31 December 2023

Interim Shareholders Report 2024

2024 Half Year Results

Dear Shareholders,

We are pleased to report another strong performance for EBOS for the first half of the 2024 financial year driven by continued organic growth as well as several strategic investments.

This result continues EBOS' long term growth trajectory in delivering value for our stakeholders. The success we have achieved is the result of the combined efforts of our more than 5,000 employees across New Zealand, Australia and Southeast Asia.

Key Highlights

$6.6b
revenue
(+7.1%)

79.5c
underlying earnings per share
(+6.6%)

NZ 57.0c
interim dividend per share
(+7.5%)

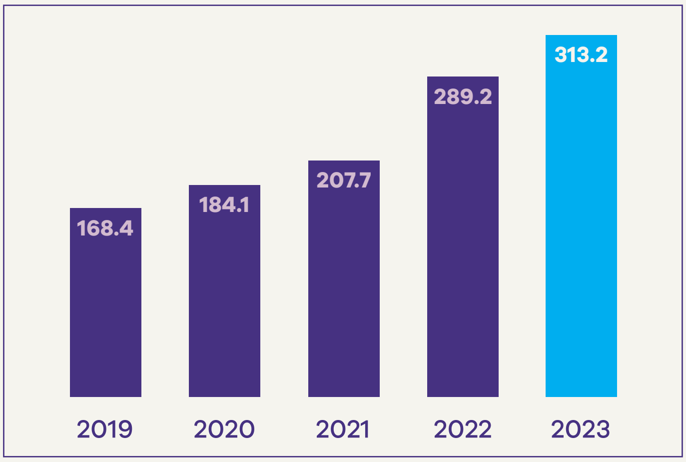
Financial Highlights

Underlying Results

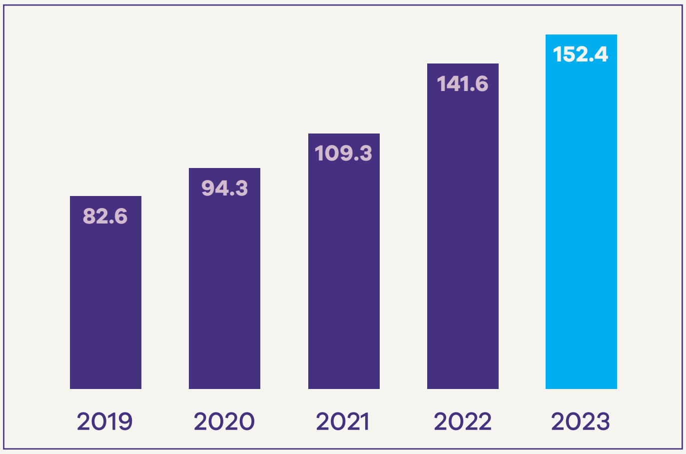
$6.6 billion Revenue +7.1% increase

$313.2 million EBITDA +8.3% increase

$152.4 million NPAT +7.6% increase



Underlying EBITDA
Six months to 31 December ($millions)



Underlying net profit after tax
Six months to 31 December ($millions)

All amounts are in Australian dollars unless otherwise indicated.

Key highlights of the first half included:

- Revenue of $6.6 billion (up 7.1%)
- Underlying EBITDA of $313.2 million (up 8.3%)
- Underlying NPAT of $152.4 million (up 7.6%)
- Underlying EPS of 79.5 cents (up 6.6%)
- Interim dividend declared of NZ 57.0 cents per share (up 7.5%)
- Continued strong performances from both our Healthcare and Animal Care segments with Healthcare Underlying EBITDA up 8.0% and Animal Care Underlying EBITDA up 8.6%
- Stronger Group Underlying EBITDA growth of approximately 10% when normalised to exclude the Chemist Warehouse Australia contract
- Significant investments undertaken in the first half, in line with our strategy of investing for growth, including:
  - > Increased shareholding in our Southeast Asian medical technology distribution business, Transmedic, to 90%.
  - > Completed the acquisition of Superior Pet Food Co. (Superior), a leading New Zealand manufacturer and supplier of premium dog rolls.
  - > Capital expenditure of $66 million invested into our operational infrastructure.

Healthcare summary

Our Healthcare segment generated revenue of $6.3 billion and Underlying EBITDA of $275.5 million, an increase of 7.5% and 8.0% respectively on the prior corresponding period. This performance was driven by our leading market positions, strong organic growth and continued focus on margin management.

In Australia, Healthcare revenue increased to $5.0 billion and Underlying EBITDA increased to $228.6 million, an increase of 6.1% and 12.4% respectively. In New Zealand and Southeast Asia, Healthcare revenue increased to $1.3 billion representing growth of 14.0%, while Underlying EBITDA decreased to $46.8 million. Southeast Asia EBITDA continued to grow strongly, up 7.4%, driven by our Transmedic business, however New Zealand EBITDA was impacted by a decline in non-recurring COVID-19 activity within our Contract Logistics business.

Community Pharmacy revenue increased by $181.0 million (up 4.9%), driven by the performance of our community pharmacy retail brands including TerryWhite Chemmart (TWC) and increased wholesale market share. Excluding revenue from COVID-19 related anti-viral medications, Community Pharmacy delivered normalised revenue growth of 8.3%. Our TWC franchise network has continued its store expansion and sales growth, further strengthening its position as Australia's largest health advice-oriented community pharmacy network.

Institutional Healthcare revenue increased by $205.8 million (up 11.7%) and Gross Operating Revenue (GOR) increased by $17.4 million (up 6.0%), driven by Symbion Hospitals and the performance of our Medical Technology businesses. Symbion Hospitals revenue grew by approximately 15% predominantly due to sales of high value specialty medicines. Our Medical Technology division delivered first half revenue growth of 10.2% driven by increasing surgical volumes particularly within the implant channels. Medical consumables contribution was lower due to the unwind of PPE and other COVID-19 related activity.

Segment results

Healthcare

$6.3b revenue (+7.5%)	**$275.5m** underlying EBITDA (+8.0%)

Animal Care

$286.2m revenue (-1.7%)	**$55.4m** underlying EBITDA (+8.6%)

Our Contract Logistics business in Australia continues to generate growth through new and existing principals. Our recently completed facility in Sydney, NSW will accommodate ongoing growth in the business. In New Zealand, the Contract Logistics business experienced a reduction in first half GOR due to a fall in demand for the storage and servicing of COVID-19 related products and as a result overall Contract Logistics GOR decreased by approximately 2.0%.

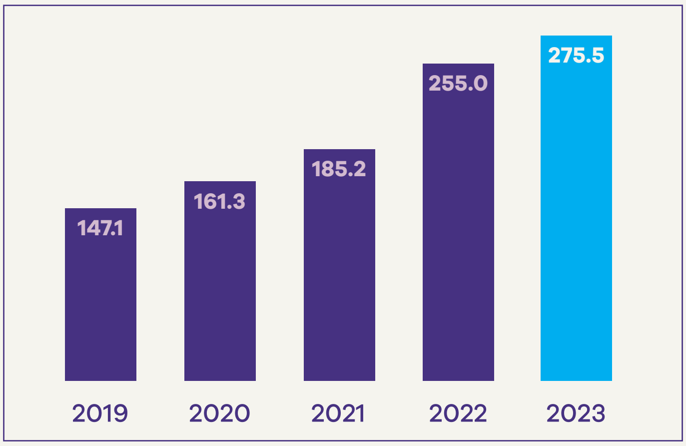
As we continue to invest for growth, the Group increased its shareholding in Transmedic to 90%. Transmedic is one of the largest independent medical device distributors in Southeast Asia and has long term relationships with global medical device OEMs, representing their products in hospitals and other clinical settings across several therapeutic channels. EBOS acquired its original 51% interest in Transmedic as part of the LifeHealthcare acquisition, which was completed in May 2022. This transaction reflects our confidence in the business and is consistent with our strategy to explore further growth opportunities in Southeast Asia. Transmedic shareholder and Chairman, Mr TS Lee, will remain our partner in Transmedic and EBOS will continue to benefit from his extensive knowledge of the business and the region. Mr Lee will retain a 10% shareholding in Transmedic and remain Chairman for approximately another two years. An option arrangement has been entered into that will facilitate EBOS moving to 100% ownership at the conclusion of this period. The purchase price for the additional 39% shareholding in Transmedic was approximately SGD119 million (AUD$135 million[1]).

In addition, the Healthcare segment continued to invest in its operational infrastructure to support its organic growth including two new contract logistics facilities in Auckland and Sydney; a new pharmacy wholesale centre in Auckland and additional medical consumable distribution centres in Auckland, Sydney and Melbourne.

[1] Based on an SGD:AUD exchange rate of 0.8816.

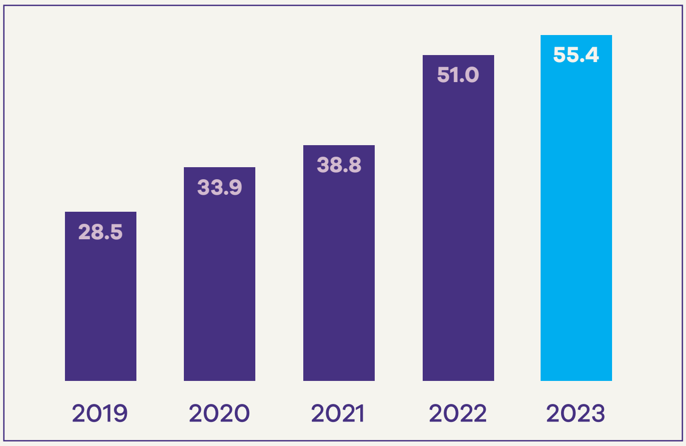
Segment Overview

Healthcare



Underlying EBITDA
Six months to 31 December ($millions)

Animal Care



Underlying EBITDA
Six months to 31 December ($millions)

Animal Care summary

Our Animal Care segment generated revenue of $286.2 million and Underlying EBITDA of $55.4 million, a decrease of 1.7% and an increase of 8.6% respectively on the prior corresponding period.

The segment demonstrated resilient growth in its branded business, as the specialty pet industry experiences a shift towards larger national retailers. The strength of our brands and our long-standing relationships with these retailers positions us well in the changing environment.

Whilst our key brands Black Hawk and VitaPet continued to maintain share leadership in their respective segments, we did experience softer demand for our portfolio of accessory products due to the more challenging consumer environment.

The recently acquired Superior business has performed in line with expectations with growth in both dog roll products and bulk treats. This acquisition expands our portfolio of branded products in attractive categories, increases our in-house manufacturing capabilities and accelerates our new product development initiatives.

In line with our Animal Care growth strategy, several new product development launches have commenced or are planned for FY24. These include the Black Hawk Healthy Benefits® range and the relaunch and extension of the Black Hawk cat food range. Black Hawk Healthy Benefits®, the first specific benefits line from Black Hawk, appeared on shelves in leading pet specialty retailers and vet clinics in September 2023 and has had positive early in-market performance. The new Black Hawk cat food range was specifically developed by cat nutritionists and vets and features premium ingredients to support cats' wellbeing and lifestyle.

Our pet food manufacturing facility continues to enhance our local supply chain capabilities and provide a competitive advantage for the Black Hawk and VitaPet ranges through continuity of supply and new product launches.

Cash Flow, Net Debt and Return on Capital Employed

The Group generated solid underlying operating cash flow of $115.6 million, reflecting strong Underlying EBITDA, partially offset by finance costs, tax payments and net working capital movements.

Return on Capital Employed ("ROCE") of 15.1% is in line with June 2023 and ahead of December 2022 by approximately 70 bp. ROCE is in line with the Group's target of 15%.

Net Debt: EBITDA ratio at 31 December 2023 was 2.06x (1.76x as at 31 December 2022) primarily reflecting consideration paid for acquisitions completed in the period (Superior and the increased shareholding in Transmedic).

Sustainability and Community

Resilience is integral to EBOS and is becoming increasingly important with the effects of climate change being felt with increasing frequency and severity in the communities we serve. In times of climate related crises our teams have responded readily to assist impacted communities across New Zealand and Australia, working with government, military, rescue agencies and our transport partners to ensure the ongoing reliable supply of medicines and related products.

As we have done since our inception in 1922, our focus is to serve the needs of customers and consumers regardless of the circumstances. EBOS continues to assess, and where applicable, quantify the nature and scale of climate-related risks in our value chain and the overall potential impact to our business. EBOS will release its first Climate Statement later in calendar year 2024.

Recognising our responsibility to act, we are investing in energy efficiencies, renewable power and low carbon technologies. In FY23, we achieved net zero Scope 1 emissions in New Zealand and Australia using Australian Carbon Credit Units (ACCUs) to offset direct emissions from our facilities. We have also completed the first phase of our 18.8MW solar array project, with the installation of a 500kW roof-mounted array in Parkes NSW, and preparations for the next phase are underway.

EBOS continues to work with community partners across Australia and New Zealand who are aligned with our purpose 'Advance opportunities to enrich lives'. The Group and our employees again supported organisations including Ovarian Cancer Australia, BackTrack, LandSAR, FightMND, Cerebral Palsy Alliance and others.

Further detail on our ESG Program can be found at **www.ebosgroup.com/sustainability.**

Board Update

Consistent with EBOS' Board renewal process, independent directors Sarah Ottrey and Stuart McGregor retired as directors effective 24 October 2023. The retirements were part of a carefully considered succession process that has included the appointments of Mark Bloom and Julie Tay as independent directors during the last 18 months. Ms Ottrey and Mr McGregor had been directors since 2006 and 2013 respectively and made valuable contributions to EBOS during their tenure, a period in which EBOS generated significant growth and shareholder value.

Interim Dividend

The Directors declared an interim dividend of NZ 57.0 cents per share, an increase of 7.5% on the prior corresponding period. This implies a dividend payout ratio of 66.4%[2] on an underlying basis.

The Dividend Reinvestment Plan will be operational for the interim dividend. Shareholders can elect to take shares in lieu of a cash dividend at a discount of 2.5% to the volume weighted average share price.

The record date for the dividend is 1 March 2024 and the dividend will be paid on 22 March 2024. The dividend will be imputed to 25% for New Zealand tax resident shareholders and fully franked for Australian tax resident shareholders.

Outlook

EBOS is pleased with the strong earnings growth in the first half of FY24 and is successfully managing its EBITDA margin in the current environment.

January 2024 trading conditions were positive with the Underlying EBITDA growth rates including and excluding the Chemist Warehouse Australia contract, consistent with the levels recorded in the first half.

The Group is confident that for the remainder of FY24 it will continue to generate organic earnings growth across both Healthcare and Animal Care and pursue further bolt-on acquisitions.

We will continue to service the Chemist Warehouse Australia contract until its expiry date of 30 June 2024. Thereafter, we do not expect to generate revenue from this contract.

The Group expects to have capital expenditure in FY24 slightly above the FY23 level as we continue to invest for growth and modernise our facilities, particularly our New Zealand Healthcare operations.

EBOS' balance sheet is strong and well positioned to pursue growth opportunities.

We thank our shareholders for their ongoing support.

Liz Coutts
Chair of the Board

John Cullity
Chief Executive Officer

[2] Dividend payout ratio is based on an underlying basis on a NZD:AUD average exchange rate of 0.925.

Printed on recycled stock