INTERIM SHAREHOLDERS REPORT 2021

31 December 2020

2021 HALF YEAR RESULTS

Dear Shareholder

EBOS has maintained its strong momentum through the first half of the 2021 financial year with another record result, reporting double-digit earnings growth across the business and further improved returns for our valued shareholders.

Despite the significant challenges of 2020, EBOS has remained committed to our proven strategy of driving organic growth in our leading Healthcare and Animal Care businesses in New Zealand and Australia, combined with disciplined capital management. This enables investing for further growth through complementary acquisitions and capital investments, as well as increasing dividends to our shareholders.

It is this adherence to our core business strategy that has ensured EBOS has maintained our unwavering commitment to delivering the highest standards of customer service and increased returns for shareholders.

Key Highlights

$4.7b **+6.3%**
revenue

57.8c **+12.7%**
underlying earnings per share

NZ 42.5c **+13.3%**
dividends per share

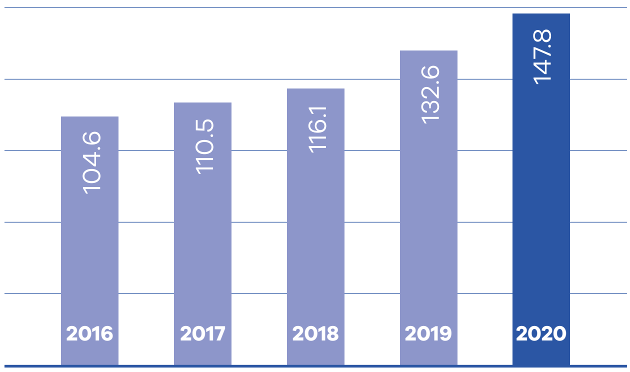
Financial Highlights

Underlying Results[1]

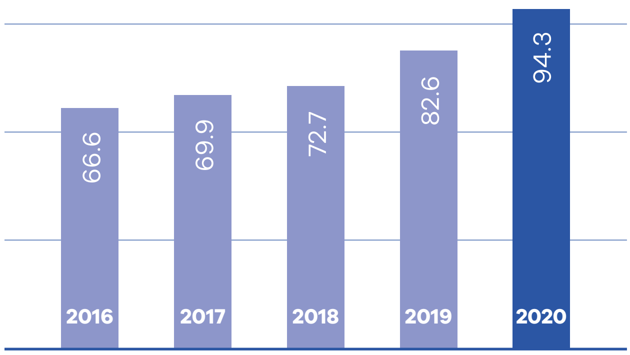
$4.7 billion revenue +6.3% increase

$147.8 million EBIT +11.5% increase

$94.3 million NPAT +14.2% increase



Underlying EBIT
Six months to 31 December ($millions)



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

[1] Underlying results exclude the impact of one-off M&A transaction costs of $1.9m (2019: $1.2m).

Key highlights of the first half included:

- Revenue of $4.7 billion (up 6.3%);
- Statutory Net Profit after Tax (NPAT) of $92.9 million (up 13.7%);
- Underlying Net Profit after Tax (Underlying NPAT) of $94.3 million (up 14.2%);
- Interim dividend declared of NZ 42.5 cents per share (up 13.3%);
- Very strong performances from both our Healthcare and Animal Care segments, with Healthcare's Underlying EBIT up 11.2% and Animal Care's EBIT up 25.6%;
- Excellent operating cash flow of $98.7 million (up 33.0%);
- Acquisition of CH2's vet distribution business for approximately $9 million, which further strengthens Lyppard's market position in this sector. This adds to the previously announced acquisition of Cryomed, which further expands our medical devices business; and
- Further strengthening of our balance sheet, with Net Debt : EBITDA reducing to 1.00x (1.11x at June 2020). Following further refinancing initiatives in August 2020 and February 2021, EBOS has no debt maturities until 2H FY23.

The half year financial performance was a record for EBOS and included some significant highlights for shareholders. EBOS generated revenue of $4.7 billion and Underlying EBIT of $147.8 million, up 6.3% and 11.5% respectively on the prior corresponding period. Growth over the reporting period was underpinned by very strong performances in both our Healthcare and Animal Care segments.

Healthcare

Our Healthcare segment generated revenue of $4.4 billion and Underlying EBIT of $128.8 million, an increase of 5.9% and 11.2% respectively on the prior corresponding period. This growth was driven by the performances of our Community Pharmacy, TerryWhite Chemmart ("TWC"), Institutional Healthcare and Contract Logistics businesses.

In Australia, Healthcare revenue increased to $3.5 billion and Underlying EBIT increased to $108.5 million, an increase of 5.5% and 11.3% respectively. This growth is pleasing given that it cycles and further builds upon our record result achieved in FY20, which was driven primarily by increased Community Pharmacy wholesale volumes.

In New Zealand, Healthcare revenue increased to $896 million and Underlying EBIT increased to $20.3 million, an increase of 7.4% and 11.0% respectively. This strong growth is also pleasing as it represents a rebound following a softer result in FY20.

Community Pharmacy revenue increased by $121.9 million (up 4.8%) due to continued above market growth by major wholesale customers and further productivity improvements across all sites, particularly from our Brisbane distribution facility.

TWC welcomed 22 new pharmacies during the period, which is the largest six month increase of network stores on record. This builds on store growth in previous periods and further strengthens TWC's position as Australia's largest health-advice oriented community pharmacy network. TWC network sales grew by 5.8% and, on a like-for-like basis, increased by 4.2%. This performance was driven by new store growth, continued increases in media spend (up 40% in the first half) and improved promotional and category initiatives.

Institutional Healthcare continued to perform well with first half revenue growth of $108.4 million (up 8.7%), largely from increases in demand for new specialty medicines, combined with strong growth in the medical consumables sector and a further acquisition in the medical devices sector.

In October 2020, EBOS acquired Cryomed for approximately $14 million. Cryomed was established in 2013 and markets and distributes medical devices and consumables used in aesthetic procedures in Australia and New Zealand. This represents our second acquisition in the medical devices sector and we will continue to pursue growth opportunities through further bolt-on acquisitions, with the objective of building a significant business for EBOS in this sector. As a truly independent partner we can provide long term growth opportunities to both existing and new Original Equipment Manufacturers as we bring our experienced management, capital resources and strong hospital relationships to the Australian and New Zealand markets.

Contract Logistics increased Gross Operating Revenue ("GOR") by $4.7 million (up 12.0%), attributable to existing customer growth and increased volumes in New Zealand to service customer requirements mainly for personal protective equipment and COVID-19 testing kits.

Consumer Products revenue declined by $5.8 million (down 10.1%). Our performance was impacted by COVID-19 with lower retail and daigou sales and category declines. The business is pursuing a range of customer and product initiatives to restore performance both domestically and in overseas markets.

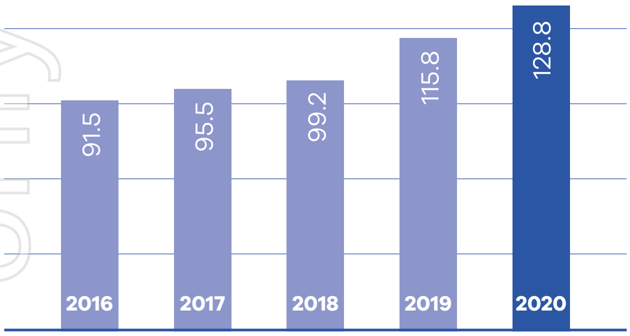
Animal Care

Our Animal Care segment generated revenue of $243.8 million and EBIT of $30.7 million, an increase of 15.7% and 25.6% respectively on the prior corresponding period.

The Animal Care segment continues to benefit from the strength of our trusted brands and market positions, combined with the strong tailwinds of the Australian and New Zealand pet care market. Well established market trends including increasing pet ownership, the humanisation of pets, premiumisation of products and increased use of outsourced services, have been driving structural growth in the pet care market for several years. These trends accelerated further as a result of COVID-19, resulting in people spending more time at home with their pets.

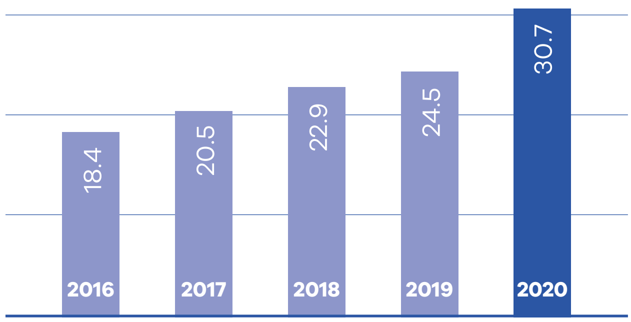
Segment Overview

Healthcare



Underlying EBIT
Six months to 31 December ($millions)
Excludes the impact of one-off items.

Animal Care



EBIT
Six months to 31 December ($millions)

Our key brands, Black Hawk and Vitapet, both recorded strong increases in revenue, up 11.8% and 11.4% respectively. Black Hawk increased market share in New Zealand and Vitapet increased market share in Australia, benefiting from continued marketing investment. In addition, our Accessory Products category brands generated strong sales growth, benefitting from the launch of new products such as flea treatment.

In November 2020, EBOS acquired the vet distribution business of CH2 for approximately $9 million and integrated it with Lyppard, our Australian vet wholesaling business. This acquisition further consolidates Lyppard's position in the Australian vet distribution market.

Community

EBOS is committed to meeting community expectations with our behaviour and actions reflecting positively in the communities where we operate.

In 2020, EBOS commenced the process of implementing a formal Environmental, Social and Governance ("ESG") Program to ensure we measure and build on our ESG responsibilities. This process has included consultation with a broad range of internal and external stakeholders in both New Zealand and Australia to gain a greater understanding of the expectations of what a robust ESG Program should deliver.

As an organisation, we acknowledge that we have a responsibility to our stakeholders and the wider community to conduct our business in a socially responsible manner and act as a good corporate citizen. Importantly, the way in which we articulate, deliver, and measure this activity drives perceptions, opinions and trust among key stakeholders and the community and ultimately ensures we maintain our social license to operate.

Under the guidance of the Board and an ESG Steering Committee, our ESG Program will formalise these responsibilities, ensuring we have a strategic, measurable and accountable framework in place moving forward.

We will continue to develop our ESG Program, which is to be finalised in the second half of 2021.

The first half of the FY21 year also marked the introduction of EBOS' first Reconciliation Action Plan ("RAP"), which formalises our commitment to reconciliation between Aboriginal and Torres Strait Islander peoples and the broader Australian population.

Developed in consultation with Reconciliation Australia, our RAP sets out EBOS' vision to develop greater organisational awareness and understanding of Australia's First Peoples history and cultures and to create a society that is fair, equal and just for all.

Our RAP incorporates clear guiding principles for our journey of reconciliation, ensuring that we turn our vision into meaningful actions and outcomes as we together work toward a more reconciled Australia. In November 2020, the company celebrated our first NAIDOC Week, featuring a number of informative activities aimed at gaining a deeper understanding of the history and culture of Aboriginal and Torres Strait Islander Australians.

COVID-19 Update

In what is a dynamic and ever-changing environment, EBOS continues to stringently follow the COVID-19 protocols and advice of the local authorities relevant to our New Zealand and Australian locations and operations.

Currently, the majority of EBOS employees are working on site, albeit in some instances following a week in/week out rotation, in line with the various regional restrictions.

The EBOS Pandemic Response Team, formed in the early stages of the pandemic and consisting of the CEO and his direct reports, continues to oversee all COVID-19 related matters, including the safety of our employees, with the structure and resources in place to manage the constantly changing situation in New Zealand and Australia.

EBOS' employees have shown extraordinary commitment in facing the many challenges throughout the COVID-19 situation. We know that these challenges will continue for some time but we also know that it is the strength and resilience that we have seen displayed on a daily basis that will ensure we all get through these most challenging of times. The Board wishes to convey their sincere thanks to everyone at EBOS for continuing to deliver to the communities we serve and for your ongoing commitment to our great company. We also commend all of the pharmacists and healthcare professionals that we serve, for the enormous amount of work they have done on the frontline during this pandemic.

Cash Flow, Net Debt and Return on Capital Employed

First half operating cash flow was excellent at $98.7 million, a 33.0% increase on the prior corresponding period. The cash performance reflects our strong earnings growth and continued disciplined working capital management.

Net capital expenditure for the period was $10.1 million and primarily comprised spend on multiple operating sites and IT projects.

During the period, the Group made two strategic acquisitions, being Cryomed and CH2's vet distribution business, for cash consideration of approximately $23 million.

Return on Capital Employed ("ROCE") of 17.5% is a record for the Group and up 0.4% compared to 30 June 2020. This reflects our strong earnings growth and efficient capital management.

The Group's Net Debt : EBITDA ratio at 31 December 2020 was 1.00x reflecting further strengthening of our balance sheet (1.11x as at 30 June 2020). Current gearing retains significant capacity to fund investments and acquisitions.

In February 2021 the Group refinanced $443.0 million of term debt facilities and upsized the committed refinanced facilities to $465.0 million. The Group extended the maturity dates for these debt facilities and now has no debt maturities until H2 FY23.

Interim Dividend

The Directors declared an interim dividend of NZ 42.5 cents per share, an increase of 13.3% on the prior corresponding period. This implies a dividend payout ratio of 69.0%[2], broadly consistent with recent periods.

Reflecting the Group's strong operating performance, cash flow and balance sheet, the Dividend Reinvestment Plan ("DRP") will not be available for the interim dividend.

The record date for the dividend is 5 March 2021 and the dividend will be paid on 18 March 2021. The interim dividend will be imputed to 25% for New Zealand tax resident shareholders and fully franked for Australian tax resident shareholders.

EBOS reiterates its dividend policy of declaring dividends of not less than 60% of NPAT, although notes that the average payout ratio over the last five years has been approximately 70%.

Trading Update

EBOS is pleased with the strong, double-digit earnings growth achieved during the first half of FY21.

The robust trading conditions that drove our first half FY21 performance remain in place. In January 2021 we recorded Group earnings growth at levels consistent with our first half FY21 growth.

We continue to closely monitor COVID-19 developments however, the Group is not presently experiencing any associated material negative financial impacts. Given EBOS' scale and market leading positions in stable industries, as well as our strong balance sheet, we are well placed to respond to challenges that may arise.

Thank you again for your ongoing support.

Liz Coutts
Chair of the Board

John Cullity
Chief Executive Officer

[2] Dividend payout ratio calculated on an underlying basis based on a NZD:AUD exchange rate of 0.933.

EBOS GROUP LIMITED