Green Cross Health (NZX: GXH)
Annual Shareholders' Meeting, Tuesday 14 July 2026 at 10:00am.

Chair & Group CEO Speeches

Kim Ellis, Chair

Good morning.

You will have noted from the results announcement on the NZ Stock Exchange; the company's annual report outlining the year's activities and progress; and the contents of the comprehensive Notice of Meeting detailing the sale of the medical division; that Green Cross has had a big year.

If you have read all that paperwork there's not much more for me to add; and in any event I suspect you'll be keen to have your say on the medical sale resolution.

So, in brief - Group operating profit for FY26 lifted nicely; and shareholders have been rewarded with another healthy dividend lift from the previous year.

Putting the Medical Division in play was a decision long in gestation; and the sale process inevitably resulted in significant additional demands on the company; but the Board is well pleased with the outcome.

The share price has responded strongly and it is heartening that the underlying value of Green Cross is at last being recognized in the market.

Distribution of the proceeds will need to be carefully thought through to ensure tax efficiency. And to prepare for this a large number of internal tasks have been identified. These may take some time to undertake but be assured the final structure of the distribution will be approved by the Board.

And what of the future? Pharmacy will receive the undivided attention of Board and management once we are through the distraction of settlement, transition and internal structuring for distribution . The answer is not obvious today but I believe a materially higher level of performance can be achieved.

Now our CEO has much to say.

Rachael Newfield, Group CEO

Slides 4-15:

Good morning everyone. Let's begin with a review of the group results for the year. On the left-hand side of the slide you can see Group Revenue increased 4% year-on-year to $546.0 million. The increase was driven primarily by improved funding outcomes in Medical as well as centres delivering on targets to increase immunisation rates. In Pharmacy, dispensary revenue continued to grow. As you can see on the right-hand side, Revenue growth translated into a lift in profitability, with Operating Profit increasing to $45.3 million. The lift in Operating Profit reflects both the benefits of higher revenue and the ongoing focus throughout the group on productivity, cost management and operational efficiency. Overall, we were pleased to deliver growth in both Revenue and Operating Profit while continuing to invest in key strategic initiatives across the divisions.

Turning now to Net Profit, Earnings Per Share and Dividends. In the first chart you can see that Net Profit After Tax Attributable to Shareholders increased to $20.4 million, continuing the positive earnings momentum we have seen over the past two years. This translated into Earnings Per Share of 14.2 cents, up from 11.1 cents in the prior year. The chart on the top right shows the consistent history of dividend returns to shareholders. You may recall the FY24 figure includes the special dividend paid following the sale of the Community Health division. The Board was also pleased to declare a final dividend of 5.5 cents per share, which was paid on 22 June 2026.

Looking now at the balance sheet and cash flow. On the left you see the gearing ratio reduced further during the year, down to 9.4%, continuing the trend of strengthening the Group's financial position. At year end, the company had $46 million of undrawn committed debt facilities available and actually had a net cash position of $8.6 million. Our financing metrics remain very strong, with debt at year end equivalent to just 0.5 times pre-IFRS16 EBITDA and interest cover of 28 times. On the right-hand side of the slide you can see Operating Cash Flow increased to $54.6 million for the year. This cash generation enabled ongoing investment in the business, including the expansion of the Beauty by Life concept and refurbishment of The Doctors New Lynn, while also allowing the Group to repay a further $7 million of debt.

So having reviewed the Group results, let's now look at the performance of each division. Beginning with Pharmacy, you can see in the top chart that Pharmacy Revenue increased 2% to $380.2 million. As I mentioned, the increase was primarily driven by growth in the dispensing of high-value medicines. While these medicines contribute relatively low margin, they do increase overall Revenue and they reinforce the important role our pharmacies play within the healthcare system. Looking at the bottom chart, Operating Profit increased 4% to $22.2 million. Script volumes were in line with the prior year on a same-store basis, with the network dispensing approximately 38 million script items during the year. The contribution of pharmacy services also continued to grow, with approximately 330,000 vaccinations administered across the network. These results demonstrate the resilience of the Pharmacy division and the growing importance of healthcare service delivery within the pharmacy environment.

Unichem and Life’s Care & Advice Health Hubs are well positioned to support the Government's initiatives aimed at improving access to healthcare through community pharmacies. The recent extended pharmacy services programme launched on 2 June is a great example of this. We see further opportunity for pharmacists to support the New Zealand health system. Pharmacists can play an expanded role within primary care and should be supported under improved funding arrangements. We will continue advocating for changes that increase patient access and improve healthcare outcomes, and provide appropriate compensation to pharmacies. At year end we had 170 Care & Advice Health Hubs operating nationwide, with more sites undertaking branding. And we have more sites coming on board. The hubs present a significant platform for further service expansion. The ability for pharmacists to provide a broader range of clinical services is a positive outcome for patients, helping them access timely care, closer to home, while also alleviating pressure on other parts of the health system.

A focus during the year was improving the customer experience across both digital and physical channels. We were pleased to launch our new pharmacy app which is integrated with our online booking platform. The app makes it easier for customers to access the growing range of services offered through our Care & Advice Health Hubs. We also introduced a fully shoppable Unichem website, allowing customers to check stock availability online, place click-and-collect orders, or arrange home delivery. This means both our Life brand and our Unichem brand now have strong website presence. At the same time, we expanded our Feel Good, Pay Less range, providing quality products at affordable prices and responding to ongoing consumer sensitivity around household budgets. Together, these initiatives are helping improve accessibility, convenience and value for customers.

Investment in the store network remained a priority during the year. One new greenfield pharmacy was opened with the launch of Unichem Mount Wellington in Auckland. We also continued expanding the Beauty by Life concept, with significant refurbishments at Queensgate in Wellington and Albany in Auckland. The Beauty by Life format is helping to modernise the customer experience, strengthen differentiation and attract new customers to the network. Alongside these customer-facing initiatives, we continued investing in dispensary robotics and automation technology. These investments improve efficiency, support dispensing accuracy and free up pharmacist time to focus on the delivery of clinical services.

Looking ahead, the Pharmacy division has five priorities. First, we will continue expanding clinical services through the Care & Advice Health Hub model, supporting customer access to primary care services as well as future revenue growth. Second, we will increase the differentiation of our retail proposition through our brands, products and in-store experience. Third, we will leverage technology to improve customer accessibility and strengthen engagement with our loyalty and our digital platforms. Fourth, we will utilise the scale and professionalism of our network to advocate for continued expansion of pharmacist scope and additional funding opportunities. While we've seen some good movement in the last year, pharmacists continued to be an under-utilised resource within the New Zealand health system. And finally, maintaining a disciplined focus on productivity, margin management and occupancy costs will remain essential in what continues to be a competitive operating environment.

Turning now to Medical – a topic of plenty of interest today. During the year, Revenue increased 8% to $165.8 million. As I mentioned earlier, drivers of growth included improved funding outcomes together with incentive payments linked to immunisation targets. Operating Profit increased significantly, rising 33% to $26 million. This reflects both the improvement in revenue and the results of operational improvement initiatives implemented across the division. At year end, the division had approximately 413,000 enrolled patients and ownership interests in 65 medical centres throughout New Zealand.

And to the future of the Medical business.   As you have read, and Kim has touched on, one of the resolutions for later in the meeting concerns the proposed sale of the Medical division.   The transaction involves the sale of all shares in Green Cross Health Medical, the holding company for the Medical division, to Tend Health. Many of you will be familiar with Tend Health given Tend is an existing provider of general practice services within New Zealand. The estimated transaction value is $270 million, subject to completion adjustments. The proposal recognises the significant value that has been created within the Medical division over many years. If completed, the proceeds will first be used to repay the Group's bank debt in full. The Board will then consider the most appropriate and tax-efficient use of the remaining proceeds, with some preparatory work required. The focus will be on delivering value to shareholders while continuing to support the long-term success of the Pharmacy business.

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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 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, to provide support, care and advice to diverse New Zealand communities.

Green Cross Health provides convenient access to professional healthcare with over 300 Unichem and Life Pharmacies covering almost every New Zealand community, as well as 65 medical centres caring for over 400,000 enrolled patients.