

16 August 2023

2023 Annual Shareholders Meeting Prepared Address

Third Age Health Services Limited (NZX: TAH) held its 2023 Annual Shareholders Meeting yesterday 15 August 2023 at 2pm. During the meeting the following prepared address was given by John Fernandes, Chairman and Tony Wai, CEO.

Third Age Health Chairman's address, presented by John Fernandes

While FY23 was a period of strong growth and improvements to our systems and processes it was also a period during which the practices we acquired underperformed and net earnings were well below our expectations.

Our relentless efforts to restore operating performance and earnings to a satisfactory level, with a focus on operational efficiencies and waste elimination, are starting to bear fruit as evidenced by the recent 1Q24 performance. Tony will shortly provide an overview of the actions management is taking to continue to improve operating performance and return on invested capital. We have set the bar high, and there's a lot more work to be done.

It's worth noting here that we are not interested in growth for growth's sake, and we do not measure success by the overall size of your company.

Our goal over the long term is to maximise both returns on invested capital and the average annual rate of increase in intrinsic value per share.

We are mindful of maintaining a strong balance sheet and the financial flexibility that comes with it and therefore intend to continue to repay debt rapidly both reducing interest expenses and rebuilding our capability to be opportunistic if the right opportunities present themselves. We also made the decision to accelerate the return of capital to shareholders by paying dividends quarterly instead of half yearly.

As part of our previously announced succession plan, we have some Board changes scheduled to occur towards the end of this year. After several years of service Norah Barlow will be stepping down. Norah has been a voice of wisdom on aged care and business generally. Her contributions have been invaluable, and I personally am very grateful to her for her support.

Taking Norah's place is Steffan Crausaz. His recent tenure as CEO of Tamaki Health, combined with his background as a trained pharmacist, equips him with a unique blend of clinical and healthcare

management expertise. His perspectives will be helpful as we evolve our operating model, and continually strive to improve business performance.

I will now hand over to Tony who will update you on operational matters.

Third Age Health CEO's address, presented by Tony Wai

Thank you, John. And good afternoon and thank you to all our shareholders joining us.

Reflecting on the Financial Year 2023, we acknowledge the challenges we faced. The company expanded rapidly with the acquisition of two well regarded practices in Auckland, these being EastMed Doctors in St Heliers and Devonport Family Medical, and a new start-up practice in Christchurch (Phoenix Health Hub).

These acquisitions alongside the investments in systems, operations and personnel that we initiated in the prior year did not deliver the financial performance we aimed for at the time. Stabilising the team with long term resources and introducing new metrics, which were previously absent, has accelerated our changes to identify and manage productivity, costs, funding and profitability over the last 12 months. Integrating and growing our core ARC business has also been a positive focus and outcome despite practitioner constraints not allowing us to progress at the rate and in areas of NZ where demand has been high.

Recently, we released our first quarter result, and I'm pleased to say that the expected lifts in our ARC and General Practice businesses have translated into higher earnings returns.

Despite the challenges, and the broader complexities of the health sector, I'm proud of what the team at Third Age Health has accomplished over the 22/23 year, and to date. We've delivered exceptional primary medical care services to the Aged Residential Care (ARC) sector and in our General Practices and maintained a strong level of growth as we keep scaling nationally.

Financial Highlights \$'000	TAH and Controlled Entities					
	1H	2H	%	FY23	FY22	%
Revenue	4,578	6,639	45.0%	11,217	5,900	90.1%
Underlying EBIT	597	890	49.1%	1,487	1,647	-9.7%
EBIT Margin	13%	13%	0%	13%	28%	-15.0%
Underlying NPBT	549	695	26.5%	1,244	1,624	-23.3%
NPBT%	10%	8%	-2%	11%	28%	-17.0%
Underlying NPAT	324	364	12.3%	688	1,173	-41.3%
NPAT%	7%	5%	-2%	6%	20%	-14%
Statutory NPAT	324	88	-73.1%	412	1,173	-64.8%
Basic earnings per share	3.26	0.87	-73.1%	4.39	11.93	-63.2%
Ordinary dividends per share (cents)	2.45	2.58	5.3%	5.03	8.57	-41.3%
Return on Equity	12%	3%	-8.8%	16%	50%	-68.8%
Return on Capital Employed	10%	14%	4.4%	12%	32%	-20.0%
Acquisition Activity						
Acquired Revenue	1,445	2,001	38.5%	3,446	278	1139%

In the first half of the Financial Year 23, we established a robust foundation by implementing vital resources and infrastructure, ensuring a sustainable operating model. Our efforts resulted in reversing client churn and increasing our ARC clientele, with the second half underlying Net Profit After Tax and before Amortisation of 363 thousand Dollars, a 12% increase on the first half.

Our team has been pivotal. We expanded our clinical workforce by 79% to 68 clinical team members, fortifying our service delivery. Listening and responding to our practitioners' feedback on areas of improvement, quality consistency and coordination has helped us attract new practitioners via word of mouth referral as well as to maintain our existing team. The workforce, like the wider healthcare sector, is under-resourced and has gotten older. We are developing a number of strategies to attract new practitioners over time.

Aligned with our newly refined strategy, we continue to focus on workforce and capability, clinical efficiency and quality, commercial sustainability, and health innovation. Third Age Health's unique position as one of the only companies focused on primary healthcare needs of older people enables us to continuously develop and create an integrated model of healthcare. With New Zealand's aging population, expected to double in the next 25 years to an estimated 1.5M people, and our increasing market share, we are well-placed to respond to this growing market. Our utilisation of new digital tools and virtual capabilities is enhancing our services and helping us scale to meet demand.

During the year the company embarked on revamping processes adopting Kaizen as a continuous improvement framework. This has delivered a number of benefits to date including reducing issues on on-boarding new facilities and practitioners. We are planning to adopt Kaizen through all our

business over time. Further our ongoing digitisation initiatives spotlight our commitment to enhancing processes for our team and customers alike.

Now, as we look to FY24 and beyond, I'm optimistic. The first quarter alone registered a significant increase in NPATA of 37% to 296 thousand Dollars over Q1 12 months ago (24% up on the prior Qtr). This momentum is a result of our recalibration efforts and investments into change. We're also pleased to have commenced services at Selwyn Village, a beacon in Auckland's aged residential care facilities, aiming to redefine primary care services in retirement villages across NZ as we introduce our pilot TAH independent-living care model.

Our achievements continue with our ARC facility's Net Promoter Score impressive leap, our debts have been significantly reduced, and we're actively implementing cost-saving initiatives. Our clinical team's growth is remarkable, and we're expecting further enhancements to our earnings due to operational improvements, particularly in clinics like EastMed.

In conclusion, it's the relentless drive of our team and your support, our shareholders, that propels us forward. Your trust enables us to fulfil our responsibility as a healthcare provider, sensitive to the challenges older people face in maintaining quality of life. Together, we are poised for a bright future, and I cannot thank you enough for being part of this journey.

Thank you.

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