

Radius Residential Care Limited

## Annual Shareholders' Meeting 2025

### CHAIR'S ADDRESS – BRIEN CREE

Radius Care is New Zealand's leading provider of high acuity, aged residential care and health services, operating 24 aged care homes across New Zealand and four retirement villages. We are a leading provider of essential and specialist healthcare services, with our 2,000 exceptional people delivering exceptional care to our residents and delivering returns to shareholders through capital growth and tax-paid distributions.

At Radius Care, we take pride in being New Zealand's leading provider of high acuity, aged care, dedicated to ensuring the well-being of our residents as they age gracefully within our residential communities and increasingly in their homes. With a deep understanding of what quality, individualised care entails, we operate 24 aged care homes and four vibrant retirement villages spanning from as far north as the Bay of Islands to the southernmost city of Invercargill.

At a time when other retirement operators are scaling back aged care provisions, we are in growth mode, as summarised by the key items below:

1. Profits and cash flow have increased due to operational efficiencies, high occupancy rates (currently over 95%), and a focus on high-acuity care beds.
2. We are expanding through "capital-light" acquisitions, revenue diversification and extending home care services as a health services company.
3. We have several opportunities to acquire land and have several landlord funded building contracts to build 80 to 100 bed care homes throughout New Zealand. These brand-new purpose-built care homes will help to partially alleviate the looming shortage of care beds.

We acquired the 109-bed St Allisa care home in Christchurch in May 2025. Aligning with our capital-light growth strategy, the land and buildings were sold to a private investor and leased back to Radius Care – we acquired the business for just under \$1.1 million. St Allisa is expected to contribute to Radius Care's earnings from the second half of FY26. This acquisition demonstrates the favourable economics of targeted expansion primarily through leased care homes.

In October 2024, we acquired a 51% stake in Cibus Catering Limited. Cibus is a specialist catering provider that prepares over 6,000 daily meals for aged care homes and boarding schools. Cibus contributed \$4.1 million in revenue and \$0.5m EBITDA to Radius Care for the period from October 2024 to March 2025. This acquisition strengthens Radius Care's diversification strategy and positions Cibus for growth in the aged care and broader food service sectors.

Radius Care has also expanded into In-Home Care services, providing support to private and ACC-funded clients. From March 1, 2025, we began to offer hospital-level rehabilitation services nationwide to ACC clients. These services focus on recovery, independence, and quality of life, addressing issues such as spinal injuries, traumatic brain injuries, musculoskeletal injuries, and post-surgical rehabilitation.

This move aligns with government strategies and public demand, as New Zealand's aging population increasingly prefers to remain at home with support. The initiative helps ease hospital congestion, reduce inpatient costs, and expand Radius Care's market reach while staying true to our core mission of delivering personalised, high-quality care.

The Radius journey began over twenty years ago, with just one care home, and a strong personal motivation to build a business that puts quality care at the heart of its operations. Through our unique processes, systems, culture, and people, we've developed RadPro. RadPro is what makes us different. Fundamentally, RadPro is an operational template that incorporates and supports resident-centric decision-making, continuous improvement, and care home leadership.

We expect to progressively invest in advanced technologies and AI to support RadPro. As an example, we've already been able to significantly enhance the effectiveness of our staff training modules by incorporating multilingual podcasts. These podcasts help to build a deeper understanding of the training content, increase engagement, and keep staff more connected to the learning process. As a result, our training programs are now more inclusive, accessible, and impactful across our diverse workforce.

Whilst it is primarily used to drive our current business efficiently, we consider that it can be utilised both within New Zealand and overseas by companies that are currently struggling to make care financially sustainable.

An updated Capital Management Framework, including a revised dividend policy, was approved by the Board in May 2025. This updated framework is designed to allocate investment in capital-light growth, while supporting reinvestment in our core operating assets, sustainable dividend growth and reduced leverage.

With the economics in favour of leased care homes, we expect the majority of future care homes, whether newly built or carefully targeted acquisitions, to be supported by private property investors.

Our strong FY25 performance enabled us to continue to pay dividends. The total FY25 dividend was 1.45 cents per share, representing a gross, fully imputed dividend of 2.01 cents per share. This dividend was 47% of AFFO (Available Funds From Operations), in line with our target dividend pay-out ratio of 40% to 70%. This dividend payment supported both sustainable dividend growth whilst maintaining room for us to invest and expand.

After a successful year, we are further anticipating growth across key financial metrics in FY26, being Underlying EBITDA, EBITDAR per bed and AFFO.

We continue to be the leaders in aged care in New Zealand and as always, we owe enormous thanks to our residents and their families for their continued support, and to our exceptional people for their resilience and passion for delivering exceptional care.

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### CEO'S ADDRESS – ANDREW PESKETT

Good morning all. I am delighted to be presenting to you at my fourth Annual Shareholder Meeting as CEO with the business performing well and beginning its ambitious growth pathway.

Our focus on enabling our exceptional people to provide exceptional care to our 2,000 residents is producing strong customer feedback, audit results, financial results and returns to shareholders.

Brien's update touched on our excellent performance in FY25. To re-cap, we delivered the following record results:

- EBITDAR per occupied bed of \$28k.
- Underlying EBITDA of \$23.5m.
- Operating Cash Flow of \$20.1m.
- Net debt down from \$73.5m to \$67.7m.

As always, it is our exceptional people, our nurses, our healthcare assistants, activities coordinators, gardeners, maintenance people, kitchen workers, and all others at Radius that do such a wonderful job in providing the exceptional care to our residents every single day of the year. We call it EPEC (Exceptional People, Exceptional Care).

At Radius Care, our strength lies in our people, our systems and our processes. From frontline staff to Care Home Managers, we continue to build a workforce that is committed, skilled, and trusted. Our investment in leadership, training, and staff wellbeing is about more than just running excellent care homes - it's about creating a culture of care. The result is evident in the voices of our staff, the loyalty of our teams and the care we provide to our residents.

Following FY24's theme, our employees continue to be well engaged. We had 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.

Radius Care builds talent within our own workforce, beginning with hiring compassionate people who have strong ties to their communities. When managerial roles arise, we start by looking at our own talent to identify those ready to step up and take on leadership roles.

Our company-wide staff turnover was reduced from 27% last year to 17% in FY25, continuing the downward trend.

Our latest care home audit results demonstrate the top-tier quality of our care home staff and systems with Radius Care achieving our highest-ever audit certification levels in FY25. Since 1 April 2024 out of the 12 care home audits undertaken, 10 received four-year certifications which is the maximum possible audit period granted by the Ministry of Health. This indicates high-quality care standards, strong compliance and operational excellence.

In recognition of the incredible service of our people, the Board continues to support 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 our current performance, 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.

I have recently worked an eight-hour shift as a Health Care Assistant – an afternoon shift until 11pm at Radius Taupaki. I can tell you that the compassion, courage and commitment of our exceptional people is difficult to put into words. The bonds that I formed with our Radius Carers and our residents through this shift will remain with me for a long time. I am scheduled to work a morning shift at Waipuna later this month.

Thank you to all the 2,000 people that work so hard for Radius Care. I am very proud to support you and work for an organisation with such a focus on care and its people.

I'd like to now provide an update on our performance in the first four months of FY26.

We provided a trading update in June, indicating that our key metric of underlying EBITDA was likely to be in the range between \$12m and \$15m for the first half year. This compares to last half year of \$10.6m. Strong trading has continued since this update. For the first half of FY26 we now expect to deliver underlying EBITDA in the range of \$14m to \$16m. As previously reported, this is a result of a number of improved metrics including:

- Occupancy in the late-94% range year to date, with a current occupancy of 95.8%.
- Strong mix of higher acuity/revenue residents such as hospital level and ACC patients.
- Strong village resales with vacant stock selling quickly.

We also extended our core debt facility with the ASB to three years (with reduced margin and line fees). As reported in June, interest cost savings in excess of \$1.0m should provide additional growth in AFFO and Net Profit.

We can also confirm that the funding increase for government funded residents has been agreed, effective from 1 July 2025 at 4%. This was slightly ahead of our expectation.

As covered earlier, we are in a period of growth. Our focus on high acuity care, continued refining of RadPro, expansion into adjacent offerings, and strategic acquisitions, is setting us up well for future success.

In closing, we are really focussed on continuous improvement at Radius Care. Our continued focus on delivery of exceptional care, our record trading in the first four months of FY26 and our many and significant growth opportunities have us looking to the future with considerable optimism.

Thank you to all our shareholders for the chance to present Radius Care's results and growth story today.