ASX ANNOUNCEMENT

26 August 2020

HEALTHIA ANNOUNCES FULL YEAR FY2020 RESULTS

Healthia Limited (ASX: HLA) (Healthia or the Company) is pleased to announce its trading results for the year ended 30 June 2020 (FY20).

Chairman Dr Glen Richards said, "The financial year has presented some unique challenges with the onset of the COVID-19 pandemic and associated social distancing measures in Australia".

"I am extremely proud of our teams for banding together and implementing safety measures for our patients and each other."

"Despite the months of April and May 2020 being our most challenging period, the business in aggregate is now trading at pre-COVID-19 levels. This being the direct result of the efforts of our dedicated teams."

KEY HIGHLIGHTS

The following are the key highlights for the FY20 financial year:

- Organic revenue growth of 5.3% (Podiatry 4.5% and Physiotherapy 6.8%)[1]
- Underlying Revenue of $92.49M, up 40.3% on prior year
- Underlying EBITDA of $13.23M, up 47.6% on prior year
- Underlying Net Profit After Tax and Amortisation attributed to the owners of Healthia of $4.63M, up 36.9% on prior year
- Underlying cash flow conversion of 113.8%, up from 83.3% in prior period[2]
- Increased the Company's finance facility agreement from $37.0M to $50.0M, providing additional headroom of $23.3m for future acquisitive growth
- Deployed new capital during the year of $18.2m to acquire new clinics at an average EBITDA multiple (removing the impact of AASB16) of 4.32x
- Healthia held its inaugural, industry leading education conference, boasting industry leading speakers, and was attended by 437 of the groups' clinicians and support team members
- Customer led expansion of iOrthotics into North America with the launch of a 3D printed orthotics manufacturing laboratory in New York (58% equity ownership), providing the Company the opportunity to capture market share in the USD$1.3bn United States foot orthotic insoles market.

FY2020 FINANCIAL PERFORMANCE

Information about the underlying FY20 financial performance of Healthia compared to the underlying FY19 financial performance is set out in Table 1 below. The underlying financial performance is provided on an unaudited basis.

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[1] *Adjusted for the impacts of the Novel Coronavirus ("COVID-19") by excluding the months of April and May. If included, the organic revenue growth for the Company for the year would have been 1.8% (Podiatry 0.8% and Physiotherapy 3.5%).*

[2] *Underlying cash flow conversion is calculated as underlying operating cash-flows (pre-tax, ungeared) divided by underlying EBITDA. See Table 9 on page 13 in the Company's FY20 Annual Report for further detail.*

Table 1: Underlying FY20 Financial Performance compared to Underlying FY19 Financial Performance

This table has not been audited	30/06/2020 $'000's Underlying 1	30/06/2019 $'000's Underlying 1	Change $	Change %
Underlying Revenue	92,493	65,929	26,564	40.3%
Underlying EBITDA 2,3 (removing impact of AASB16)	13,230	8,965	4,265	47.6%
Underlying net profit before income tax expense	9,239	6,196	3,043	49.1%
Underlying net profit after income tax expense	5,806	4,732	1,074	22.7%
Amortisation expense	661	395	266	67.3%
Underlying NPATA 4	6,467	4,337	2,130	49.1%
Non-controlling interest (NCI)	2,041	955	1,086	113.7%
Net post-tax P&L impact of AASB16 adoption	203	n/a		
Underlying NPATA attributable to the owners of Healthia Limited (removing impact of AASB16) 5	**4,629**	**3,382**	**1,247**	**36.9%**
Underlying EBITDA margin (removing impact of AASB16) 2,3	14.30%	13.60%	0.70%	70 bps
Underlying NPATA margin (removing impact AASB16) 4	5.00%	5.13%	-0.13%	-13 bps
Underlying Basic EPS (cents, removing impact AASB16) 6	7.34	6.15	1.19	19.3%
NCI / Underlying NPATA	31.56%	22.02%	9.54%	954 bps

1. Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Consolidated Entity, in accordance with AICD/Finsia principles of recording underlying profit. Underlying profit has not been audited or reviewed.
2. Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation.
3. FY20 Underlying EBITDA has been adjusted for the impacts of AASB16. Lease payments of $7.84m have been included to provide users with a like for like comparison to FY19.
4. Underlying NPATA is a non-IFRS measure and equals net profit after income tax expense plus amortisation of customer list intangibles.
5. The net P&L impact of the new leasing standard, AASB16, has been added back to NPATA to provide users with a like for like comparison to FY19.
6. Underlying EPS or earnings per share is calculated as NPATA attributable to the owners of Healthia Limited divided by the weighted average number of ordinary shares on issue for the period (FY20: 63,034,653, FY19: 54,991,800).

FY20 underlying revenue of $92.49M increased by $26.56M, or 40.3%, on prior year. FY20 underlying EBITDA of $13.23M increased by $4.27M, or by 47.6%, on prior year. These increases in underlying revenue and underlying EBITDA were largely driven by the 31 acquired allied health businesses during the period compared to the timing of acquisitions made during the prior period and the Company's robust organic growth of 5.3%[3].

For a full reconciliation of statutory financial performance to underlying financial performance please see Table 5 on page 11 of the Company FY20 Annual Report.

JOBKEEPER SUBSIDIES

The Company is a provider of a number of essential community services. As such, the Directors made the decision to continue trading from all of its 152 allied health businesses, and to make minimal changes to the clinics trading hours.

In April 2020, Australia's Prime Minister imposed several progressive restrictive lockdown measures which saw an impact on the trading of the Company. The largest impact on trading was felt during the months of April 2020 and May 2020, before the Company returned to pre-COVID-19 trading levels.

The Australian Government announced the JobKeeper Payment scheme on 30 March 2020 which provided entities with a $1,500 a fortnight subsidy per qualifying employees if the entity had seen a reduction in trading revenue of more than 30%. The Commissioner of Taxation determined that entities that have "acquired or disposed of part of the business after the relevant comparison period" should use the Commissioner of Taxation's "Alternative Test" when assessing its eligibility for JobKeeper payments. Using the Alternative Test, the Company qualified for JobKeeper

[3] *Adjusted for the impacts of the Novel Coronavirus ("COVID-19") by excluding the months of April and May. If included, the organic revenue growth for the Company for the year would have been 1.8%.*

payments in April 2020. Once an entity had qualified for JobKeeper there is no requirement for it to retest until October 2020. As such, the Company has qualified for JobKeeper payments for the period April 2020 to September 2020.

The JobKeeper payments received have ensured the following:

1. continuity of patient care was maintained for those who needed our essential health care services;
2. the essential health care services provided were available to the communities they operate in allowing pressure to be taken off hospitals and other primary care and front-line health workers;
3. the livelihoods of Company's team members were not materially affected. The Directors are pleased that minimal changes to team members' rosters have been made during COVID-19; and
4. Healthia and its team members positively contributed back to the communities that they are part of.

At the time of this report, the Directors do not believe the Company will continue to qualify for JobKeeper when retesting is required in October 2020.

FY2021 OUTLOOK

As the world emerges from the COVID pandemic, Healthia will continue to focus on its 4-tiered strategy being:

1. patient focused outcomes;
2. organic growth;
3. future accretive acquisitions; and
4. vertically integrated businesses units.

Given the fragmented nature of the targeted allied health industries, acquisitions will continue to be a central pillar of Healthia's growth strategy. Furthermore, the Company expects to see increased acquisition enquiries as industry participants place greater value on the support and stability that a larger business such Healthia can offer post the COVID-19 pandemic. Healthia therefore expects to deploy a minimum of $15.0M of new capital for new allied health business acquisitions during FY21. These acquisitions are expected to be funded from a combination of bank debt, free cash and clinic class shares.

The Company owns and operates 23 podiatry clinics and 1 physiotherapy clinic in Victoria. At the date of reporting, these clinics remain fully operational as essential health care services. These clinics are experiencing some impact on their trading due to the Stage 4 lockdown restrictions imposed in Victoria. However, with JobKeeper payments being received until the end of September 2020 and the geographical diversification of Healthia's portfolio (84% of Healthia's clinics are outside of Victoria), the Directors remain confident these impacts will have minimal effects on the trading conditions for the business in aggregate.

The Company continues to take preventative measures against the spread of COVID-19 and has implemented comprehensive internal policies and procedures to protect its patients and team members against the spread of COVID-19, including a range of workplace preventative health and safety measures. Providing a safe environment for our patients and team members is a priority, and the Company continues to follow all recommendations of the Australian Government.

DIVIDEND

The Directors of Healthia have recommended the payment of a final fully franked dividend of 2.0 cents per share to the ordinary shareholders of the Company, representing approximately 27% of underlying NPATA for the period.

A fully underwritten Dividend Reinvestment Plan (DRP) has been put in place for the final dividend to preserve cash reserves.

Dates for the 2020 final dividend are as follows:

- Ex-dividend date of 8 September 2020;
- Record date of 9 September 2020; and
- Payment date of 28 September 2020.

A 2.5% discount will apply to the Dividend Reinvestment Plan for the final dividend and the DRP pricing period will be the 5 trading days immediately prior to the record date.

A copy of the Dividend Reinvestment Plan rules can be found on Healthia's Website *https://healthia.com.au/s/Dividend-Reinvestment-Plan-Rules.pdf*.

ACQUISITION OF 3 PHYSIOTHERAPY CLINICS AND 1 PODIATRY CLINIC
The Company is pleased to announce that it has entered into agreements to acquire 3 additional physiotherapy clinics in Queensland and 1 additional podiatry clinic in South Australia, with customary conditions precedent including due diligence and assignment of property leases. Consideration for the acquisitions is $5.05M including $4.01M in cash consideration and $1.04M in clinic class share consideration.

These clinics are expected to contribute Revenue and EBITDA (less lease payments or pre-AASB 16 change) of $5.58M and $1.16M respectively on a pro-forma basis. These acquisitions are expected to be completed on or around 15 October 2020.

SHAREHOLDER BRIEFING
Managing Director Wesley Coote will hold a teleconference on **28 August 2020 at 10:30am (AET)** to brief investors, analysts and other interested parties on the FY2020 results and the outlook for FY2021.

To register for the online investor briefing, please go to: www.healthia.com.au/webcast

Should you have any problem registering or joining the session, please contact Principal Investor Relations by calling (03) 8080 5780.

CONTACT
Investors are encouraged to keep up to date with Healthia news and research by subscribing at: https://www.healthia.com.au/subscribe

If you have any further questions, please contact:

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ABOUT HEALTHIA
Healthia Limited is an integrated group of health-based companies whose mission is to enrich the lives of people through world-class health services. The group operates an integrated portfolio of allied health businesses which include My FootDr, Allsports Physiotherapy, Extend Rehabilitation, iOrthotics and D.B.S. Medical Supplies.

My FootDr is Australia's leading podiatry group with 93 podiatry clinics, with clinics equipped with innovative equipment and highly qualified podiatrists which provide world-class podiatry services that include biomechanical assessment, laser fungal nail treatment, diabetic screening, sports injury management and general foot care.

Allsports Physiotherapy and Sports Medicine has 43 clinics in Queensland, New South Wales and Victoria and has been providing high standards of physiotherapy since 1992, offering a range of services at each clinic, including podiatry, Pilates, massage therapy, occupational therapy and nutrition advice.

Specialist Hand Therapy is dedicated to caring for the hand and upper arm, including injuries to the hand, wrist, elbow and shoulder and neck. Services also include general musculoskeletal physiotherapy. Healthia has 9 clinics throughout Brisbane, with 5 of those clinics co-located inside an Allsports Physiotherapy and Sports Medicine clinics, and 4 clinics throughout Sydney.

iOrthotics is a world-leader in 3D printing, delivering custom-made foam rubber and 3D-printed orthotic devices to more than 100 podiatry clinics throughout Australia from its Queensland facility, and in January 2020 opened a manufacturing facility in New York.

D.B.S. Medical Supplies is a podiatry supplies business based in Byron Bay, New South Wales which provides a wide range of podiatry equipment and foot care products to allied health professionals throughout Australia, New Zealand, the South Pacific, Singapore and Hong Kong.