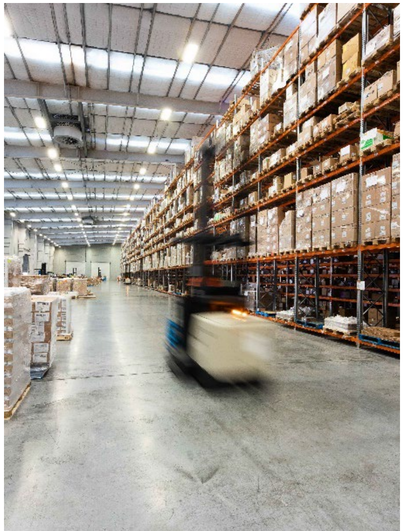
EBOS GROUP LIMITED





# INVESTOR PRESENTATION

Interim Financial Results

Half year ended 31 December 2022

22 February 2023

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The information contained in this presentation should be considered in conjunction with the consolidated financial statements for the half year ended 31 December 2022.

**All currency amounts are in Australian dollars unless stated otherwise.**

**All amounts are presented inclusive of IFRS16 Leases, except for periods FY19 and prior, unless stated otherwise.**

**Underlying earnings for the 31 December 2022 period exclude the amortisation (non-cash) expense attributable to the LifeHealthcare acquisition purchase price accounting (PPA) of finite life intangible assets. Underlying earnings for the 31 December 2021 period exclude transaction costs incurred on M&A. Refer to page 27 for the reconciliation of Statutory to Underlying earnings.**

# GROUP FINANCIAL RESULTS

# H1 FY23 SUMMARY RESULTS

**EBOS has achieved another record half year result, driven by organic growth and contribution from acquisitions**

| $m | Underlying[1] | Var | Statutory | Var[2] |
|---|---|---|---|---|
| **Revenue** | **6,145.7** | ▲ 17.0% | **6,145.7** | ▲ 17.0% |
| **EBITDA** | **289.2** | ▲ 39.3% | **289.2** | ▲ 44.7% |
| **EBIT** | **239.5** | ▲ 41.6% | **226.0** | ▲ 40.1% |
| **NPAT** | **141.6** | ▲ 29.6% | **132.2** | ▲ 29.8% |
| **EPS (cents)** | **74.5** | ▲ 12.0% | **69.6** | ▲ 13.3% |
| **DPS (NZ cents)** | | | **53.0** | ▲ 12.8% |
| **EBITDA margin** | **4.71%** | ▲ 76bp | | |
| **ROCE (%)** | **14.4%** | ▼ (3.8%) | | |
| **Net debt : EBITDA (x)** | **1.76x** | ▼ 0.18x[2] | | |

***Strong organic earnings growth***

***Substantial contribution from FY22 acquisitions***

***Double-digit EPS growth***

***Gearing reduced and within target range***

***Increased dividends to shareholders***

***ROCE in-line with expectations after LifeHealthcare acquisition***

Notes:
1. Underlying earnings for the 31 December 2022 period exclude the amortisation (non-cash) expense attributable to the LifeHealthcare acquisition purchase price accounting (PPA) of finite life intangible assets ($13.5m pre tax, $9.4m post tax). Underlying earnings for the 31 December 2021 period exclude transaction costs incurred on M&A ($7.8m pre tax, $7.4m post tax). Refer to page 27 for the reconciliation of Statutory to Underlying earnings.
2. Comparisons shown to prior corresponding period with exception of Net Debt : EBITDA, which is compared to June 2022.



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# KEY HIGHLIGHTS

**Continued strong organic growth in Healthcare and Animal Care combined with substantial contribution from acquisitions completed in FY22**

| | |
|---|---|
| **Healthcare**<br>*EBITDA up 37.6%*[1] | • Healthcare's strong performance was driven by our Community Pharmacy, TerryWhite Chemmart ("TWC"), Institutional Healthcare and Contract Logistics businesses. Key highlights included:<br>○ Community Pharmacy wholesale volumes grew strongly driven by customer and market share growth;<br>○ TWC store network grew to over 540 stores and delivered total sales growth of 18.6% and like-for-like growth of 15.8%;<br>○ Institutional Healthcare growth driven by medical technology and medical consumables distribution acquisitions completed in FY22 and increased hospital medicines sales including specialty medicines; and<br>○ Contract Logistics growth due to new and existing principals.<br>• Continued investment in operational infrastructure across Community Pharmacy, Institutional Healthcare and Contract Logistics.<br>• The integration of LifeHealthcare is well progressed and its financial performance was in-line with expectations, providing significant earnings growth for the Group. |
| **Animal Care**<br>*EBITDA up 31.5%*[1] | • Animal Care continues to achieve strong organic growth, supported by our newly commissioned pet food manufacturing facility. Key highlights included:<br>○ Our key pet brands, Black Hawk and Vitapet, continued to maintain share leadership in their respective market segments; and<br>○ Our new state of the art premium pet food manufacturing facility in Parkes, NSW is successfully operating, enhancing our local supply chain capabilities and competitive advantage. |
| **Group**<br>*NPAT up 29.6%*[1] | • Underlying operating cash flow of $161.1m (up 40.6%).<br>• ROCE of 14.4% and in line with expectations following the LifeHealthcare acquisition.<br>• Net Debt : EBITDA of 1.76x, a reduction from June 2022 (1.94x) and is within target range. |

Notes:
1. Growth rates are calculated based on Underlying EBITDA and Underlying NPAT (as applicable).



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# KEY HIGHLIGHTS (CONT.)

## EBOS has successfully managed a challenging macro environment

| | |
|---|---|
| **Supply side constraints and cost increases** | • Despite operational challenges resulting from supply side constraints, including manufacturer out of stocks, availability of staff and other key inputs, the Group has delivered another strong performance.<br>• Key cost items within the Group are cost of goods sold, labour, freight and rent.<br>• We have experienced increases in these key cost items to varying degrees across our businesses (other than fixed regulated cost items) due to the effects of inflation and each business has implemented various strategies to mitigate these increases and preserve margins.<br>• Group Underlying EBITDA margin increased in H1 FY23 by 76bp as a result of these mitigation strategies and acquisitions of higher margin businesses.<br>• Interest rate increases and higher debt levels have impacted financing costs whilst being managed through effective financial risk management. |



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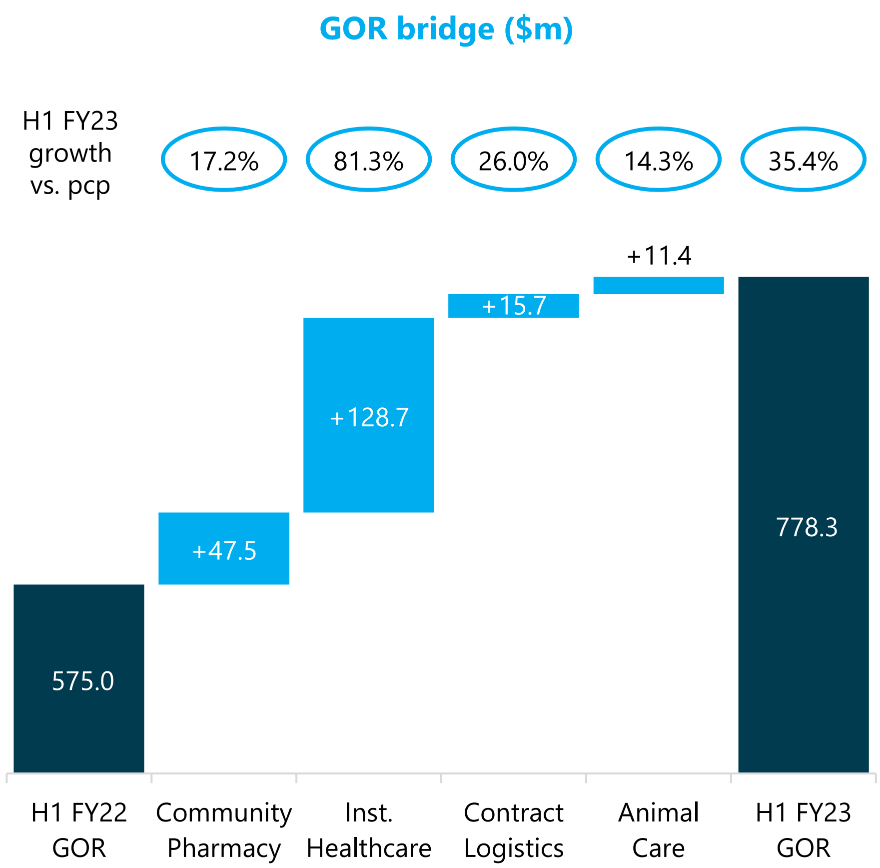
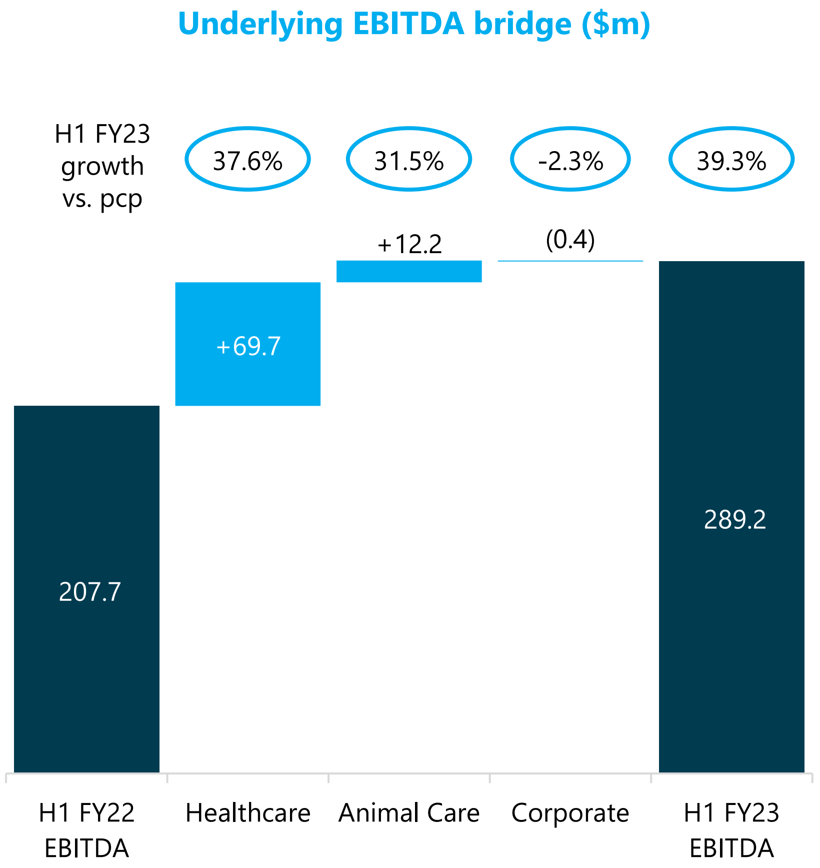
# BUSINESS AND SEGMENT PERFORMANCE

**All of our Healthcare and Animal Care divisions contributed double-digit growth, driven by positive organic growth and Institutional Healthcare benefitted from acquisitions completed in FY22**



# GROUP PERFORMANCE

| $m | H1 FY23 | H1 FY22 | Var | Var% |
|---|---|---|---|---|
| **Underlying Results** | | | | |
| **Revenue** | **6,145.7** | **5,250.9** | **894.9** | **17.0%** |
| Gross Operating Revenue | 778.3 | 575.0 | 203.3 | 35.4% |
| **EBITDA** | **289.2** | **207.7** | **81.5** | **39.3%** |
| Depreciation & Amortisation | 49.7 | 38.6 | (11.1) | (28.8%) |
| **EBIT** | **239.5** | **169.1** | **70.4** | **41.6%** |
| Net Finance Costs | 33.4 | 13.8 | (19.6) | (142.0%) |
| Profit Before Tax | 206.1 | 155.3 | 50.8 | 32.7% |
| **Net Profit After Tax** | **141.6** | **109.3** | **32.4** | **29.6%** |
| Earnings per share - cps | 74.5c | 66.6c | 8.0c | 12.0% |
| EBITDA margin | 4.71% | 3.95% | 76bp | |
| Underlying Net Debt [1] | 837.5 | 402.3 | | |
| Underlying Net Debt : EBITDA [1] | 1.76x | 1.28x | | |
| **Statutory Results** | | | | |
| Revenue | 6,145.7 | 5,250.9 | 894.9 | 17.0% |
| EBITDA | 289.2 | 199.9 | 89.3 | 44.7% |
| EBIT | 226.0 | 161.3 | 64.7 | 40.1% |
| Profit Before Tax | 192.6 | 147.5 | 45.1 | 30.6% |
| Net Profit After Tax | 132.2 | 101.9 | 30.3 | 29.8% |
| Earnings per share - cps | 69.6c | 61.4c | 8.2c | 13.3% |

- Revenue of $6,145.7m, an increase of $894.9m or 17.0%:
  - Healthcare up 17.6%;
  - Animal Care up 6.3%.
- Underlying EBITDA of $289.2m, an increase of $81.5m or 39.3%:
  - Healthcare up 37.6%;
  - Animal Care up 31.5%.
- Underlying EBITDA margin improved to 4.71% (from 3.95%).
- Net Finance Costs increased to $33.4m due to both higher net debt, attributable to the LifeHealthcare acquisition, and a higher interest rate environment.
- Underlying NPAT and EPS increased by 29.6% and 12.0%, respectively. EPS growth rate is lower than NPAT growth rate due to the impact of capital raisings in FY22.
- Underlying earnings for the 31 December 2022 period exclude the amortisation (non-cash) expense attributable to the LifeHealthcare acquisition purchase price accounting (PPA) of finite life intangible assets ($13.5m pre tax, $9.4m post tax). Underlying earnings for the 31 December 2021 period exclude transaction costs incurred on M&A ($7.8m pre tax, $7.4m post tax). Refer to page 27 for further details.

Notes:
1. Underlying Net Debt and Underlying Net Debt : EBITDA ratio excludes the impacts of IFRS16 Leases. For H1 FY22, these amounts exclude $628.3m of net cash proceeds raised via the December 2021 share placement in connection with the acquisition of LifeHealthcare. Including the proceeds of the share placement, EBOS had net cash of $226m as at 31 December 2021.



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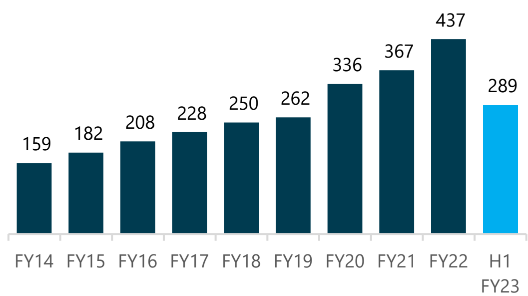
# LONG TERM TRACK RECORD

**EBOS has delivered consistent financial performance over the long term**

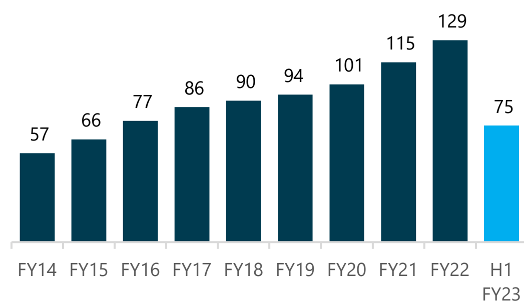
## Underlying EBITDA ($m)

*13.5% CAGR[1]*



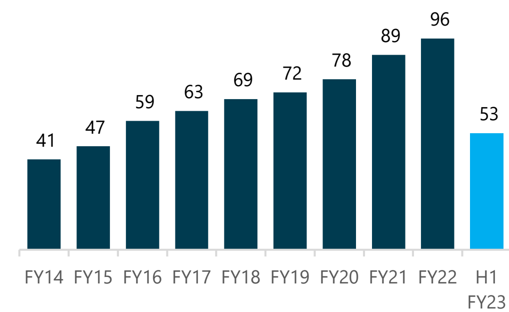

## Underlying EPS (cents per share)

*10.8% CAGR[1]*



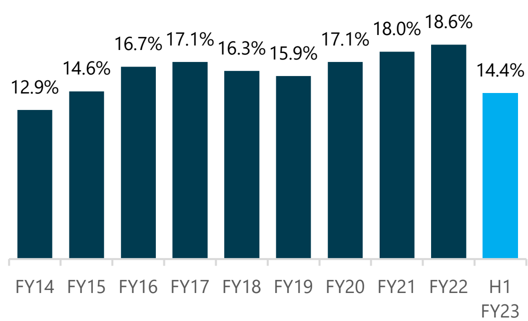

## DPS (NZ$ cents per share)

*11.2% CAGR[1]*



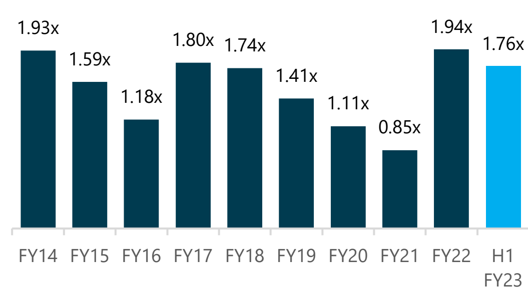

## Return on capital employed (%)

*15% target*




## Net Debt : EBITDA

*Within target range*




## Summary

- ✓ Strong earnings growth.
- ✓ Stable dividend growth and payout ratio.
- ✓ Disciplined focus on working capital management and cash flow generation.
- ✓ ROCE in-line with expectations following LifeHealthcare acquisition.
- ✓ Gearing within target range.

Notes:
1. CAGR calculation is inclusive of FY14-FY22.



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# SUSTAINABILITY SNAPSHOT

## Our five pillars

- **Health & Animal Care Partners**
- **Consumers & Patients**
- **Community & Environment**
- **Our People**
- **Responsible Business**

## Our key initiatives

### Ethical Sourcing

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

### Environmental Stewardship

Solar Array – Phase One of this important initiative includes a roof-mounted array at our pet food manufacturing facility at Parkes, NSW. Phase One installation is on target for completion in 2023.

### Safety, Diversity and Inclusion

Reflects our vision to create an environment that is safe, inclusive and is reflective of the communities in which we operate.

### Carbon Neutrality pathway – New Zealand and Australia

**FY23**
Carbon neutral for Scope 1 emissions

**FY27**
Carbon neutral for Scopes 1 and 2 emissions

**FY28**
Carbon neutral for Scopes 1, 2 and 3 building emissions

### Sustainable Packaging

Commencing 2025 or earlier, we plan to convert all packaging for our grocery brands into reusable, recyclable, or compostable materials.

### New Zealand XRB Climate-Related Disclosures

We are preparing for the Government mandate of climate-related financial disclosures to ensure will meet the required disclosure requirements by August 2024.

# HEALTHCARE RESULTS

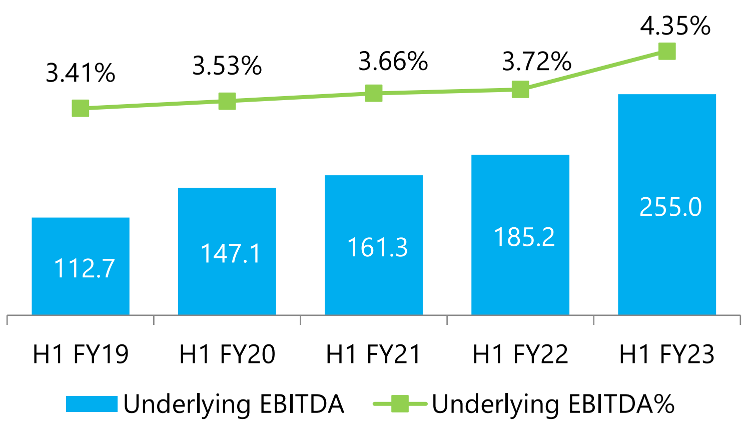
# HEALTHCARE SEGMENT

**The Healthcare segment generated positive organic growth in each division and benefitted from the contribution of acquisitions**

| $m | H1 FY23 | H1 FY22 | Var$ | Var% |
|---|---|---|---|---|
| Revenue | 5,854.6 | 4,976.9 | 877.7 | 17.6% |
| Underlying EBITDA | 255.0 | 185.2 | 69.7 | 37.6% |
| *Underlying EBITDA%* | *4.35%* | *3.72%* | *63bp* | |
| **Australia** | | | | |
| Revenue | 4,755.8 | 3,937.1 | 818.8 | 20.8% |
| Underlying EBITDA | 203.4 | 150.2 | 53.1 | 35.4% |
| *Underlying EBITDA%* | *4.28%* | *3.82%* | *46bp* | |
| **New Zealand & Southeast Asia** | | | | |
| Revenue | 1,098.7 | 1,039.8 | 58.9 | 5.7% |
| Underlying EBITDA | 51.6 | 35.0 | 16.6 | 47.3% |
| *Underlying EBITDA%* | *4.70%* | *3.37%* | *133bp* | |

- The performance of our Healthcare segment reflects strong organic growth supplemented by the completion of five acquisitions in the prior year.
- Strong performance was driven by our Community Pharmacy, TWC, Institutional Healthcare and Contract Logistics businesses.
- Despite ongoing cost pressures across labour and freight, EBITDA margins have been maintained for the base business, with margin growth driven by acquisitions.

**Underlying EBITDA ($m and %)**

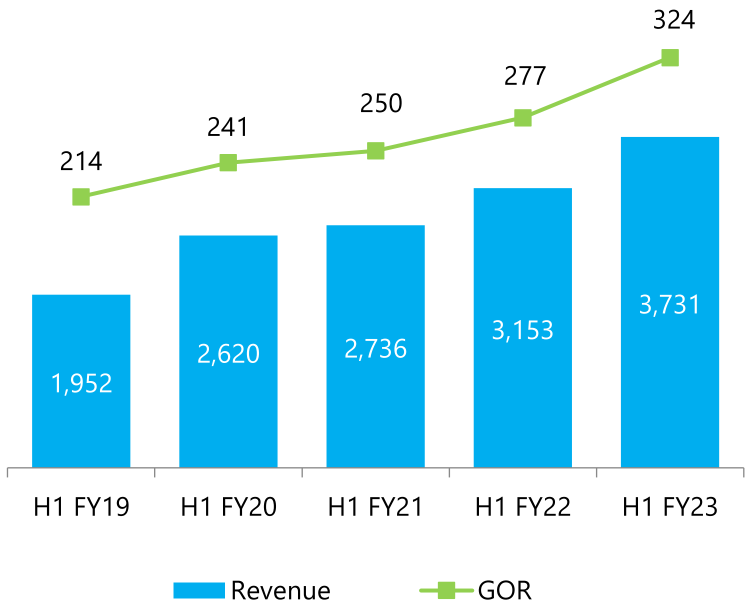


# COMMUNITY PHARMACY

- Revenue increased by $578.6m (18.4%) and GOR increased by $47.5m (17.2%), benefitting from:
  - Customer and market share growth;
  - Strong performance from our community pharmacy retail brands, including TWC;
  - Above market growth in ethical sales to our major wholesale customers;
  - Sales growth of high value speciality medicines; and
  - Growth in OTC sales across several key categories, including sinus and allergy, digestive health and pain relief.
- In addition, the result benefited from COVID-19 related product sales including anti-viral medications and cold and flu OTC products.
- GOR margin (%) reduced to 8.68% reflecting the impacts of higher ethical sales mix, increased volumes of high value specialty medicines and the fixed nature of the CSO income pool.

| $m | H1 FY23 | H1 FY22 | Var$ | Var% |
|---|---|---|---|---|
| Revenue | 3,731.4 | 3,152.8 | 578.6 | 18.4% |
| GOR | 324.0 | 276.5 | 47.5 | 17.2% |
| GOR% | 8.68% | 8.77% | | |

**Revenue and GOR ($m)**



# TerryWhite Chemmart

- TerryWhite Chemmart added 26 net new partners to its national network in H1 FY23, continuing its impressive growth in pharmacy numbers and growing the network to over 540 stores.
- Strong trading performance with headline growth in network sales up 18.6% and like-for-like sales up 15.8%, underpinned by script growth of 7.4% and 4.6% on a like for like basis[1].
- The TWC catalogue and promotional program continued to deliver exceptional value to customers with 17% promotional sales growth in pharmacies.
- TWC continued to grow investment in media, delivering strong brand improvements and maintaining our position as the second largest advertiser in the Australian community pharmacy sector[2].
- TWC consumer brand sales grew 15%, supported by the launch of 15 new products and providing an excellent value option to customers.
- The myTWC App was launched, providing customers with a convenient and safe way to order e-prescriptions online, manage medications, book health services and earn rewards on over-the-counter products.
- TWC commenced new partnerships for generic medicines, improving access to low cost medicines across the network.

## Network sales growth in H1 FY23

**Total sales** up 18.6%

Like-for-like up 15.8%

**Dispensary sales** up 19.7%

Like-for-like up 16.8%

**Script volumes** up 7.4%

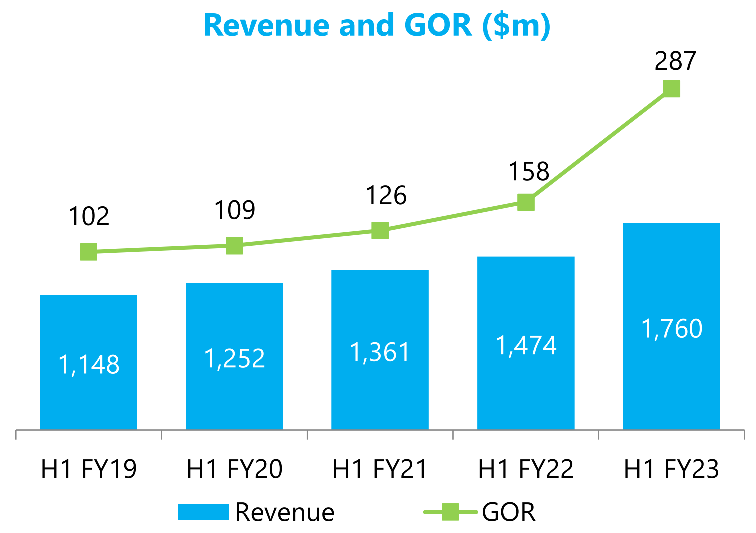
Like-for-like up 4.6%


Notes: 1. Excludes remuneration received for vaccinations 2. Source: Landsberry & James AQX, December 2022.

# INSTITUTIONAL HEALTHCARE

- Institutional Healthcare revenue increased by $285.6m (19.4%) and GOR increased by $128.7m (81.3%) largely due to:
    - Contribution from medical technology (previously know as medical devices) and medical consumables businesses acquired in FY22; and
    - Symbion Hospitals growth.
- Symbion Hospitals' revenue grew by 9.2% driven by sales of high value specialty medicines, new customer wins and market share improvements.
- 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 medical technology division 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.
- GOR margin increased to 16.3% primarily due to higher contributions from our expanded medical technology and medical consumables businesses.

| $m | H1 FY23 | H1 FY22 | Var$ | Var% |
|---|---|---|---|---|
| Revenue | 1,760.0 | 1,474.3 | 285.6 | 19.4% |
| GOR | 287.1 | 158.3 | 128.7 | 81.3% |
| GOR% | 16.3% | 10.7% | | |

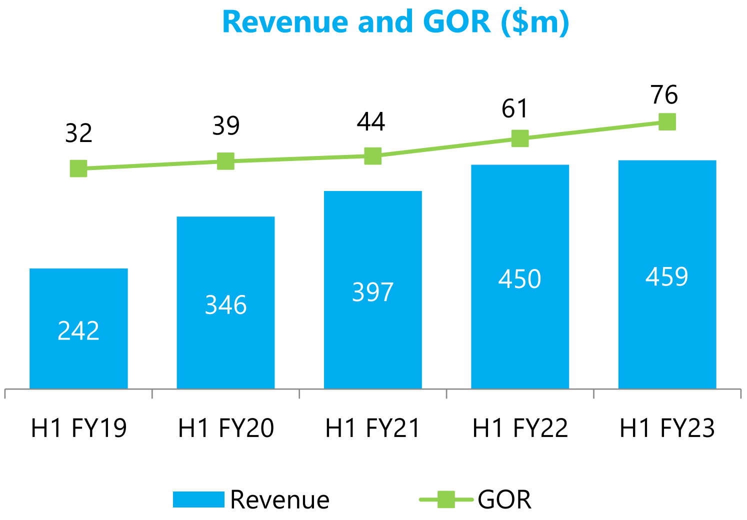


# CONTRACT LOGISTICS

- Contract Logistics GOR increased by $15.7m (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.
- Well advanced with construction of a new distribution centre in Auckland. Construction of a new Sydney distribution centre is progressing well with an expected opening in late 2023.

| $m | H1 FY23 | H1 FY22 | Var$ | Var% |
|---|---|---|---|---|
| Revenue | 459.3 | 450.0 | 9.2 | 2.1% |
| *GOR* | 76.2 | 60.5 | 15.7 | 26.0% |

*Note: GOR is the primary financial performance metric for Contract Logistics as sales are predominately on a consignment basis. Revenue and GOR % are less relevant metrics for this division.*



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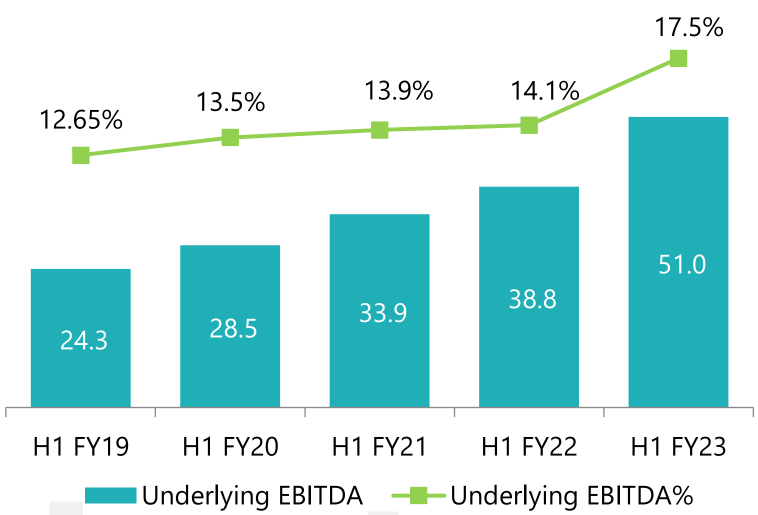
# ANIMAL CARE RESULTS

# ANIMAL CARE SEGMENT

## The Animal Care segment has continued to capitalise on strong pet market conditions and is benefiting from previous investments in our pet food manufacturing facility

| $m | H1 FY23 | H1 FY22 | Var$ | Var% |
|---|---|---|---|---|
| Revenue | 291.2 | 274.0 | 17.2 | 6.3% |
| - Retail Revenue | 150.3 | 135.3 | 15.0 | 11.1% |
| - Wholesale Revenue | 140.9 | 138.7 | 2.2 | 1.6% |
| Underlying EBITDA | 51.0 | 38.8 | 12.2 | 31.5% |
| *Underlying EBITDA%* | *17.5%* | *14.1%* | *340bp* | |

### Underlying EBITDA ($m and %)




- Animal Care revenue increased by $17.2m (6.3%) and EBITDA increased by $12.2m (31.5%) due to strong performances from our leading brands and businesses (Black Hawk, Vitapet and Lyppard) and the new pet food manufacturing facility delivering improved product supply and margins.
- Black Hawk and Vitapet brands continued to maintain share leadership in their respective market segments.
- Our new pet food manufacturing facility is successfully operating with commercial production rates meeting demand. The facility is enhancing our local supply chain capabilities and providing a competitive advantage for the Black Hawk range.
- Animates, our New Zealand pet retail joint venture, continued to perform strongly and contributed to the Animal Care segment's earnings growth.
- EBITDA margin improved reflecting relative performance of higher margin businesses, benefits of the pet food manufacturing facility and successful mitigation of cost inflation.



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# CONTINUED PRODUCT AND BRAND GROWTH

## Our key brands demonstrated solid growth

| Categories | | H1 FY23 Sales Growth[1] | Sales growth drivers |
|---|---|---|---|
| **Black Hawk** |  | 15.2% | • Strong consumer support for our products.<br>• Continued investment in marketing to drive increased brand awareness and retail support.<br>• New pet food manufacturing facility delivering improved product supply. |
| **Vitapet** |  | 6.3% | • Maintaining market leading positions in Australia and New Zealand.<br>• Strong new product pipeline to drive future growth.<br>• Marketing support to grow brand awareness. |
| **Lyppard** | | 1.6% | • GOR growth of 14.1% reflecting continued profitable growth. Lower revenue growth due to loss of lower margin business. |

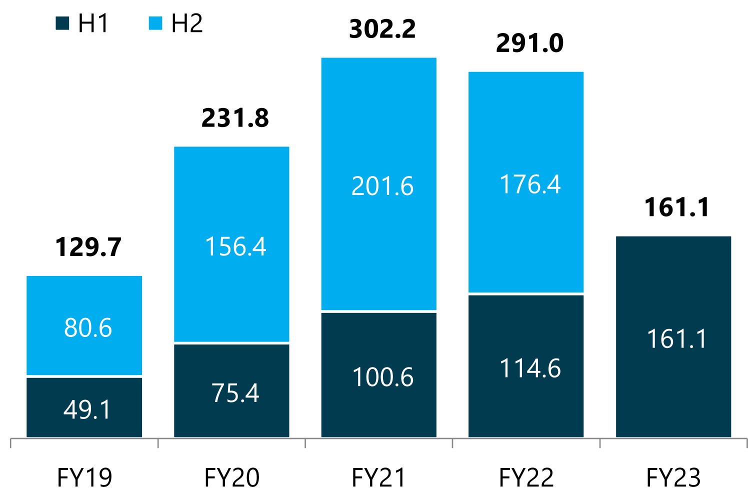
Notes:
1. Compared to the prior corresponding period at constant exchange rate.

# FINANCIAL INFORMATION AND OUTLOOK

# CASH FLOW

| $m | H1 FY23 | H1 FY22 | Var$ | Var% |
|---|---|---|---|---|
| **Underlying EBITDA** | **289.2** | **207.7** | **81.5** | **39.3%** |
| Interest paid | (33.4) | (13.8) | (19.6) | |
| Tax paid | (78.5) | (66.8) | (11.7) | |
| Net working capital and other movements | (16.2) | (12.5) | (3.7) | |
| **Underlying Cash from Operating Activities** | **161.1** | **114.6** | **46.5** | **40.6%** |
| Capital expenditure | (35.4) | (43.3) | 7.9 | |
| **Underlying Free Cash Flow** | **125.7** | **71.3** | **54.4** | **76.4%** |
| One-off items[1] | - | (7.8) | 7.8 | |
| **Reported Free Cash Flow** | **125.7** | **63.5** | **62.2** | **98.0%** |

## Underlying Cash from Operating Activities ($m)[1]




- Underlying Cash from Operating Activities of $161.1m is above last year by $46.5m (40.6%) driven by strong earnings growth, partially offset by higher finance costs and tax payments.



Notes:
1. Underlying Cash from Operating Activities excludes one-off payments for M&A costs.

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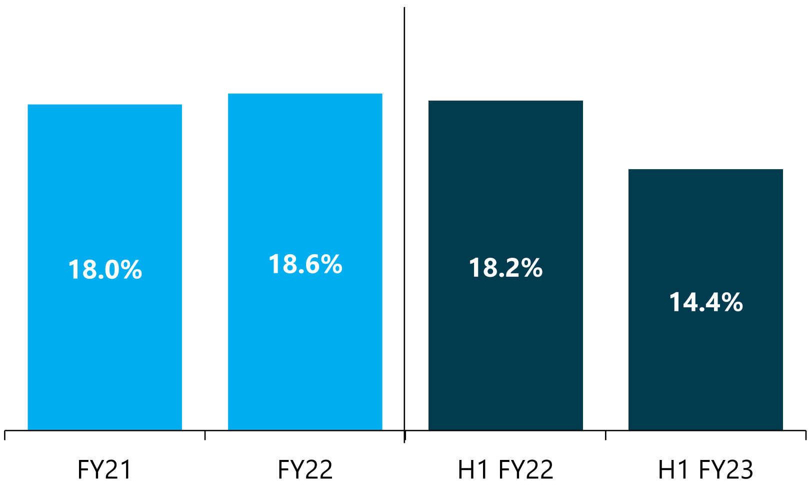
# WORKING CAPITAL AND ROCE

## Working Capital

| $m | H1 FY23 | FY22[1] | H1 FY22 |
|---|---|---|---|
| **Net Working Capital** | | | |
| Trade receivables | 1,394.7 | 1,278.1 | 1,216.3 |
| Inventory | 1,193.9 | 1,107.7 | 874.4 |
| Trade payables/other | (2,165.7) | (1,997.8) | (1,825.6) |
| **Total** | 423.0 | 388.1 | 265.1 |
| **Cash conversion days** | **17** | **15** | **14** |

- Working capital management discipline is a key focus.
- Net Working Capital has increased, from the prior corresponding period, due to the business acquisitions during FY22, primarily attributable to LifeHealthcare.
- The increase in Cash Conversion Days reflects stock holding requirements for customers of the medical technology distribution sector.

## Return on Capital Employed (ROCE)




- Return on Capital Employed (ROCE) of 14.4% at December 2022 is below December 2021 by 3.8%, due to the impact of the LifeHealthcare acquisition and is in line with expectations.
- The Group maintains its 15% ROCE target and aims to exceed this level again in the medium term.



Notes:
1. FY22 Net Working Capital has been updated to include fair value adjustments resulting from the LifeHealthcare acquisition purchase price accounting ("PPA").

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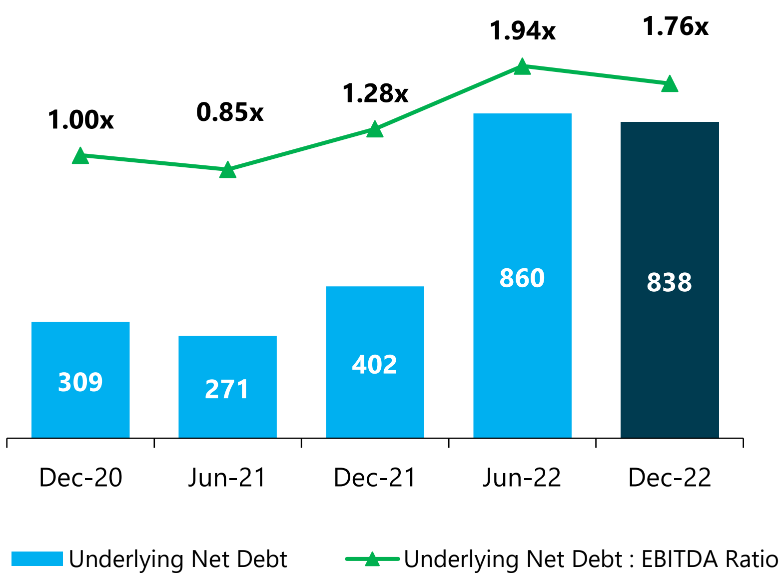
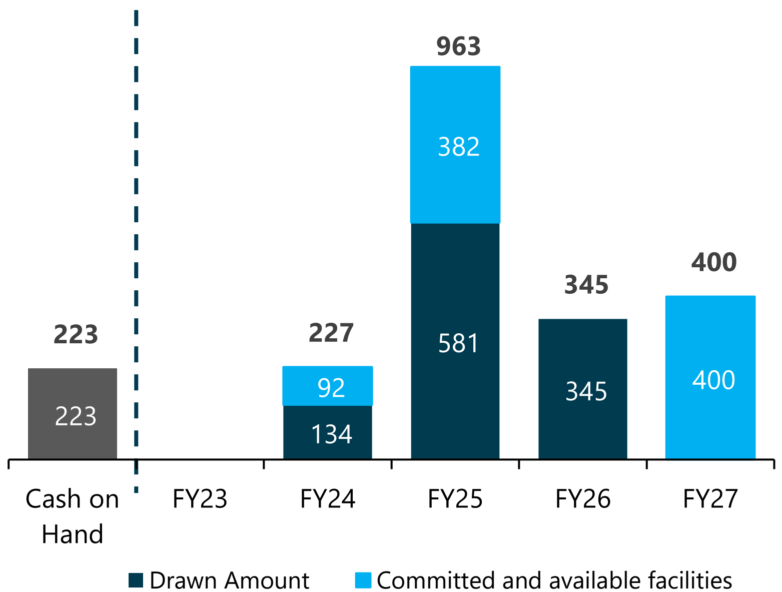
# NET DEBT AND MATURITY PROFILE

## Net Debt and Net Debt : EBITDA ratio[1]




## Cash and Debt Maturity Profile



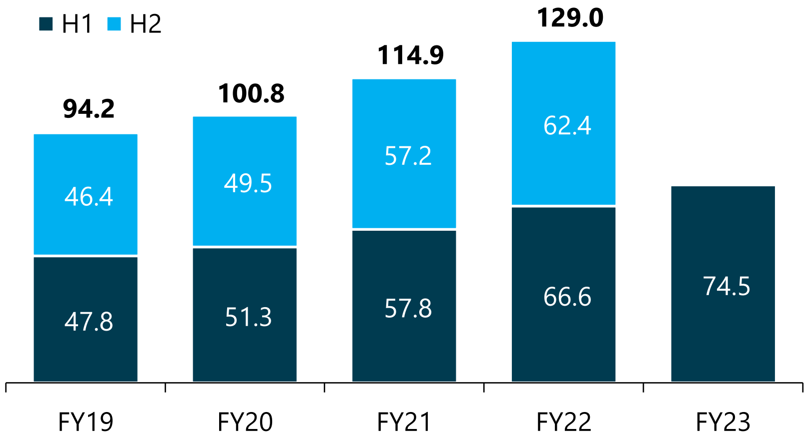

- Net Debt of $837.5m at December 2022, with Net Debt : EBITDA ratio of 1.76x.
- Reduction in leverage ratio reflects strong cash flow and earnings growth.
- Current gearing is within target range and the Group is well positioned to support further growth opportunities, with approximately $400 million of debt headroom.
- During the period, a $250m facility (maturing March 2023) was refinanced to a $400m, 4 year facility, maturing in November 2026.
- As at 31 December 2022, EBOS' weighted average debt maturity is 2.7 years.



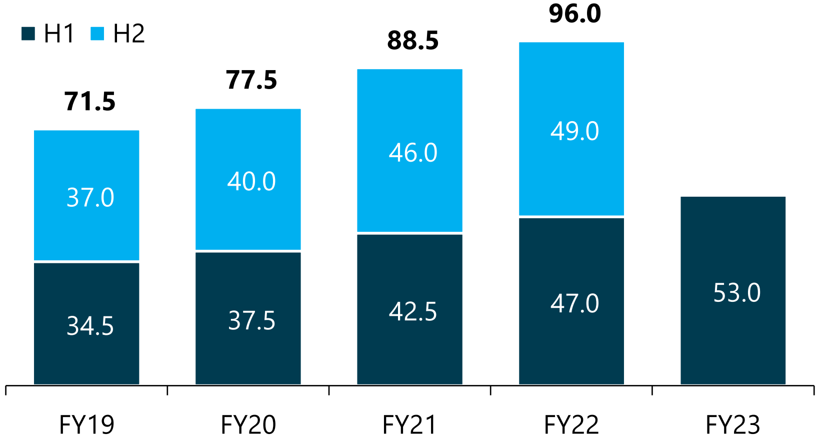
Notes: 1. Net debt excludes a put option liability of $137 million, representing the estimated consideration to acquire the remaining 49% equity ownership of the Transmedic business not currently owned by the Group, if the option is exercised.

# EARNINGS AND DIVIDENDS PER SHARE

## Underlying Earnings per Share (cents)




## Dividends per Share (NZ cents)




- Underlying EPS of 74.5 cents representing growth of 12.0%.
- Interim dividend of NZ 53.0 cents per share declared (imputed to 25%[1] and franked to 100% for New Zealand and Australian tax resident shareholders, respectively), representing growth of 12.8%.
- Dividend payout ratio of 69.8%[2].
- EBOS reiterates its dividend policy of declaring dividends representing between 60% to 80% of NPAT.
- The Group's Dividend Reinvestment Plan (DRP) will be operational for the upcoming 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).

Notes:
1. The New Zealand company tax rate is 28%. Therefore, a dividend that is partially imputed with 25% of the maximum allowable imputation credits implies an 8.86% imputation percentage in relation to the gross taxable amount of the dividend.
2. Dividend payout ratio is based on a NZD:AUD average exchange rate of 0.914.



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# 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 well positioned to pursue growth opportunities.

# SUPPORTING INFORMATION


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# RECONCILIATION OF STATUTORY TO UNDERLYING RESULTS

| | H1 FY23 | | | | H1 FY22 | | | |
|---|---|---|---|---|---|---|---|---|
| **$m** | **EBITDA** | **EBIT** | **PBT** | **NPAT** | **EBITDA** | **EBIT** | **PBT** | **NPAT** |
| **Statutory result** | **289.2** | **226.0** | **192.6** | **132.2** | **199.9** | **161.3** | **147.5** | **101.9** |
| LifeHealthcare PPA amortisation (non-cash) | - | 13.5 | 13.5 | 9.4 | - | - | - | - |
| Transaction costs incurred on M&A | - | - | - | - | 7.8 | 7.8 | 7.8 | 7.4 |
| **Underlying result** | **289.2** | **239.5** | **206.1** | **141.6** | **207.7** | **169.1** | **155.3** | **109.3** |

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

- The PPA exercise has been undertaken in accordance with IFRS, including requiring the identification and recognition of intangible assets acquired separate from goodwill. As a result, exclusive supply contracts held by LifeHealthcare have been recognised ($341m) as a finite life intangible asset and are required to be amortised over a period of 13 years, with an annual amortisation charge of approximately $26m over that time. There is no cash impact to the Group from the $13.5m amortisation charge recognised for H1 FY23. Please refer to Note 10 of the 31 December 2022 Interim Financial Statements for further details.

# SEGMENT EBITDA AND EBIT RECONCILIATION

| $m | EBITDA H1 FY23 | EBITDA H1 FY22 | EBITDA Var$ | EBITDA Var% | EBIT H1 FY23 | EBIT H1 FY22 | EBIT Var$ | EBIT Var% |
|---|---|---|---|---|---|---|---|---|
| **Healthcare** | | | | | | | | |
| **Statutory** | **255.0** | **177.5** | **77.5** | **43.7%** | **197.7** | **142.9** | **54.8** | **38.3%** |
| *add* LifeHealthcare PPA amortisation (non-cash) | - | - | - | | 13.5 | - | 13.5 | |
| *add* One-off items | - | 7.8 | (7.8) | | - | 7.8 | (7.8) | |
| **Underlying** | **255.0** | **185.2** | **69.7** | **37.6%** | **211.2** | **150.7** | **60.5** | **40.1%** |
| **Animal Care** | | | | | | | | |
| **Statutory** | **51.0** | **38.8** | **12.2** | **31.5%** | **45.6** | **35.3** | **10.3** | **29.1%** |
| **Corporate** | | | | | | | | |
| **Statutory** | **(16.7)** | **(16.4)** | **(0.4)** | **(2.3%)** | **(17.3)** | **(16.9)** | **(0.4)** | **(2.2%)** |
| **EBOS Group** | | | | | | | | |
| **Statutory** | **289.2** | **199.9** | **89.3** | **44.7%** | **226.0** | **161.3** | **64.7** | **40.1%** |
| *add* LifeHealthcare PPA amortisation (non-cash) | - | - | - | | 13.5 | - | 13.5 | |
| *add* One-off items | - | 7.8 | (7.8) | | - | 7.8 | (7.8) | |
| **Underlying** | **289.2** | **207.7** | **81.5** | **39.3%** | **239.5** | **169.1** | **70.4** | **41.6%** |

Note: Underlying earnings in H1 FY23 excludes the amortisation (non-cash) expense attributable to the LifeHealthcare acquisition purchase price accounting ("PPA") of finite life intangibles. Underlying earnings in H1 FY22 excludes transactions costs incurred on M&A. Refer to page 27 for the reconciliation of Statutory to Underlying earnings.



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# GLOSSARY OF TERMS AND MEASURES

## Except where noted, common terms and measures used in this document are based upon the following definitions:

| Term | Definition |
|---|---|
| Revenue | Revenue from the sale of goods and the rendering of services. |
| Gross Operating Revenue (GOR) | Revenue less cost of sales and the write-down of inventory. |
| EBITDA | Earnings before interest, tax, depreciation and amortisation. |
| Underlying EBITDA | Earnings before interest, tax, depreciation, amortisation adjusted for one-off items. |
| EBIT | Earnings before interest and tax. |
| Underlying EBIT | Earnings before interest and tax and adjusted for one-off items and LifeHealthcare PPA amortisation (non-cash). |
| PBT | Profit before tax. |
| Underlying PBT | Profit before tax adjusted for one-off items and LifeHealthcare PPA amortisation (non-cash). |
| NPAT | Net Profit After Tax attributable to the owners of the company. |
| Underlying NPAT | Net Profit After Tax attributable to the owners of the company adjusted for one-off items and LifeHealthcare PPA amortisation (non-cash and after tax). |
| One-off items | Transaction costs incurred on M&A activities. |
| Earnings per share (EPS) | Net Profit after tax divided by the weighted average number of shares on issue during the period in accordance with IAS 33 'Earnings per share'. |
| Underlying EPS | Underlying NPAT divided by the weighted average number of shares on issue during the period. |
| Free Cash Flow | Cash from operating activities less capital expenditure net of proceeds from disposals. |
| Underlying Cash from Operating Activities | Cash from operating activities excluding one-off payments for M&A costs. |
| Underlying Free Cash Flow | Free cash flow excluding one-off payments for M&A costs. |
| Net Debt | Consists of total borrowings and deferred consideration where payable based on current year earn-out requirements, less cash and cash equivalents and excludes IFRS16 lease liabilities. |
| Net Debt : EBITDA | Ratio of net debt at period end to the last 12 months Underlying EBITDA, adjusting for pre acquisition earnings of acquisitions for the period. Calculation is applied as per the Group's banking covenants. |
| Cash Conversion Days | Based upon average monthly closing NWC balances for the financial year to normalise for acquired LifeHealthcare NWC impacts. |
| Return on Capital Employed (ROCE) | Underlying earnings before interest, tax and amortisation of finite life intangibles for 12 months (EBITA) divided by closing capital employed (excluding IFRS16 Leases and including a pro-rata adjustment for strategic investments). |
| IFRS | International Financial Reporting Standards. |
| PPA | Purchase Price Accounting |

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