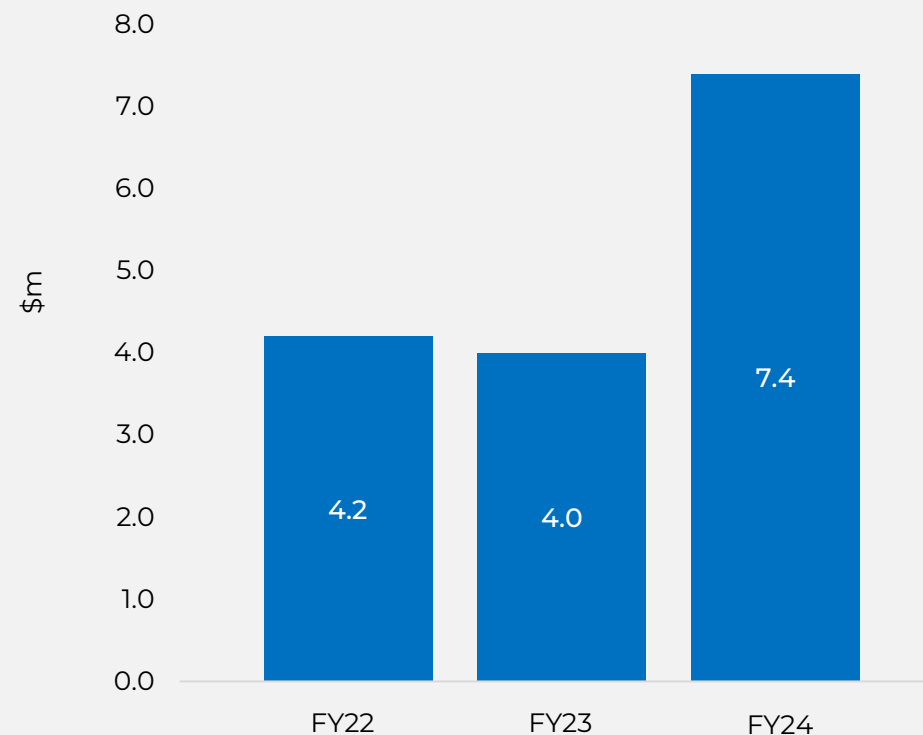
Dividends

FY24 final dividend of 0.70 cents per share, including full imputation credits of 0.27 cents per share, was paid on 16 May 2024.

The payout ratio for the dividend is 27% of FY24 full year AFFO, which is below the target payout ratio of 50% to 70% of AFFO, due to the priorities earlier in FY24 of repaying debt and strengthening the balance sheet.

Available Funds From Operations (\$m)

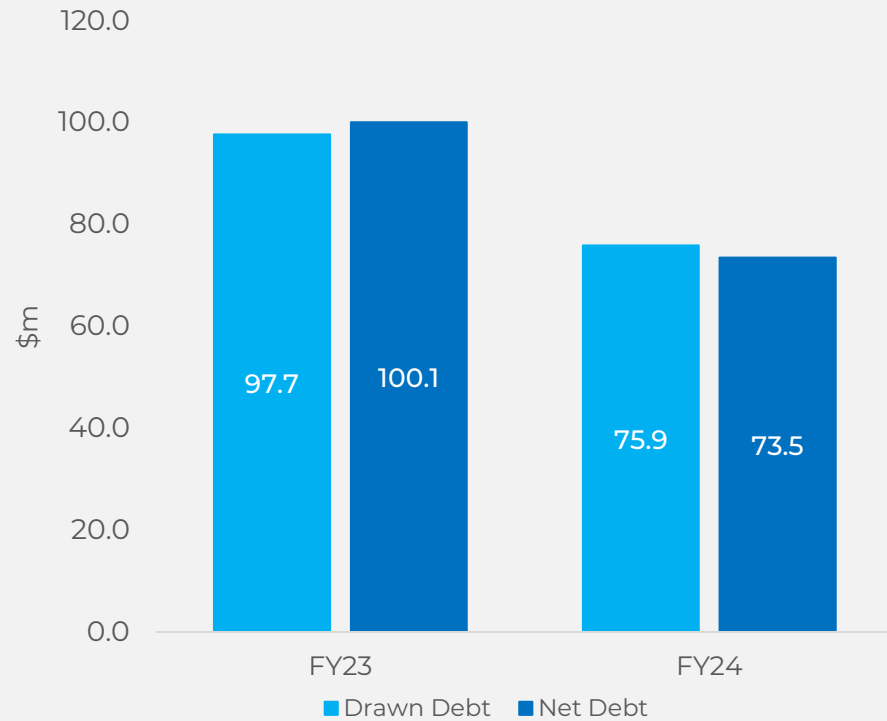
AFFO of \$7.4m, up 87% on the \$4.0m earned in FY23.



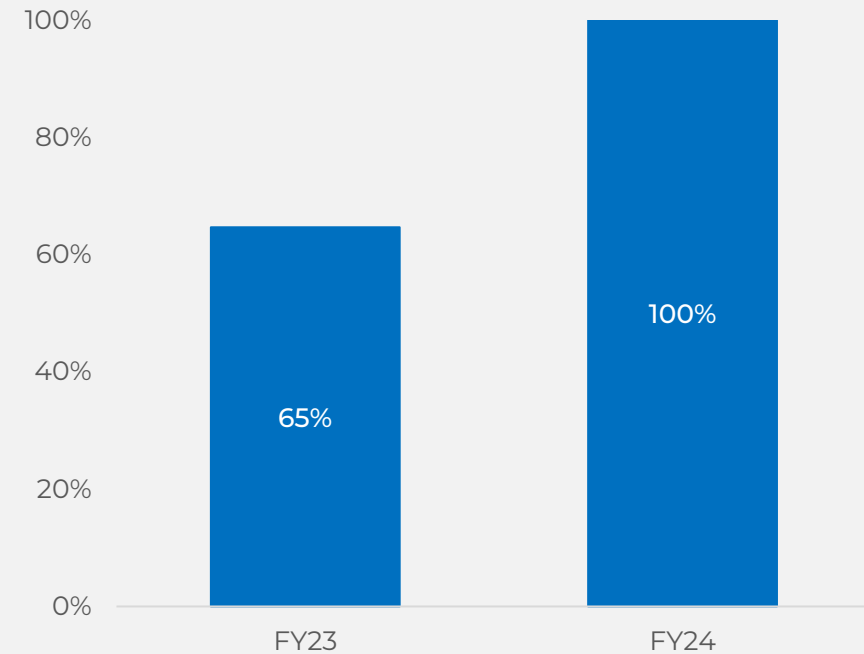
Balance Sheet and Net Debt

\$3.5m in available headroom with average term of 2.8 years

Drawn Debt & Net Debt



% of Debt Term > 2 years



One-off *Deferred Tax* Adjustment

Government Decision to Remove Tax Deductibility of Depreciation on Commercial Buildings

- On 28 March 2024, the NZ Government legislated the removal of tax deductibility of depreciation on commercial buildings, with effect from the year ended 31 March 2025.
- Following this change, NZ IAS 12 requires recognition in FY24 of a one-off, non-cash deferred tax liability of \$11.3m.
- No additional FY24 Income Tax is payable as a result of the change in legislation.
- ASB has excluded this deferred tax adjustment from banking covenants.
- Without this non-cash, one-off impact, Net Profit After Tax is \$2.9m, representing a return to profitability following the Net Loss After Tax of \$2.1m in FY23.



Radius Althorp - Tauranga

Industry update

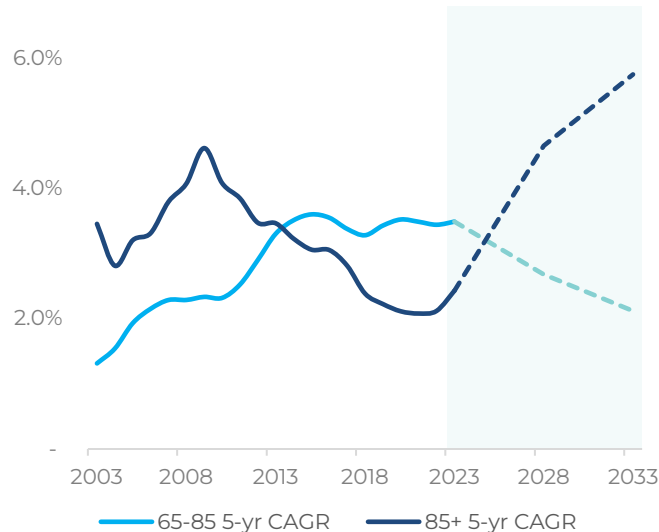
Industry Update

New Zealand has three clear favourable long-run tailwinds that will underpin high occupancy and organic growth.

Aging population¹

- NZ population aged >65 years forecast to grow at 2.7% p.a over the next decade
- NZ population aged >85 years forecast to grow at 5.2% p.a over the next decade

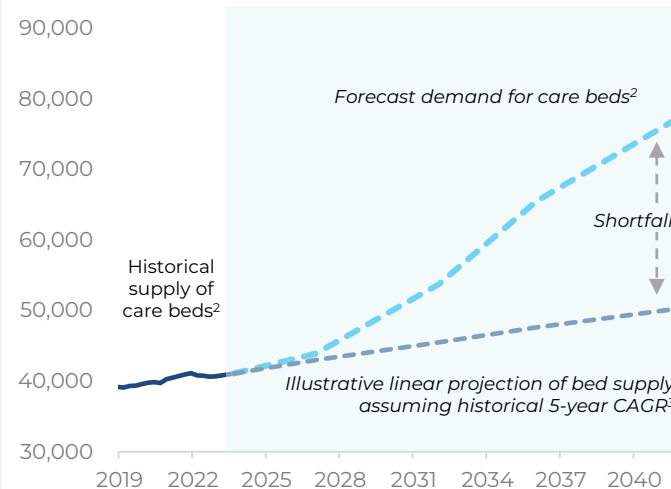
New Zealand population growth (65 years+)



Supply shortfall²

- Supply growth in New Zealand has been modest
- Projected demand for aged residential care beds is forecast to increase from c.40,000 to c.44,000 beds by 2027 and c.54,000 by 2032

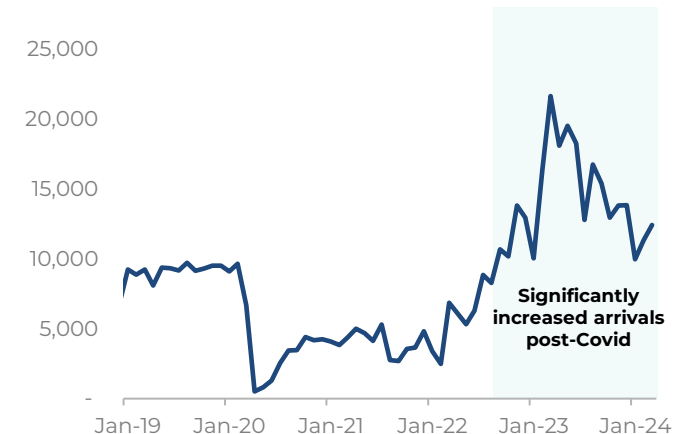
Historical supply of beds vs forecast demand for beds



Covid and immigration associated staffing shortages

- First operator to fill vacancies in 2023 once immigration resumed post-Covid
- Limited outbreaks, now effectively managed
- RConnect has enhanced staffing optimisation:
 - Improved internal staff redistribution
 - Additional revenue stream established as RConnect acts as an external staffing bureau to other operators

Permanent and long-term arrivals to NZ¹

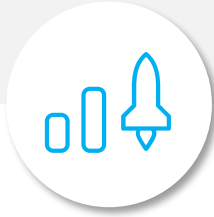


1. Source: Stats NZ.
 2. Source: NZ Aged Care Association quarterly data on supply of beds; Te Whatu Ora ARC demand planner 2022 edition.
 3. 5-year Compounded Annual Growth Rate calculated over the September 2018-2023 period.

Strategy Update



Strategy Update



Grow Scale

Targeted M&A
Brownfield development
Greenfield development



Diversify Revenue

Grow RConnect
Expand Radius Shop
Expand health services
beyond core aged care



Radius Way

Develop Radius Way as a
template for aged care
services

Outlook

Radius Care expects continued growth in Underlying EBITDA and other metrics in FY25.

The Board is targeting a return to the previous cycle of an interim dividend paid in December and a final dividend paid in June.

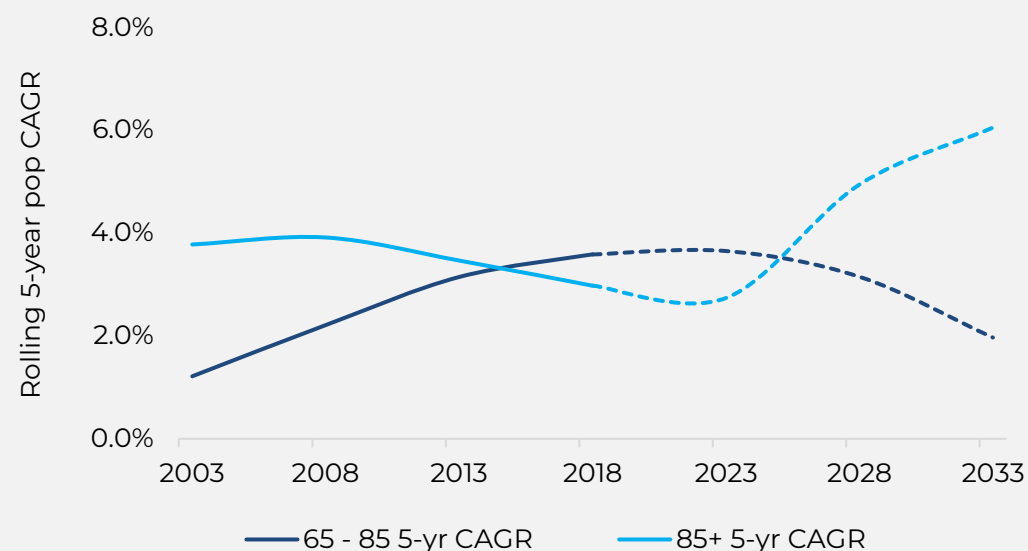
Appendices

Strong Portfolio for Changing Demographics

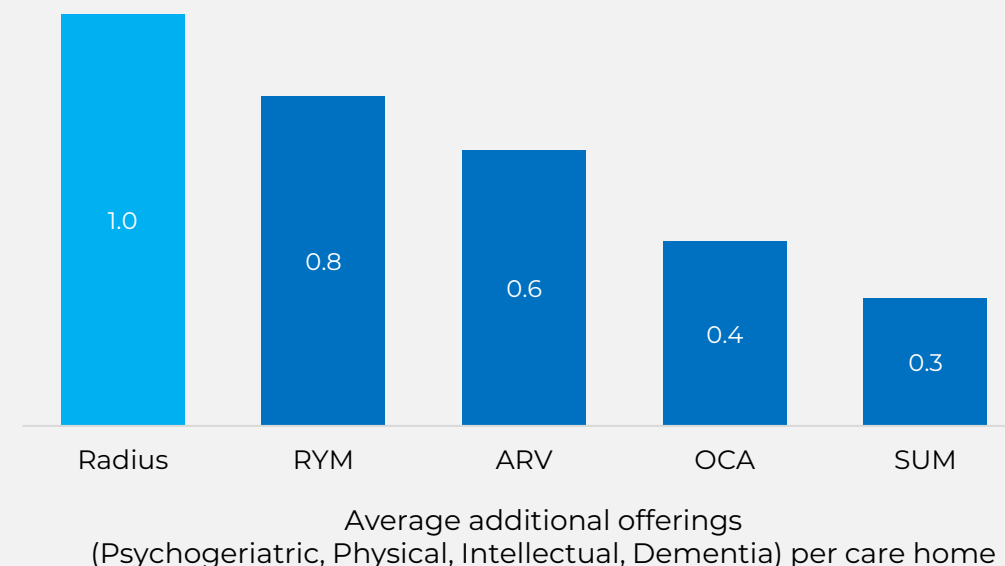
The Radius Care growth pipeline provides unique exposure to a high acuity, specialised care provider that remains committed to and focused on delivering compassionate and outstanding clinical care outcomes.

With an absolute focus on our core business, Radius Care delivers industry leading metrics, including EBITDAR per bed.

Demand underpinned by population demographics¹



Portfolio oriented to high acuity and specialist care²



1. Source: Statistics New Zealand.

2. Source: Ministry of Health audit reports as disclosed on Ministry of Health website – <https://www.health.govt.nz/your-health/certified-providers/aged-care/> based on data as at 3 May 2024.

At a Glance



1,789
Care Beds

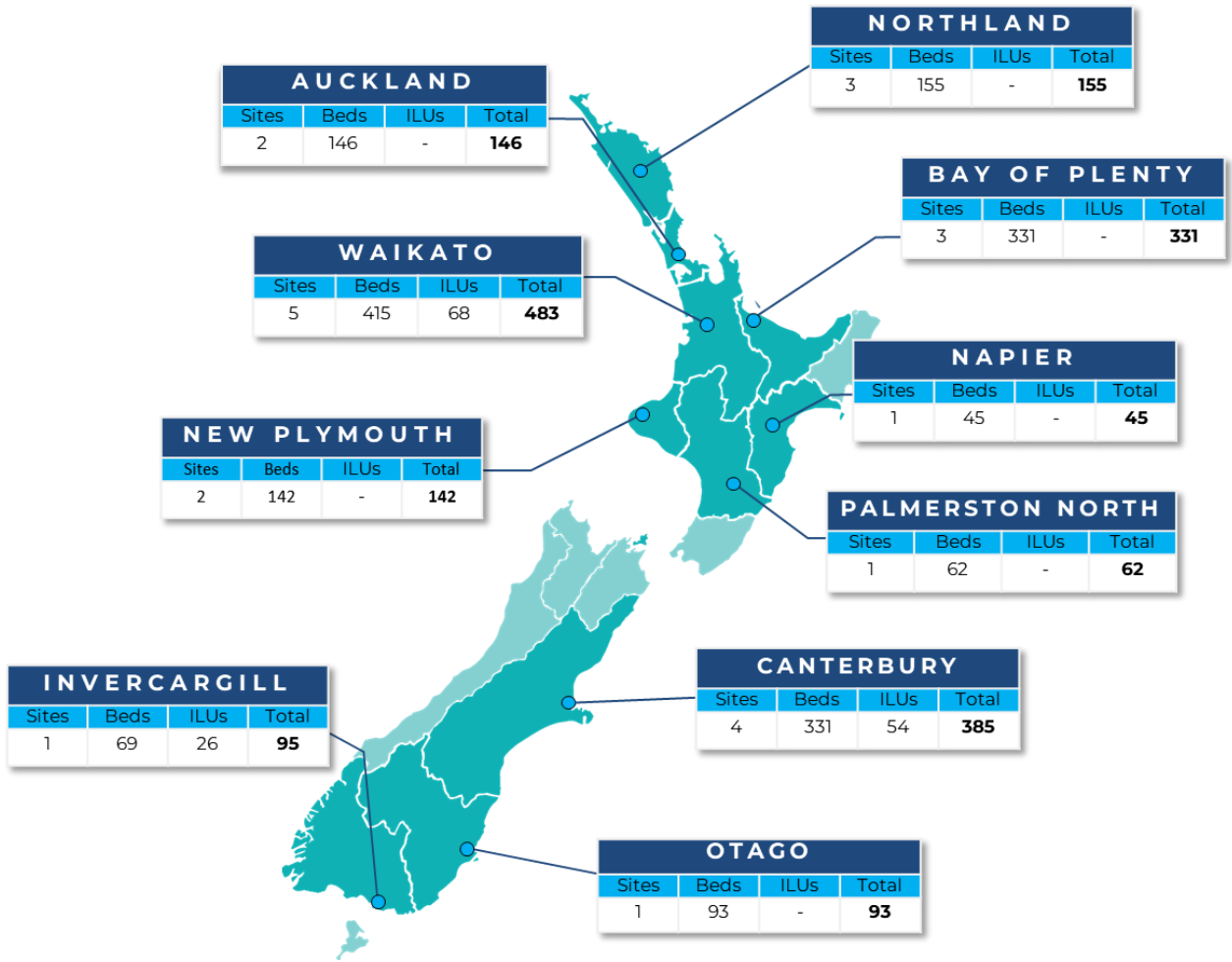


148
ILUs



1,700+
Employees

National aged care focused portfolio with strong regional presence, owning 12 and leasing 11 of the 23 sites nationwide



ILUs are Independent Living Units

Key operational and financial metrics

Operating Metrics

	FY24	FY23	FY22	FY21
Number of Care Beds (period end) ¹	1,789	1,889	1,784	1,715
Average Care Bed Occupancy ²	91.8%	91.8%	92.5%	92.4%
Underlying EBITDAR per Care Bed ³ (000s)	\$24.7	\$19.9	\$19.9	\$19.5
Number of Units (period end) ⁴	148	148	101	76
Number of new Unit sales	-	-	4	6
Number of existing Unit resales	28	8	8	7
Realised gains on resales (m)	\$1.8	\$0.8	\$0.4	\$0.5
Realised development margins (m)	-	-	\$0.1	\$0.3
Cash DMF realised upon resale (000s)	\$1,369	\$295	\$476	\$525
Average resale price (000s)	\$391	\$464	\$389	\$407
Average new unit sale price (000s)	-	-	\$403	\$408

Accommodation Supplements

	FY24	FY23	FY22	FY21
Accommodation Supplements Revenue	\$9.8m	\$7.9m	\$6.8m	\$5.6m
Number of Care Beds (period end) ¹	1,789	1,889	1,784	1,715
Number of Available Care Beds with Accommodation Supplements	1,217	1,287	1,174	1,146
Percentage of Care Beds with Accommodation Supplements	68.0%	68.1%	65.8%	66.8%

DMF terms for Retirement Village units

- 30% over three years
- average resident tenure is 4.3 years

Revenue Split

\$m	FY24	FY23	FY22	FY21
Aged Care	166.0	142.3	130.6	119.5
Retirement Village	3.8	2.8	2.0	1.6
Group support	1.4	1.2	0.8	1.2
Total revenue⁵	171.2	146.3	133.4	122.3

1. Comprises Care Beds occupied, available to be occupied or unavailable due to refurbishment.
 2. Total occupied Care Bed days divided by total Care Bed days available during the year.
 3. Pro forma Underlying EBITDAR for aged care (as set out in the lower right table) divided by the average number of Care Beds occupied during the year.

4. Comprises Units occupied, available to be occupied or unavailable due to refurbishment.
 5. Total revenue excludes Other income.

Financials

Statement of Comprehensive Income

- Revenue up 17% to \$171.2m.
- Underlying EBITDA up 47% to \$20.9m.
- Underlying EBITDAR per Care Bed up 24% to \$24.7k.
- Profit Before Tax of \$3.6m, vs a loss of \$(3.0m) in FY23.

(\$000)	FY24	FY23
Revenue		
Revenue	168,739	144,467
Deferred management fees	2,495	1,801
Total revenue	171,234	146,268
Change in fair value of investment property	2,703	765
Government subsidy received	-	189
Interest income	136	67
Gain on acquisition of previously leased property assets	-	1,781
Gain on business acquisition	-	927
Total revenue and other income	174,073	149,997
Expenses		
Employee costs	(105,744)	(93,097)
Depreciation expense	(9,942)	(9,979)
Finance costs	(15,637)	(12,479)
Loss on revaluation of land and buildings	-	(3,028)
Other expenses	(39,151)	(34,398)
Total expenses	(170,474)	(152,981)
Profit/(Loss) before income tax	3,599	(2,984)
Income tax refund/(expense) excl one off deferred tax	(748)	878
Profit/(Loss) for the year excl one off deferred tax adjustment	2,851	(2,106)
One off deferred tax adjustment	(11,339)	-
Profit/(Loss) for the year	(8,488)	(2,106)

Financials

Statement of Financial Position

- Investment properties of \$73.5m, up \$3.4m from FY23.
- Property, plant and equipment of \$117.3m, down \$16.6m from FY23 due to the sale of Arran Court.
- Lease liabilities of \$121.1m, down from \$121.5m in FY23.
- Net debt of \$73.5m, a reduction of \$26.5m/26.5% vs prior year, with \$18.3m from Arran Court and the remainder of \$8.2m from operating cashflow.

(\$000)	FY24	FY23
Assets		
Cash and cash equivalents	2,350	515
Trade and other receivables	15,002	13,071
Held for sale assets	-	891
Inventories	554	753
Current tax assets	-	1,321
Investment properties	73,528	70,143
Property, plant and equipment	117,310	133,870
Right-of-use assets	109,906	112,464
Intangible assets	16,063	19,797
Deferred tax assets	-	3,770
Total assets	334,713	356,595
Liabilities		
Cash and cash equivalents (overdraft)	-	2,894
Trade and other payables	19,990	20,543
Current tax liabilities	1,621	-
Borrowings	75,869	97,687
Deferred management fees	7,608	6,973
Refundable occupation right agreements	37,425	34,104
Lease liabilities	121,086	121,530
Deferred tax liabilities	6,682	-
Total liabilities	270,281	283,731
Net assets	64,432	72,864
Equity		
Share capital	56,820	56,813
Reserves	9,578	9,529
Retained earnings	(1,966)	6,522
Total equity	64,432	72,864

Financials

Statement of Cash Flows

(\$000)	FY24	FY23
Cash flows from operating activities		
Receipts from residents for care fees and village fees	168,430	140,699
Receipts of Government subsidy	-	1,269
Payments to suppliers and employees	(147,285)	(124,697)
Proceeds from the sale of Refundable Occupation Right Agreements	10,938	3,715
Payments for the repurchase of Refundable Occupation Right Agreements	(4,072)	(2,847)
Interest received	136	67
Interest paid – borrowings	(9,388)	(6,506)
Interest paid – lease liabilities	(5,962)	(5,934)
Income tax (expense)/benefit	1,303	(1,729)
Net cash provided by operating activities	14,100	4,037
Cash flows from investing activities		
Proceeds from the sale of care home	18,300	-
Proceeds from the sale of property, plant and equipment	989	7
Acquisitions of subsidiaries, net of cash acquired	-	(500)
Payments for the purchase of property, plant and equipment	(3,451)	(58,681)
Payments for village developments	(682)	(53)
Net cash used in investing activities	15,156	(59,227)
Cash flows from financing activities		
Proceeds from bank borrowings	18,500	56,169
Repayment of bank borrowings	(40,318)	-
Principal payments of lease liabilities	(2,709)	(2,554)
Dividends paid	-	(2,892)
Net cash provided by/(used in) financing activities	(24,527)	50,723
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at beginning of the year	(2,379)	2,088
Net (decrease)/increase in cash and cash equivalents held	4,729	(4,467)
Cash and cash equivalents at end of year	2,350	(2,379)

Financials

Underlying Earnings and AFFO Calculation

(\$000)	FY24	FY23
Net Profit Before Tax	3,599	(2,984)
Remove: Change in fair value of investment property	(2,703)	(765)
Remove: Gain on acquisition of previously leased properties	-	(1,781)
Remove: Gain on business acquisition	-	(927)
Remove: Loss on revaluation	-	3,028
Include: Realised gains on resales	1,760	796
Include: Realised development margins	-	-
Remove: Depreciation expense	9,942	9,979
Remove: Interest Income	(136)	(67)
Remove: Interest Expense	15,637	12,479
Include: Pre-NZ IFRS 16 operating lease expense	(8,671)	(8,488)
EBITDA	19,428	11,270
Underlying Adjustments:		
COVID-19 Adjustments	155	1,588
Arran Court	509	-
Other Adjustments	840	1,344
Underlying EBITDA	20,932	14,202
Net interest expense (bank and other loans)	(9,539)	(6,439)
Pre-NZ IFRS16 tax (expense)/benefit	(1,340)	18
Income tax impact from adjustments	-	(736)
Maintenance capital expenditure	(2,610)	(3,068)
AFFO	7,443	3,977

Directory of care homes

OWNED			
FACILITY	LOCATION	CARE BEDS	UNITS
St Helenas	Christchurch	52	-
Thornleigh Park	New Plymouth	87	-
Lexham Park	Katikati	63	-
Heatherlea	New Plymouth	55	-
Taupaki Gables	Kumeu	60	-
Windsor Court	Ohaupo	76	-
Elloughton Gardens	Timaru	86	-
Clare House	Invercargill	69	-
Clare House Village	Invercargill	-	26
Peppertree	Palmerston North	62	-
St Joans	Hamilton	82	-
Fulton Home	Dunedin	93	-
Windsor Court Village	Ohaupo	-	22
Elloughton Grange Village	Timaru	-	54
Matamata Country Lodge	Matamata	81	-
Matamata Retirement Village	Matamata	-	46
Total owned		866	148
Average owned		72	37

LEASED		
FACILITY	LOCATION	CARE BEDS
Kensington	Hamilton	96
Potter Home	Whangarei	55
Rimu Park	Whangarei	55
Waipuna	Auckland	86
Hampton Court	Napier	45
Baycare	Northland	45
Matua	Tauranga	149
Althorp	Tauranga	119
Millstream ¹	Ashburton	80
Millstream Apartments ¹	Ashburton	19
Glaisdale	Hamilton	80
Hawthorne	Christchurch	94
Total leased		923
Average leased		77

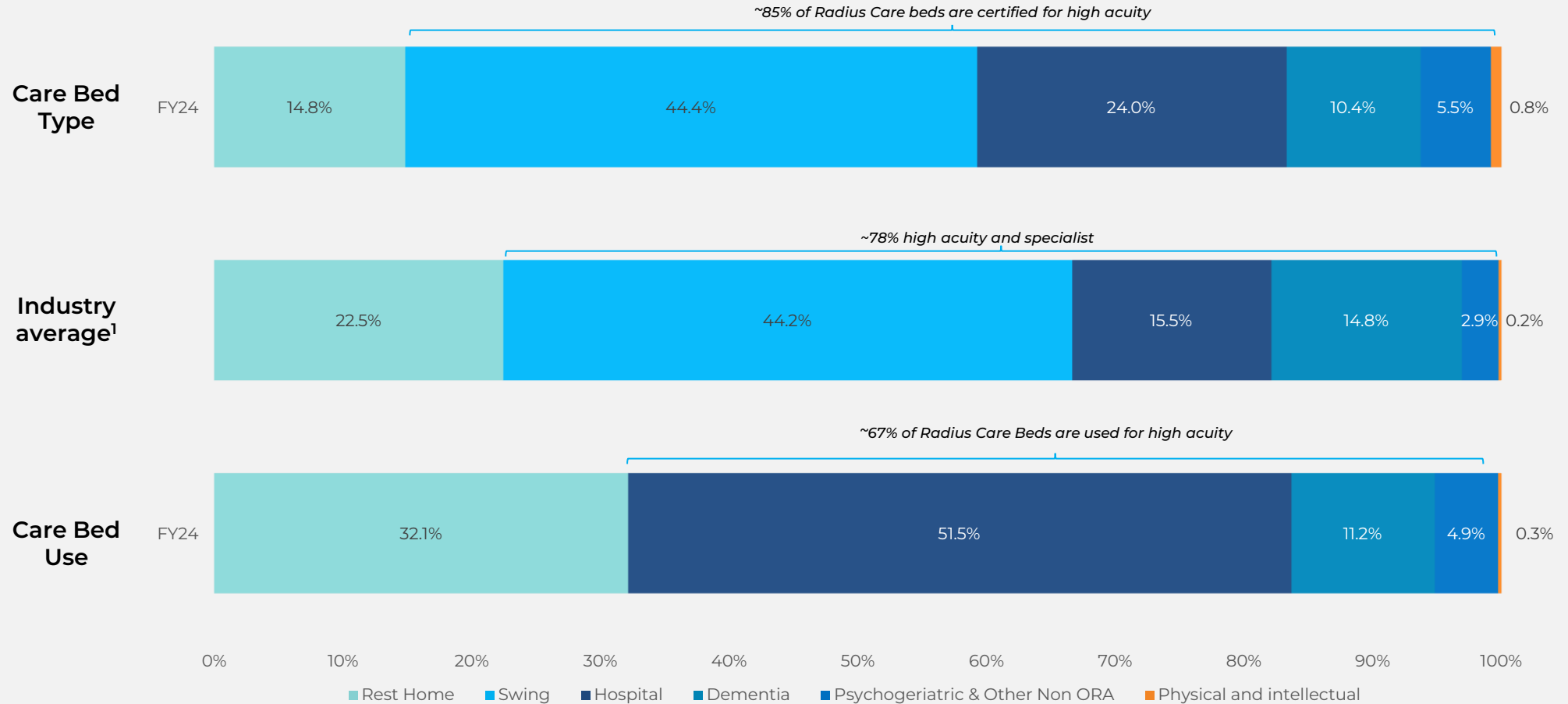
- Average current lease term of 17.7 years.
- Average time to final expiry of 24.3 years.

TOTAL		
FACILITY	CARE BEDS	UNITS
Leased	923	-
Owned	866	148
TOTAL	1,789	148

Bed Mix

87% of the portfolio are beds certified for high acuity and specialist care with significant flexibility of care.

This aligns with the sector dynamics of 'aging in place' reducing the need for rest home level care and increasing the need for higher acuity care.



1. Source: Te Whatu ORA ARC Quarterly Reporting Survey, September 2023.

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This presentation sets out information relating to Radius Care's full year result for the period to 31 March 2024. As such, it should be read in conjunction with the audited consolidated financial statements for Radius Care and its subsidiaries for the period ended 31 March 2024 ("**Financial Statements**") and other material that Radius Care has released to NZX along with this presentation. That material is also available at www.radiuscare.co.nz.

In certain sections of this presentation, Radius Care has chosen to present certain financial information exclusive of the impact of significant items. A number of non-GAAP financial measures are used in this presentation which are used by management to assess the performance of the business and have been derived from the Financial Statements. You should not consider any of these financial measures in isolation from, or as a substitute for the information provided in the Financial Statements.

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