

Green Cross Health (NZX: GXH)

Annual Shareholders' Meeting, Thursday, 31 July 2025 at 2.30pm.

Chair & Group CEO Speeches

Kim Ellis, Chair

Good afternoon.

The result for the year was a welcome up-turn from the trend of the previous two years. Both divisions contributed to the lift in performance, notwithstanding the continuing headwinds in pharmacy retail. These reflect low levels of consumer confidence as much as competitive pressure. Rachael in her address will cover off the initiatives being undertaken across the business.

Cash flows are healthy; the balance sheet is strong; and dividends continue to flow. And the Board is looking forward to the year ahead.

Before I pass over to Rachael I need to advise the following:

Carolyn has shared with me for some time her concern at the extent of her governance responsibilities particularly since her recent appointment to the ANZ Bank Board. She finally announced today at the Board meeting that she would need to reluctantly resign from GXH, effective as soon as we can find a suitable replacement.

Carolyn has served the company well over eight years and the Board is grateful for her dedication as chair of the audit committee. We will immediately commence a search for Carolyn's replacement.

Rachael Newfield, Group CEO

Slides 6-20:

Good afternoon everyone. Let's begin with a review of the group results for the year. On the left side you can see Revenue grew 4% year-on-year. Prior year acquisitions and one medical acquisition this year were the largest contributors to the increase, along with growth in dispensary, although that was partially offset by a drop in retail revenue. As you can see on the right-hand side of this page, this translated into an improvement in profitability, with Operating Profit growing \$6.9m year-on-year, up to \$38.7m.

Similarly Net Profit After Tax Attributable to Shareholders lifted year-on-year to \$16.0m or 11.1 cents per share. Dividends paid in the year were 4.5 cents per share, with the Board also declaring a final dividend of 2.75 cents per share which was paid after year end.

On the next page we see the gearing ratio. It's come down year-on-year to 11.9%. At balance date the company had undrawn facilities of \$42.0m and a positive cash

position of \$1.8m. The cash flow for the year (shown on the right-hand side graph) grew to \$52.6m. While it was a quieter year for acquisitions as we chose to focus on the existing portfolio, there were two investments - one in each of Medical and Pharmacy. The programme of site refurbishments continued in both Medical and Pharmacy along with ongoing investment in technology, which I'll talk more about soon.

So now let's look at each of the divisions - Pharmacy, then Medical. You can see in the top chart that Pharmacy Revenue grew 2%. While retail conditions were challenging, dispensary performance was strong with same store script volumes growing 4% year-on-year. And in the bottom chart you can see the growth in Pharmacy Operating Profit of \$2.2m as a result of this Revenue growth, supported by cost control measures.

We were very pleased to launch our new Care & Advice Health Hub brand in the year. This will allow us to offer a consistent set of services to customers, and capitalise on the increasing demand for health services across the New Zealand population. Our target is to have Health Hubs rolled out within 200 of our stores by the end of this year. On the right of this slide you can see various service statistics - again, this demonstrates that the provision of additional pharmacy services is a key growth strategy for the division.

And it was also a busy year on the beauty side of the Pharmacy business. We launched our Beauty by Life concept store in Newmarket. This is part of ensuring we're refreshing our instore image and product offer to appeal to a wider range of customers. The offer includes the provision of selected beauty services in store. Further roll-outs are planned for the coming year.

During the year the division has been working on enhancing the customer journey, across multiple channels. The Living Rewards programme is fundamental to the offer, with members spending 50% more than non-members in year. We continued to invest in technology, including improving the Life Pharmacy website in the year. As well as nationwide delivery, a number of stores now offer a click and collect option. We now have 149 stores signed up to provide on-demand delivery for customers across New Zealand - this is all part of making sure we're accessible to customers across a variety of channels.

Looking ahead, the coming year will see us expand our Health Hubs across New Zealand so our pharmacies can provide increased access to services for all New Zealanders. While the retail market is still challenging, we are constantly hunting for new brands to make sure we're differentiating our offer vs. the competition. The customer experience remains key, including utilising the strength of our loyalty programme of over 2 million members. We are advocating for pharmacists to be able to provide additional services; with the ever-increasing demands on the New Zealand health care system and because pharmacies throughout New Zealand are so accessible, it makes sense for Government to extend their ability to provide services. And a focus on cost control in the coming year is a given.

Moving now to Medical, you can see that Revenue once again lifted, this year by 9%. The full year impact of acquisitions was a large driver in this. And Medical

Operating Profit also grew, on the back of both the acquisitions and success of operational improvement initiatives. The division ended the year with 65 medical centres, representing New Zealand's largest enrolled patient base.

In this chart you can see the outcomes from the operational improvement initiatives with employee costs now at 72% of Revenue for the year, and EBIT margins lifted to 12.7%. We have commenced rolling out a team-based model of care to increase accessibility for our patients, ensuring the person with the best suited skill-set is able to look after our patients in a timely manner.

And this year the company invested in substantial upgrades at both Baymed and Kerikeri, adding capacity and enhancing the clinical and patient environment. The rebranding programme progressed with 45 centres now operating under The Doctors brand. Our digital interactions with patients on The Doctors App grew, with over 120,000 patients now registered on our app and using it regularly. We have also invested further in telehealth as demand for this mode of care continues to grow. Our strategy has been primarily to support the existing patient base with over 16,000 virtual consults completed in year.

The year ahead will again be a busy one. The roll-out of the team-based model of care is progressing. We have been advocating for some time for improved funding arrangements and with the Government's recent announcement of applications opening for new Primary Healthcare Organisations, Green Cross Health has submitted an application to establish its own PHO. We are investing in technology to increase patient access to care and enhance operational efficiency. An ethos of operational improvement is well-embedded in the team and this will continue, as will ongoing management of productivity and costs in the year ahead.

To end, here's an overview of the company at year end. We closed the year with 328 pharmacies, split across the Unichem and Life brands. The Living Rewards loyalty programme has over two million members. In Medical the division has 65 centres and 416,500 enrolled patients. In line with the roll-out of the team-based model of care, you can see our staffing mix is evolving. As well as 409 nurses and 407 doctors, we now have 27 nurse practitioners and 39 health improvement practitioners.

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About Green Cross Health

Green Cross Health (NZX: GXH) is a trusted New Zealand primary healthcare provider with multidisciplinary healthcare teams with the purpose of working together to

support healthier communities. Green Cross Health is focused on creating sustainable healthcare solutions with positive outcomes and experiences.

New Zealand owned and operated, Green Cross Health operates under branded groups Unichem, Life Pharmacy and The Doctors medical centres, to provide support, care and advice to diverse New Zealand communities.

Green Cross Health provides convenient access to professional healthcare with 328 Unichem and Life Pharmacies covering almost every New Zealand community, as well as 65 medical centres caring for 416,500 enrolled patients.

