Interim Shareholders Report 2023

31 December 2022

2023 Half Year Results

Dear Shareholder,

EBOS is pleased to report another record financial performance for the first half of the 2023 financial year, driven by both organic growth and the contribution from acquisitions, reflecting the benefits of our disciplined investment strategy.

The half-year result emphasises the continued strong performance of our Healthcare and Animal Care segments, which delivered a combined 17.0% revenue increase to \$6.1 billion and a significant 39.3% increase in underlying EBITDA to \$289.2 million.

The strong growth and earnings trajectory continues EBOS' long-term track record of delivering for its shareholders and is a testament to the combined efforts of our approximately 5,000 employees across New Zealand, Australia and Southeast Asia.

EBOS' positive performance has come despite our diverse businesses having experienced operational challenges due to supply side constraints, including stock shortages and availability of personnel. The current inflationary environment has increased cost of goods sold, labour, and freight, but each of our divisions has implemented strategies to mitigate the increases and preserve margins.

Key Highlights

\$6.1b +17.0%

74.5C +12.0% underlying earnings per share

NZ 53.0C +12.8%

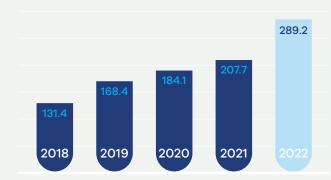
Financial Highlights

Underlying Results

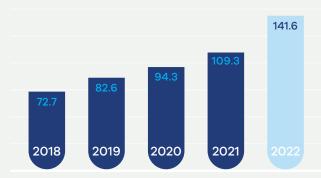
\$6.1 billion Revenue +17.0% increase

\$289.2 million EBITDA +39.3% increase

\$141.6 million NPAT +29.6% increase



Underlying EBITDASix months to 31 December (\$millions)



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

Key highlights of the first half included:

- Revenue of \$6.1 billion (up 17.0%)
- Underlying EBITDA of \$289.2 million (up 39.3%)1
- Underlying NPAT of \$141.6 million (up 29.6%)1
- Underlying EPS of 74.5 cents (up 12.0%)1
- Interim dividend declared of NZ 53.0 cents per share (up 12.8%)
- Continued strong performances from both our Healthcare and Animal Care segments, with Healthcare's Underlying EBITDA up 37.6% and Animal Care's EBITDA up 31.5%
- Underlying EBITDA margin of 4.71% (up 76bp)
- Net Debt: EBITDA of 1.76x (1.94x at June 2022) reflecting a strong cash flow performance.

Healthcare summary

Our Healthcare segment generated revenue of \$5.9 billion and Underlying EBITDA of \$255.0 million, an increase of 17.6% and 37.6% respectively on the prior corresponding period.

This performance was driven by our leading market positions and strong contributions from our Community Pharmacy, TerryWhite Chemmart ("TWC"), Institutional Healthcare and Contract Logistics divisions and businesses, which all recorded double-digit gross operating revenue ("GOR") growth. Institutional Healthcare was a standout performer due to contributions from acquisitions completed in FY22.

Community Pharmacy revenue increased by \$578.6 million (up 18.4%), driven by customer and market share growth, a strong performance from our community pharmacy retail brands including TWC, above market growth in ethical sales to our major wholesale customers and sales growth of high value specialty medicines. In addition, the results benefitted from higher sales of COVID-19 related products including anti-viral medications and cold and flu OTC products.

TWC further strengthened its position as Australia's largest health advice-oriented community pharmacy network by welcoming 26 new pharmacies during the period, taking the network total to greater than 540 stores nationally.

TWC demonstrated strong network sales performance with 18.6% total growth and 15.8% like-for-like growth. A continued focus and investment in our TWC catalogue and promotional program, increases in media spend, and the development of a new myTWC app to make it easier for customers to order and manage medications and bookings, all reinforced TWC's positive performance.

Institutional Healthcare generated revenue growth of \$285.6 million (up 19.4%) and GOR growth of \$128.7 million (up 81.3%), predominantly driven by the contributions of five acquisitions completed in FY22.

Healthcare results by region

Australia

\$4.8b +20.8%

\$203.4m +35.4%

New Zealand and Southeast Asia

\$1.1b +5.7%

\$51.6m +47.3%
Underlying EBITDA

The acquisitions included Pioneer Medical, Sentry Medical, MD Solutions and LifeHealthcare, which together significantly expanded our presence in medical consumables and medical technology distribution.

Further progress has been made during the period on the integration of LifeHealthcare into the Group's enlarged medical technology division. LifeHealthcare's financial performance was in-line with expectations, providing significant earnings growth for the Group. Management now anticipates that implementation of the integration activities to be undertaken in the second half of the financial year will result in one-off costs of approximately \$12.5 million. The integration activities and expected costs include rationalisation of operating sites and inventory lines, IT systems integration and stamp duty. The financial benefits from these activities will be realised in FY24 and beyond.

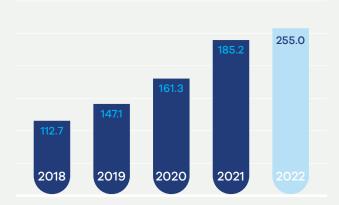
Contract Logistics increased GOR by \$15.7 million (up 26.0%), attributable to growth in Australia from new and existing principals and growth in New Zealand from continued demand for storage and servicing of protective equipment.

The Healthcare segment continued to invest in its operational infrastructure to support its growth, including the construction of new contract logistics distribution centres in Auckland (nearing completion) and Sydney, which is ongoing with an expected opening in late 2023.

¹ Underlying earnings for the 31 December 2022 period exclude the amortisation (non-cash) expense attributable to the LifeHealthcare acquisition purchase price accounting of finite life intangible assets (\$13.5m pre-tax and \$9.4m post tax). Underlying earnings for the 31 December 2021 period exclude transaction costs incurred on M&A (\$7.8m pre-tax and \$7.4m post tax).

Segment Overview

Healthcare



Underlying EBITDA¹

Six months to 31 December (\$millions)

Animal Care



EBITDA

Six months to 31 December (\$millions)

Animal Care summary

Our Animal Care segment generated revenue of \$291.2 million and EBITDA of \$51.0 million, an increase of 6.3% and 31.5% respectively on the prior corresponding period. This growth was driven by strong performances from our leading brands and businesses (Black Hawk, Vitapet and Lyppard), and the benefits of our new pet food manufacturing facility at Parkes, NSW.

Strong pet market conditions have continued and our brands and businesses have benefitted from this. Black Hawk and Vitapet continued to maintain share leadership in their respective segments.

Our new pet food manufacturing facility is successfully operating and delivering commercial production rates that meet Black Hawk demand and support our strategy of new product development. The facility is enhancing our local supply chain capabilities and providing a competitive advantage for the Black Hawk range.

Cash Flow, Net Debt and Return on Capital Employed

EBOS generated underlying operating cash flow of \$161.1 million, a 40.6% increase on the prior corresponding period. This result benefitted from both strong earnings growth and our continued disciplined approach to managing working capital.

Return on Capital Employed ("ROCE") of 14.4% was below December 2021 by 3.8% and is in-line with expectations. The reduction in ROCE was due to the long-term investment in building our position in the medical technology distribution sector through the acquisition of LifeHealthcare. The Group maintains its 15% ROCE target and aims to exceed this level again in the medium term.

Net Debt: EBITDA ratio at 31 December 2022 was 1.76x (1.94x as at 30 June 2022) reflecting strong cash flow and earnings growth. Current gearing is within our target range and the Group is well positioned to support further growth opportunities.

Sustainability and Community

FY22 and the first half of FY23 were significant periods for EBOS' ESG Program as we progressed new initiatives and accelerated our ambitions to be a carbon neutral company.

The EBOS Board took decisive action towards carbon neutrality by approving the scoping of an 18.8MW solar array which is forecast to meet all of the Group's Australian electricity requirements by FY27.

The first phase of this major infrastructure investment includes a 240kW roof-mounted array at our pet care manufacturing facility at Parkes, NSW. Phase One installation is on target for completion this year. We are now preparing to deliver the second phase of the project, a 6MW ground-mounted solar system which is expected to be completed in FY24.

Last year we set a target to become Carbon Neutral for Scope 1 emissions during FY23. These emissions include but are not limited to emissions from refrigerants and company motor vehicles and are on track to be measured and offset prior to the end of the financial year.

We have recently developed a new Ethical Sourcing Strategy which aims to engage suppliers that are aligned to EBOS' corporate values. The strategy is supported by a Supplier Code of Conduct and an Ethical Sourcing Policy which outlines specific supplier requirements on child labour, employee payments and anti-discrimination and harassment.

Over our 100 years of history, EBOS has built strong and enduring connections with communities in New Zealand and Australia. Central to these relationships is helping to raise funds for, and support, organisations striving to save and change lives.

Our company and employees supported organisations including Ovarian Cancer Australia, BackTrack, LandSAR, FightMND, Cerebral Palsy Alliance's Steptember fundraiser and many more.

Following the recent weather events in New Zealand our teams ensured that supply channels remained opened to continue to serve the local communities. In one instance our Onelink and Healthcare Logistics operations combined with the New Zealand Defence Force and Health NZ to deliver urgent medicines and medical consumables into Whangarei hospital in the Northland region due to road closures and flooding following Cyclone Gabrielle. This is another example of the critical importance our healthcare businesses are to the supply of medicines and related products across New Zealand and Australia and underlines the commitment of our people in times of natural disasters.

In December 2022, the External Reporting Board published compulsory Climate Related Disclosures that EBOS will need to disclose commencing in FY24. EBOS is currently preparing for these Government mandated disclosures to ensure we meet the requirements.

We look forward to providing a more detailed account of our ESG Program in our 2023 Sustainability Report.

Interim Dividend

The Directors declared an interim dividend of NZ 53.0 cents per share, an increase of 12.8% on the prior corresponding period. This implies a dividend payout ratio of 69.8%.²

The Dividend Reinvestment Plan ("DRP") 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 ("VWAP").

The record date for the dividend is 3 March 2023 and the dividend will be paid on 17 March 2023. 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 FY23 and we expect another full year of profitable growth.

EBOS' balance sheet is strong and we are well positioned to pursue new growth opportunities, in line with our strategic vision, and continue to deliver value to our shareholders and the communities we serve.

Thank you again for your ongoing support.

Liz Coutts

Chair of the Board

Em Cuto

John Cullity

Chief Executive Officer

 $^{^{2}}$ Dividend payout ratio is based on a NZD:AUD average exchange rate of