

Radius Residential Care Limited

Annual Shareholders' Meeting 2024

CEO'S ADDRESS – ANDREW PESKETT

Brien's update on strategy and key highlights of the past, present and future of Radius, demonstrate that we are making excellent strides in all key areas of our business.

This is underscored by our record operating and financial performance for FY24, which by many measures was outstanding. As always, it is our exceptional people with a clear focus on our purpose that has guided us to reach such success. These are our nurses, our healthcare assistants, activities coordinators, gardeners, maintenance people, kitchen workers, and all others at Radius working tirelessly to provide the ultimate level of care to our residents. The huge responsibility and importance of their work does not go unnoticed, and it is their dedication and drive that in turn brings Radius shareholders returns on their investment.

Before I talk more on our wonderful people, I want to bring your attention to what makes Radius Care different from other operators.

We think it is down to a number of different elements, which you'll see on the slide here.

First, it's our culture that sets us apart. We have a highly-focused, lean, commercial care team with intense rigour on results and decisive, quick decisions. We operate like an owner operator, and there is strong alignment between the Board and the Executive Team.

Secondly, intellectual property. This is our systems, our management structure and our processes which are designed to maximise commercial and clinical outcomes, as evidenced by our certification results.

The size and configuration of our portfolio also make us different. Our care homes are built at scale, with predominantly over 60 care beds in each, and we tend to cluster our care homes into groups for efficiency. We have a higher acuity mix than most operators, which includes hospital, dementia, psychogeriatric, physical and intellectual care, as well as ACC. These beds generate significantly more revenue than standard rest home beds.

Our brand and reputation set us apart from other providers. This comes from having a strong founder presence, with over two decades built up of caring for our communities. Our advertising is strong, well-known and backed by a personal story which is a compelling proposition for our customers and residents. We have a reputation for quality care and we consistently deliver on that promise which further enhances our standing in the market.

And finally, what we are not – we are not a retirement village developer. While we have four villages, this is not our primary business, and as such we are not dependent on retirement village sales, development margins, and fluctuations in the property market. This sets us apart from the big listed players which are largely retirement village developers and operators.

Moving on now to our people, our most treasured resource. Having tackled major labour shortages over 2023 to 2024, we are now fully staffed which has enabled us to improve occupancy, resident satisfaction, and commercial outcomes.

Our employees are more engaged than they've ever been - with a record employee net promoter score of 74 for our Care Home Managers. Added to that, 60% of our Regional and Care Home Managers have been promoted from within the business, which shows that we are hiring and retaining the right people who are dedicated to Radius and the work that we do.

Our company-wide staff turnover has been sharply trending down and is now sitting at 29%, with our RN turnover now below industry at 27%. This further underscores our high levels of employee engagement and the great work our People team is doing to retain high-performing staff.

90% of our new hires love their jobs – a massive endorsement of Radius Care's outstanding culture.

We also recently launched an empowering training programme for new Internationally Qualified Registered Nurses – and we've so far trained over 100 registered nurses, setting us up for success in the future.

Our latest care home audit results demonstrate the top-tier quality of our care home staff. In our last twelve audits, we have achieved or have been informed that we will achieve the maximum certification. We are confident that our upcoming audits will similarly obtain more four-year certifications. These results highlight our clinical excellence and are also a lead indicator to stronger commercial outcomes, as families of prospective residents frequently scrutinise care home certification records before making admission decisions.

In recognition of the incredible service of our people, the Board has approved the issuance of a long-service loyalty share scheme which provides those employees who have been with Radius Care for 10 years or more to a bonus issue of shares to the value of \$1,000.

Before I move on to cover the FY24 results, I want to extend an enormous thanks to all our amazing nurses, carers and all our exceptional team who provide uncompromised care and support to our residents at Radius care homes around the country. Thank you for your unwavering resilience, positivity and professionalism in caring for our residents, day in, day out. I am very proud to work for an organisation with such a focus on care and its people, one that Brien has been instrumental in creating.

Now moving briefly to comment on our results from FY24, as Brien touched on earlier, Radius Care had an outstanding year in terms of its financial performance.

Our underlying EBITDA was 47% up on FY23, at \$20.9m. And our key metric, EBITDAR per occupied care bed, was \$24.7k, 24% up on FY23, which continues to be market-leading.

Net debt reduced by 26.5% to \$73.5m, with no short-term debt remaining, leading to a strengthened balance sheet.

Our strong, record performance was due to an improved mix of higher revenue hospital and specialist care residents, increased accommodation supplement revenue, strong resale gains at villages, a successful cost-out programme, and growth in adjacent offerings such as RConnect. We are very proud of our result, but we are not taking the foot off the accelerator yet, and continue to strive for new records and excellent returns for our shareholders, based on strategic, carefully executed, commercial decisions.

Speaking of which, as Brien touched on earlier, our laser focus on high acuity care, expansion into adjacent offerings, and strategic acquisitions, is setting us up well for future success.

We are well-positioned to capitalise on a market that is increasingly in need of high acuity and speciality care. Our full continuum of care will be able to meet that demand, particularly as we grow our reach (through the likes of leasing and acquiring care homes, expanding our aged care nursing bureau, RConnect, developing selected villages and facilities, and targeting new opportunities to provide more care to elderly New Zealanders).

With the expansion into private home care and ACC, an increased focus on looking after residents, and the growth of the Radius Shop, we are further diversifying our core revenue streams by providing additional service offerings and investment opportunities.

I'd like to now provide an update on how the business is tracking in the first quarter of FY25. We are constantly looking at ways to continuously improve, both at our 23 fantastic care homes and at support office. Trading has been strong in the first quarter of FY25 with all key metrics ahead of FY24. We reiterate that our key metrics for our full year FY25 results are expected to exceed FY24 metrics.

Our funding increase from the government has been confirmed, effective from 1 July 2024 at 3.2%, slightly more than we had budgeted.

And interest costs have decreased from \$2.4m to \$1.7m.

Our village unit resales are strong, with all vacant stock under contract and expected to settle in calendar year 2024.

Finally, our growth strategy is firmly in place with the as mentioned Senior Trust leasehold interests well-progressed and several other opportunities being actively pursued.

We reiterate our earlier guidance that our key financial metrics will exceed our FY24 numbers despite having one less care home (Arran Court).

In closing, we are excited about what the future holds for Radius Care. It is a great time to be a shareholder of Radius, with the horizon looking promising. Our continued focus on commercial intensity, delivery of exceptional care, and our dynamic growth trajectory positions us favourably for the future.

Thank you to all our shareholders, including those in the room and those online, for the chance to present Radius Care's journey and excellent progress to you today.

As leaders in providing essential and specialist healthcare services we are fully committed to our purpose and mission of delivering exceptional care and driving great returns for you all.

Finally, thank you to Brien and the Board for your faith in appointing, supporting and mentoring me. I look forward to answering any questions after my speech, chatting to you all after the meeting and continuing to drive our performance at pace.