

Oceania Healthcare 1HY26 Results Announcement

Momentum Building on Stronger Foundations

Oceania Healthcare (NZX:OCA) has delivered a much improved result for the six months ended 30 September 2025, reflecting disciplined execution and sustained momentum across its strategic priorities of sales performance, business excellence, and capital management. Improved sales conversion, cost efficiencies, and a sharper focus on working capital have strengthened operating cash flow. Gearing has reduced to within target range and the business is well positioned for further sustainable improvement in the second half.

Financial and Operating Highlights¹

- **Total Comprehensive Income:** \$40.4 million, up \$28.6m on 1HY25
- **Reported NPAT:** \$4.9m, compared to a loss (\$17.1 million) in 1HY25
- **Proforma Underlying EBITDA²:** \$41.8 million, up 19.7% on 1HY25
- **Proforma Underlying NPAT²:** \$24.1 million, up 18.9% on 1HY25
- **Free Cash Flow from Operations:** \$(8.4) million, 30.0% improvement from 1HY25
- **Annualised cost savings:** \$20.4 million identified, with \$4.0 million delivered in 1HY26 and on track to deliver \$13.2m in FY26
- **Care EBITDA per bed:** up 45.5% to \$12.4k, reflecting a renewed and disciplined approach to operational excellence and strong sales of care suites
- **Total assets:** increased to \$3.0 billion, up 3.3% on FY25
- **Net tangible assets:** \$1.57 per share, a 3.8% increase on FY25
- **Gearing:** 34.8%, down 1.5 percentage points from March 2025 and within the target range of 30 – 35%

Sales performance

Sales performance strengthened through the period, underpinned by targeted initiatives to improve conversion rates and reduce unsold stock. Total sales volumes rose 5.0% to 271 units, reflecting broad based momentum across the portfolio. Sustained demand for care suites delivered 161 sales in line with the prior period. Independent living unit sales improved, rising 13.4% to 110 units. At The Helier, in Auckland, sales continue to improve, with 54.5% of residences either occupied or under application as at 20 November 2025 and targeting full cash recovery, including interest, by 31 March 2026. Enquiry and conversion levels continue to build, reflecting growing market recognition of The Helier's full range of living options combined with its premium resident experience.

At Franklin, in Auckland, presales continued to build strongly, with 11 villa sales secured to date ahead of completion. Construction remains on schedule, with 31 independent living units set to welcome their first residents in January 2026.

Suzanne Dvorak CEO said *"The early sales success at our Franklin development reflects the growing strength of Oceania's sales capability, with product design, pricing, and location increasingly aligned to customer demand. The project illustrates the effectiveness of Oceania's disciplined approach to development."*

¹ All balances have been extracted from the 30 September 2025 interim financial statements and are unaudited.

² Underlying NPAT and Underlying EBITDA are non-GAAP measures of financial performance. The calculation of Underlying NPAT and Underlying EBITDA requires a number of estimates to be approved by the Directors in their preparation. Both the methodology and the estimates may differ among companies in the retirement village sector. A reconciliation of Reported NPAT to Underlying NPAT and Underlying EBITDA is included in Note 2.1 of the Interim Report. Proforma Underlying NPAT and Proforma Underlying EBITDA are adjusted for the impact of the closure of the Wesley Institute of Nursing Education in April 2025. A reconciliation of Underlying NPAT and Underlying EBITDA to Proforma NPAT and Proforma EBITDA is included on page 9 of the Interim Report.

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Financial Performance

Total Comprehensive Income was \$40.4m, up \$28.6m, reflecting the initial positive impacts of the cost out programme and the impact of fair value gains. Operating Cash Flow increased to \$79.0 million, up 12.2% compared to \$70.4m in 1HY25. This was driven by higher cash receipts from occupation right agreements (ORAs), up 3.2% on the prior corresponding period, supported by lower payments to suppliers and employees, down 3.8% on the prior corresponding period. The care segment recorded a 40% increase in underlying EBITDA compared with the prior period, supported by enhanced clinical systems, digital workflow tools, and refined acuity management. Annualised care EBITDA per bed, excluding resale gains, rose to \$12.4k, up 45.5%, with more than half of the portfolio generating over \$15.0k per bed per annum.

Proforma Underlying EBITDA was \$41.8m for the 6 months ended 30 September 2025. This included total capital gains of \$38.4m, an increase of \$0.2m on the previous year.

Gearing reduced to 34.8%, down from 36.3% at 31 March 2025, leaving undrawn net debt headroom of \$116.1m at 30 September 2025 as planned.

Interim Dividend

The Board announced a new dividend policy in June 2025 to align with operating cashflows and targeting a payout ratio of between 40 and 60% of Free Cashflow from Operations, subject to capital requirements and investment opportunities.

Chair, Liz Coutts advises that *“The Board has decided not to declare an interim dividend for 1HY26, in line with the policy. Dividend payments are expected to resume when the business achieves positive free cash flow from operations, supporting a return to payment of dividends.”*

Strategy and Outlook

Oceania Healthcare’s strategic direction is clear and in motion. In September, the company hosted a well-attended Investor Day for institutional investors and equity analysts.

The near-term priorities of **Sales Performance, Business Excellence, and Capital Management** outlined on the day are being executed with discipline.

Mrs Coutts said *“Oceania is first strengthening its foundations to position the business for its next phase of growth. The longer-term strategic horizon (FY27–FY31) will build on these foundations, focusing on customer choice, service expansion, and future development.”*

Oceania’s land bank and operational footprint provide significant optionality, and development activity will continue to be paced to align with market conditions and capital availability. The company is taking a disciplined approach to growth, building only when and where conditions are right. It will build towards its target of 100-150 units per year over the near term.

For the remainder of FY26, the focus is on executing these foundations with precision. Increasing sales cadence and reducing debt remain central to this effort. Key operational priorities include:

- strong sales at The Helier, targeting full recovery of development costs by March 2026;
- completing Stage One at Franklin with increasing presales (currently at 35.5%);
- further improving care profitability;

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- implementing \$20.4 million in annualised cost-out initiatives from FY27;
- completing four planned divestments targeting ~\$40 million in capital release;
- delivering significant debt reduction to maintain gearing within the targeted range of 30 – 35%; and
- returning to positive free cash flow from operations and resuming the payment of dividends.

Ms Dvorak said: *“We have acted quickly and decisively as a leadership team. The progress over this focused period of execution ensures Oceania enters the next stage of its strategy with stronger cash generation, a leaner cost base, and the balance sheet strength to pursue disciplined, value-accretive growth. Oceania enters 2HY26 with significantly improved sales, financial, and operational momentum.*

We said we'd strengthen sales, improve operational efficiency, and reduce debt. We're delivering on all three. That disciplined execution gives us confidence as we move into the second half and beyond.”

ENDS

For all enquiries, please email investor@oceaniahealthcare.co.nz or phone 0800 333 688.