Healthia Limited and its Controlled Entities
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Healthia Limited
ACN:	626 087 223
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

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2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	57.0%	to	136,946
Profit from ordinary activities after tax attributable to the owners of Healthia Limited	up	91.6%	to	5,157
Profit for the year attributable to the owners of Healthia Limited	up	91.6%	to	5,157

	2021 Cents	2020 Cents
Basic earnings per share	6.48	4.27
Diluted earnings per share	6.23	4.10

Dividends

As at the date of signing the financial report, the Directors of Healthia Limited have recommended the payment of a final fully franked dividend of 2.50 cents per share to the ordinary shareholders of Healthia Limited.

Dates for the 2021 final dividend declared are as follows:
- Ex-date: 7 September 2021;
- Record date: 8 September 2021;
- DRP election date: 8 September 2021; and
- Payment date: 27 October 2021.

A Dividend Reinvestment Plan will operate for the 2021 Final Dividend. A 2.5% discount will apply to the Dividend Reinvestment Plan for the final dividend. A copy of the Dividend Reinvestment Plan rules can be found on Healthia's website at the following address: *https://healthia.com.au/s/Dividend-Reinvestment-Plan-Rules.pdf*.

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Interim dividend	2 cents per share	100%
Final dividend	2.50 cents per share	100%
Previous corresponding period		
Interim dividend	N/A	N/A
Final dividend	2 cents per share	100%
Record date for determining entitlements to the final dividends		8 September 2021

Comments
The profit for the Consolidated Entity after providing for income tax and non-controlling interest amounted to $5,157,000 (30 June 2020: $2,691,000).

During the 2021 Financial Year, the Consolidated Entity acquired 61 allied health businesses (43 Eyes and Ears clinics, 11 Bodies and Minds clinics, and 7 Feet and Ankles clinics). This should be considered when interpreting the statutory financial results.

An explanation of the statutory and pro-forma underlying figures is contained in 'Review of operations' included within the Directors' report in the attached Financial Report of Healthia Limited.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(54.91)	(38.54)

Calculated as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Net assets	92,527	57,856
Less: Intangibles	(137,534)	(79,275)
Less: Deferred tax asset	(4,525)	(2,874)
Net tangible assets	(49,532)	(24,293)
Total shares issued	90,205,433	63,034,653

4. Control gained over entities

Refer to note 34 for details of business combinations in the year.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

As at the date of signing the financial report, the Directors of Healthia Limited have recommended the payment of a final fully franked dividend of 2.50 cents per share to the ordinary shareholders of Healthia Limited.

Dates for the 2021 final dividend declared are as follows:
- Ex-date: 7 September 2021;
- Record date: 8 September 2021;
- DRP election date: 8 September 2021; and
- Payment date: 27 October 2021.

A Dividend Reinvestment Plan will operate for the 2021 Final Dividend. A 2.5% discount will apply to the Dividend Reinvestment Plan for the final dividend. A copy of the Dividend Reinvestment Plan rules can be found on Healthia's website at the following address: *https://healthia.com.au/s/Dividend-Reinvestment-Plan-Rules.pdf*.

Previous period
A Final Dividend for the year ended 30 June 2020 of 2.00 cents per share was paid on 28 September 2020.

7. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding Reporting period %	Reporting entity's percentage holding Previous period %	Contribution to profit/(loss) (where material) Reporting period $'000	Contribution to profit/(loss) (where material) Previous period $'000
Fracture Holdco Pty Ltd	45.00%	45.00%	-	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			-	-

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

10. Attachments

Details of attachments (if any):

The Annual Report of Healthia Limited for the year ended 30 June 2021 is attached.

11. Signed

Signed ______________________________

Date: 30 August 2021

Dr Glen Frank Richards
Director

Healthia Limited and its Controlled Entities

ACN 626 087 223

Annual Report - 30 June 2021

Healthia Limited and its Controlled Entities
Corporate directory
30 June 2021

Directors	Dr Glen Richards Paul Wilson Lisa Dalton Wesley Coote Darren Stewart Anthony Ganter Colin Kangisser (appointed 30 November 2020)
Company Secretary	Christopher Banks
Notice of annual general meeting	The Annual General Meeting of Healthia Limited is expected to be held on 17 November 2021.
Registered office	Level 4, East Tower 25 Montpelier Road Bowen Hills QLD 4006
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 www.linkmarketservices.com.au
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 www.bdo.com.au
Solicitors	Clayton Utz Level 28, Riparian Plaza 71 Eagle Street Brisbane QLD 4000 www.claytonutz.com.au Colin Biggers & Paisley Level 35, 1 Eagle Street Brisbane QLD 4000 www.cbp.com.au
Website	www.healthia.com.au
Corporate Governance Statement	The Consolidated Entity's directors and management are committed to conducting the company's business in an ethical manner and in accordance with the highest standards of corporate governance. The Consolidated Entity has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (4th Edition) to the extent appropriate to the size and nature of the company's operations. The Consolidated Entity's policies can be found on its website: https://www.healthia.com.au/corporate-governance/

Healthia Limited and its Controlled Entities
Chairperson's letter
30 June 2021

Dear Fellow Shareholders,

On behalf of the Board of Healthia Limited ('Healthia' or the 'Consolidated Entity'), it is my pleasure to present the Annual Report for the year ended 30 June 2021.

Impact of COVID-19 and associated lockdowns

During the second half of financial year 2021, we have seen an increasing number of lockdown restrictions imposed in key areas of Australia, including Sydney, Melbourne, Brisbane, Perth and Darwin and it is estimated that lockdowns impacted over 1,533 clinic trading days[1] during this period, representing approximately 5.0% of total clinic trading days. Healthia is a provider of a number of essential community health care services and as such, the Directors made the decision to continue trading from its allied health clinics through the various lockdowns encountered.

With this context, the strong financial and operational performance delivered during the year demonstrates the robust and essential nature of the allied health businesses which Healthia owns and operates. Healthia has taken its next steps towards delivering on its vision of building Australia’s leading allied health care business.

FY21 Highlights

Healthia has delivered strong full year financial performance and portfolio growth via strategic acquisitions. Key highlights for the period include:

- Underlying revenue growth over prior year of 51.8%;
- Strong organic revenue growth of 9.1%[2];
- Underlying EBITDA (removing the impact of AASB16) growth over prior year of 62.3%;
- Underlying NPATA (attributable to owners) growth over prior year of 91.4%;
- Underlying Basic EPS growth of 3.79 cents per share or 51.6% over prior year;
- Fully franked final dividend of 2.50 cents per share.

During the period, Healthia acquired 61 allied health businesses (43 Eyes and Ears businesses, 11 Bodies and Minds businesses and 7 Feet and Ankles businesses) and deployed capital of $62.3 million. A key strategic acquisition during the period was that of The Optical Company on 30 November 2020. This saw Healthia enter the optical industry via this well-established optical business which owns and operates 43 optical stores. Furthermore, it increased Healthia’s addressable industry revenue market from $6.5 billion to $9.8 billion, or by 51%.

This takes the total number of allied health businesses owned by the Consolidated Entity, from 104 at the time of Initial Public Offering in September 2018 to 212 at 30 June 2021, representing portfolio growth of 104%. The allied health businesses are operated across the following business divisions:

- Feet and Ankles (F&A): comprising 94 podiatry clinics, 6 retail footwear stores (trading as Natural Fit Footwear), 2 orthotics laboratories (trading as iOrthotics) and an allied health wholesale supplies business (trading as D.B.S. Medical);
- Bodies and Minds (B&M): comprising 52 physiotherapy clinics and 14 hand therapy clinics; and
- Eyes and Ears (E&E): comprising 42 optometry stores and 1 wholesale eyewear frame distribution business (trading as AED).

Despite the portfolio growth of over 100% since listing, Healthia still represents less than 1.5% of its addressable revenue market.

[1] *Calculated as working days impacted by COVID-19 related lockdowns multiplied by the number of clinics owned by the Consolidated Entity (for each respective lockdown).*

[2] *Organic revenue growth has been calculated by excluding any closed businesses and businesses not held during the prior corresponding period. Organic revenue growth has been adjusted to remove the impact of COVID related lockdowns in the current and prior financial years. Organic revenue growth has not been presented for the acquired Eyes & Ears Division as the Consolidated Entity did not hold the Eyes & Ears businesses for a whole 12 months.*

Vertical Integrated Businesses

Healthia's operates a vertically integrated business model through ownership of the following businesses:
- iOrthotics, which manufactures and 3D prints orthotics, including supplying orthotics into the North American market;
- D.B.S Medical, which sources and distributes medical consumables and capital equipment specializing in podiatry supplies;
- Australian Eyewear Distributors (AED), which sources and distributes a diverse range of eyewear frames including private label brands.

Each of the above businesses are scalable and provide significant benefits and cost savings from newly acquired clinics.

Clinician Retention

A key focus of the Healthia is to retain and incentivise its clinicians. We have developed a clinician retention program (Clinician Retention Program) which allows our clinicians to have an ownership interest in clinics. Under the Clinician Retention Program, the clinicians are given the opportunity to acquire clinic class shares (Clinic Class Shares).

Clinic Class Shares are non-voting shares which entitle the holder to a share of any dividend declared, which arise from and is calculated on the performance of the clinic in which the Clinic Class Shares are issued. The Clinic Class Shares are designed to create alignment between the interests of clinicians and shareholders. We consider this model as a compelling proposition for our patients, our clinicians and our investors.

Clinic Class Share ownership grew to a total of 2,984 Clinic Class Shares on issue for the period ended 30 June 2021, from 2,505 in FY20. The additional shares have been issued to clinicians as part consideration for newly acquired clinics and/ or for cash consideration paid to the Consolidated Entity.

In addition to the Clinician Retention Program, Healthia has continued to build on its structured learning and education programs. In now has in place the following:

1. Recent Graduate Program;
2. Clinic Leadership Program;
3. Business Leadership Program;
4. Practice Management Program;
5. Biennial conference.

Healthia will continue to build on each of these programs with an aim to provide its team members with world class learning and education.

Validation of the various clinician and staff retention programs put in place has come via Healthia's strong clinician retention rate of 85% (FY20: 85%) and through its recently conducted culture survey. Healthia engaged Best Practice Australia to do a follow up on its previous survey which was conducted in 2019. Engagement of the Healthia team has improved, returning a score of 62% on a recent people survey[3] categorising Healthia as a culture of success.

Outlook

Healthia provides essential healthcare services to the community and has grown at a compounding annual growth rate of 46% since our Initial Public Offering in September 2018. 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 business units.

With an addressable market in excess of $9.8 billion, we are confident of deploying the stated target of $20.0 million of capital in the FY2022 on new acquisitions in line with Healthia's strategic criteria.

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[3] *Healthia "Flex Your Voice" staff survey undertaken by independent consultants, BPA Analytics, in the calendar year 2021.*

Healthia owns and operates 37 businesses in New South Wales and 40 businesses in Victoria, representing 17.5% and 18.9% respectively of Healthia's total portfolio. At the date of reporting, all but six of these businesses remain operational due to their classification as essential health care services, however, these businesses are experiencing some impact on their trading due to the lockdown restrictions imposed. The timing of, and length of time in, these lockdowns vary and are unpredictable.

With Australia now on a vaccination path, we are optimistic about the outlook for Healthia and the allied health sectors more generally. I would again like to thank the team members of Healthia for their resilience and continued dedication during these challenging times. Our strong financial and operational performance during FY21 is a reflection of the exemplary group of people we have brought together under the Healthia banner.

Dr Glen Richards

Chairperson

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Healthia Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were Directors of Healthia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Glen Frank Richards
Paul David Wilson
Lisa Jane Dalton
Wesley James Coote
Darren Lindsey Stewart
Anthony Peter Ganter
Colin Kangisser (appointed 30 November 2020)

Principal activities

The principal activities of the Consolidated Entity consists of the following:

- the operation of podiatry businesses throughout Australia through the Feet and Ankles division;
- the operation of physiotherapy businesses throughout Australia through the Bodies and Minds division; and
- the operation of optometry businesses throughout Australia through the Eyes and Ears division (from 1 December 2020).

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2021 $'000	2020 $'000
Final dividend for the year ended 30 June 2020 of 2 cents per ordinary share	1,261	-
Interim dividend for the year ended 30 June 2021 of 2 cents per ordinary share	1,783	-
	3,044	-

As at the date of signing the financial report, the Directors of Healthia Limited have recommended the payment of a final fully franked dividend of 2.50 cents per share to the ordinary shareholders of Healthia Limited and has determined that Healthia’s Dividend Reinvestment Plan will operate for the final dividend

Review of operations

The profit for the Consolidated Entity after providing for income tax and non-controlling interest amounted to $5,157,000 (30 June 2020: $2,691,000).

1. Significant changes for the period ended 30 June 2021

Impact of COVID-19 and associated 'lockdowns'

As a result of Healthia providing a number of essential health care services to the community, the Directors made the decision to continue trading from its allied health clinics when Australia's Prime Minister imposed several progressive restrictive lockdown measures in April 2020. The largest impact on trading was felt during the months of April 2020 and May 2020, which in turn, qualified Healthia for JobKeeper payments from April through September 2020.

The JobKeeper payments received have ensured the following:

- continuity of patient care was maintained for those who needed these essential health care services during continued period of lockdowns and uncertainty;
- the essential health care services provided were available to the communities that Healthia operates in, allowing pressure to be taken off hospitals and other primary care and front-line health workers; and
- the livelihoods of Healthia's employees were not materially affected, with minimal changes to clinic rosters as a result of the COVID-19 pandemic.

During the financial year, it is estimated that lockdowns impacted over 1,533 clinic trading days for Healthia during the second half of financial year 2021, through lockdowns being imposed across the regions of VIC, QLD, NSW, WA and NT. During this period, minimal changes were made to the trading hours and rosters of Healthia's clinics.

The impacts of lockdowns from COVID-19 are unpredictable given that the timing of, and length of time in, lockdowns vary. However, the experience of prior lockdowns has shown that any short-term reduction in patient volumes is quickly recovered with the pent-up demand typically experienced after such restrictions ease or end.

The Consolidated Entity 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 Consolidated Entity continues to follow the recommendations of the Australian and State Governments.

2. Financial Highlights

The financial highlights for FY21 for the Consolidated Entity are the follows:

- Underlying revenue of $140.41 million representing growth over prior year of 51.8% [1];
- Organic revenue growth of 9.1% (comprised of 9.9% in Bodies and Minds Division and 8.3% in the Feet and Ankles Division) [2];
- Underlying FY21 EBITDA (removing the impact of AASB16) of $21.47 million, representing growth over prior year of 62.3% [3];
- Underlying FY21 NPATA (attributable to owners) of $8.86 million, representing growth over prior year of 91.4% [4];
- Underlying FY21 Basic EPS of 11.13 cents per share, representing growth over prior year of 51.6% [5];
- Fully franked final dividend of 2.50 cents per share.

(1) For the purposes of underlying results, the Consolidated Entity has excluded $5.61M (of $7.61M total) JobKeeper revenue subsidies from underlying results. The remaining $1.99M is the Directors assessment of the impact on trading from lockdowns. Underlying revenue has not been audited.

(2) Organic revenue growth has been calculated by excluding any closed businesses and businesses not held during the prior corresponding period. Adjusted organic revenue growth has been adjusted to remove the impact of COVID related lockdowns in the current and prior financial years. Adjusted organic revenue growth has not been presented for the acquired Eyes & Ears Division due to the impact of lockdowns in the period prior to ownership by the Consolidated Entity. Organic growth is a non-IFRS financial measure and has not been audited.

(3) Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation. Underlying EBITDA has not been audited.

(4) Underlying NPATA is a non-IFRS measure and equals net profit after income tax expense plus amortisation of customer list intangibles. Underlying NPATA has not been audited.

(5) Underlying basic EPS or earning per share is calculated as NPATA attributable to the owners of Healthia Limited divided by weighted average number of ordinary shares on issue (FY21:79.63M, FY20: 63.04M). Underlying basic EPS has not been audited.

During the period, Healthia deployed capital of $62.3 million on new acquisitions at an effective multiple of 6.9x EBITDA (removing the impact of AASB16). During the period, the acquired businesses contributed underlying revenue of $30.90 million and EBITDA (less lease payments or pre-AASB 16 change) of $6.68 million to the Consolidated Entity. If these acquisitions had been held for a full 12 month period (by annualising contribution to FY21), the acquired businesses would have contributed underlying revenue of $54.14 million and EBITDA (less lease payments or pre-AASB 16 change) of $8.99 million to the Consolidated Entity.

3. Operational Highlights

Key operational highlights for FY21 included:

- Acquisition of The Optical Company, comprising 41 optical stores and eyewear frame distributor, Australian Eyewear Distributors or AED (the Consolidated Entity's performance for FY21 included 7 months of trading). The acquisition delivered a number of strategic benefits, including a vertically integrated platform to grow in the optical and audiology industries, which increased the Consolidated Entity's addressable market by 51% (from $6.5 billion to $9.8 billion). The vertically AED business, which sources and distributes private label eyewear frames, provides significant cost savings when acquiring additional optometry stores;
- Integration of The Optical Company, including incorporation into the Consolidated Entity's Clinician Retention Program, which encompasses both a comprehensive education program and the Clinic Class Share model, alignment of marketing strategies and customer retention programs and consolidation of the acquired entities to improve accounting/support efficiencies;
- Launch of audiology services in an existing Healthia owned optometry clinic in Geelong. The business will operate via a hub and spoke model with surrounding clinics referring patients;
- Acquisition of Natural Fit Footwear, a specialty footwear retailer offering comfort and support footwear, comprising six stores in New South Wales, one store in Victoria and an e-commerce footwear site. Given the geographic footprint of these stores and the retail nature of the product offering, the business has been significantly impacted by lockdowns. Management remains committed to extending the service offering inside of the Natural Fit Footwear stores to include podiatry services. There is also a significant opportunity to build upon the specialised value proposition and established e-commerce platform developed by Natural Fit Footwear to extend an online retail footwear offering to the patients of the Consolidated Entity's 94 podiatry clinics;
- Acquisition of an additional 19 allied health clinics, including 11 Bodies and Minds businesses, 7 Feet and Ankles businesses and 1 additional Eyes and Ears business;
- The Consolidated Entity has continued to build on its structured learning and education programs. It now has in place the following: (1) Recent Graduate Program (2) Clinic Leadership Program (3) Business Leadership Program (4) Practice Management Program (5) Biennial conference;
- The Consolidated Entity recruited 60 new graduate health professionals in February 2021, comprising 27 physiotherapists, 14 podiatrists, 10 occupational therapists, 5 exercise physiologists, 3 speech pathologists and 1 dietitian. These graduates support the Consolidated Entity's continued organic growth and all new graduates completed the graduate induction and training program;
- Clinician staff retention rate of 85% (FY20: 85%), driven by high cultural engagement as demonstrated by the recent cultural survey where staff scored Healthia as a culture of success;
- Clinic Class Share ownership grew to a total of 2,984 Clinic Class Shares on issue for the period ended 30 June 2021, from 2,505 in FY20. Clinic Class Shares are designed to create alignment between the interests of clinicians and the ordinary shareholders of the Consolidated Entity. The Clinic Retention Program allows clinicians to acquire an ownership interest in the Consolidated Entity's clinics (via Clinic Class Shares). Clinic Class Shares enable the holder to participate in dividends declared, calculated on the performance of the clinic in which the Clinic Class Shares are issued;
- Recruitment of Healthia's Chief Marketing Officer and refinement of the marketing strategy to support centralisation of the digital strategy across all brands. These changes have facilitated tailored marketing plans and a data driven strategy to improve the patient experience, retention rates and cross-sell opportunities across all allied health disciplines;
- During the period from 1 July 2021 to 30 August 2021, the Consolidated Entity also announced the subsequent acquisitions of 3 optometry clinics and 2 physiotherapy clinics. The acquisitions are expected to contribute the following pro-forma revenue and EBITDA of $3.95 million and $0.64 million respectively to the Consolidated Entity.

4. Financial Overview - Statutory Performance

The FY21 statutory performance compared to the prior comparative period (ended 30 June 2020 (‘FY20’ or ‘PCP’)) is shown in Table 1 below.

Table 1: 30 June 2021 statutory performance compared to PCP.

	30/06/2021 $'000's	30/06/2020 $'000's	Change $'000's	Change %
Revenue and Other Income	146,026	96,366	49,660	51.5%
Net profit before income tax expense	13,150	7,253	5,897	81.3%
Net profit after income tax expense	9,177	5,148	4,029	78.3%
Non-controlling interest (NCI)	4,020	2,457	1,563	63.6%
NPAT attributable to the owners of Healthia Limited[1]	**5,157**	**2,691**	**2,466**	**91.6%**
NCI / NPAT (before NCI)	43.81%	47.73%	-3.92%	-392 bps

1. Net profit after income tax expense, net of Non-Controlling Interest (NCI)

Revenue and Other Income
The Consolidated Entity’s revenue and other income increased by 51.5% to $146.03 million (FY20: $96.37 million). This increase in revenue can be attributed to the following drivers:

- *Continued acquisitive growth:*
  The 61 acquired allied health businesses during the FY21 period (comprising 43 Eyes and Ears businesses, 11 Bodies and Minds businesses and 7 Feet and Ankles businesses).

- *Robust organic growth(1):*
  Adjusted organic growth of 9.1%, comprising 9.9% in Bodies and Minds Division and 8.3% in Feet and Ankles Division (adjusting for the impact of COVID related lockdowns in the current and prior financial years). Adjusted organic revenue growth has not been presented for the acquired Eyes & Ears Division as the Consolidated Entity did not own the business 12 months ago.

  The robust organic growth can be attributed to the following:
  - the resilient and essential nature of the allied health services provided;
  - organic growth initiatives such as targeted marketing and patient/ customer attraction, conversion, retention strategies, structured education and professional development strategies and the introduction of additional services into existing clinics;
  - strong cultural engagement and clinician retention rates.

- *Government subsidies:*
  $7.61 million of JobKeeper payments is recognised as Other Income in the current period (FY20: $7.92m)

(1) *Organic revenue growth has been calculated by excluding any closed businesses and businesses not held during the prior corresponding period. Organic revenue growth has been adjusted to remove the impact of COVID related lockdowns in the current and prior financial years. Organic revenue growth has not been presented for the acquired Eyes & Ears Division as the Consolidated Entity did not hold the Eyes & Ears businesses for a whole 12 months.*

Profit Attributable to Non-Controlling Interests
The Consolidated Entity's non-controlling interest in FY21 of $4.02 million (FY20: $2.46 million) represents growth over the prior period of 63.6%. The increase in non-controlling interest can be attributed to the following factors:

- *Increase in Clinic Class Shareholder ('CCS') ownership:*
  CCS ownership has grown to a total of 2,984 Clinic Class Shares on issue for the period ended 30 June 2021, from 2,505 as at 30 June 2020. All Clinic Class Shares were issued to clinicians as either part consideration of a newly acquired clinic and / or for consideration.

- Note that Statutory non-controlling interest includes distributions related to non-recurring JobKeeper payments, which ceased once JobKeeper payments stopped being received by the Consolidated Entity (September 2020). The Consolidated Entity made a conscious decision to support its clinic partners and employees through the COVID-19 period and pass on JobKeeper payments to its minority equity partners.

5. Financial Overview – Underlying Performance

To assist users, information about the underlying performance of the Consolidated Entity is presented, which excludes the impact of acquisition and integration costs, adjusted for the impacts of 'COVID-19' and other one-off non-recurring income and expenses. The Directors believe that this information is useful for investors and shareholders as it presents the Consolidated Entity's financial performance as if these transactions or circumstances had not occurred.

The underlying performance is provided on an unaudited basis in Table 2 and a reconciliation between statutory and underlying performance is provided further below in Table 5.

The following table highlights the underlying performance of the Consolidated Entity:

Table 2: Underlying 30 June 2021 performance compared to PCP

This table has not been audited	*30/06/2021 $'000's Underlying [2]*	*30/06/2020 $'000's Underlying [2]*	*Change $'000*	*Change %*
Underlying Revenue [1]	140,407	92,493	47,914	51.8%
Underlying EBITDA [3,4] (removing impact of AASB16)	21,468	13,230	8,238	62.3%
Underlying net profit before income tax expense	15,080	9,239	5,841	63.2%
Underlying net profit after income tax expense	10,251	5,806	4,445	76.6%
Amortisation expense	1,017	661	356	53.8%
Underlying NPATA [5]	11,268	6,467	4,801	74.2%
Underlying non-controlling interest (NCI) [9]	2,995	2,041	954	46.7%
Net post-tax P&L impact of AASB16 adoption [6]	588	203	385	189.6%
Underlying NPATA attributable to the owners of Healthia Limited (removing impact of AASB16) [5]	**8,861**	**4,629**	**4,232**	**91.4%**
Underlying EBITDA margin (removing impact of AASB16) [3,4]	15.29%	14.30%	0.99%	99 bps
Underlying NPATA margin (removing impact AASB16) [5]	6.31%	5.00%	1.31%	131 bps
Underlying Basic EPS (cents, removing impact AASB16) [7]	11.13	7.34	3.79	51.6%
Underlying NCI / Underlying NPATA [8,9]	26.58%	31.56%	-4.98%	-498 bps

Notes

1. For the purposes of underlying results, the Consolidated Entity has excluded $5.61M (of $7.61M total) JobKeeper revenue subsidies from underlying results. The remaining $1.99M is the Directors assessment of the impact on trading from lockdowns.

2.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

3.Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation. Underlying EBITDA has not been audited

4.Underlying EBITDA has been adjusted for the impacts of AASB16. Lease payments of $11.48m have been included to provide users with a like-for-like comparison with PCP.

5.Underlying NPATA is a non-IFRS measure and equals net profit after income tax expense plus amortisation of customer list intangibles. Underlying NPATA has not been audited

6.The net post-tax P&L impact of the new leasing standard, AASB16, has been added back to NPATA to provide users with a like-for-like comparison with PCP. The pre-tax impact of AASB 16 'Leases' in the current period is comprised of the following: occupancy costs decreased by $11.48M, depreciation expense increased by $10.31M, and finance costs increased by $2.01M. The net post-tax P&L impact has not been audited.

7.Underlying EPS or earnings per share is calculated as underlying NPATA attributable to the owners of Healthia Limited divided by the weighted average number of ordinary shares on issue for the period (FY21: 79.63M, FY20: 63.04M). Underlying EPS has not been

8.Underlying non-Controlling Interest divided by Underlying NPATA. NCI/ Underlying NPATA has not been audited

9.Underlying NCI reflects statutory NCI removing the non-recurring distribution of JobKeeper payments to Clinics Class Shareholders. Refer to Table 4 for reconciliation between statutory NCI and underlying NCI. Underlying NCI has not been audited.

Underlying Revenue

The Consolidated Entity's underlying revenue increased by 51.8% to $140.4 million vs PCP of $92.49 million. This increase in revenue can be attributed to the following drivers:

- *Continued acquisitive growth:*
  The 61 acquired allied health businesses during the FY21 period (comprising 43 Eyes and Ears businesses, 11 Bodies and Minds businesses and 7 Feet and Ankles businesses). Had all acquisitions completed in the current period been held for a full 12-month period, underlying revenue would have increased by $23.23 million (by annualising the contribution in FY21).

- *Organic growth:*
  Robust organic revenue growth of 9.1% achieved by the Consolidated Entity(1)

- *Government subsidies*:
  The Consolidated Entity has excluded $5.61M (of $7.61M total) JobKeeper revenue subsidies from underlying results. The remaining $1.99M is the Directors' assessment of the impact on trading from lockdowns. Lockdowns have impacted over 1,533 clinic trading days for Healthia during the second half of financial year 2021, representing approximately 5.0% of total clinic trading days during this period (as detailed in Table 3 below). This adjustment assumes the Consolidated Entity would have achieved the same organic growth experienced pre and post the COVID affected periods

(1) *Organic revenue growth has been calculated by excluding any closed businesses and businesses not held during the prior corresponding period. Organic revenue growth has been adjusted to remove the impact of COVID related lockdowns in the current and prior financial years. Organic revenue growth has not been presented for the acquired Eyes & Ears Division as the Consolidated Entity did not hold the Eyes & Ears businesses for a whole 12 months.*

Table 3: Impact of Lockdowns during H2 2021

This table has not been audited

	Clinic days impacted by lockdowns 1 1/1/21 - 30/6/21	Total clinic trading days 2 1/1/21 - 30/6/21	%
VIC	581	5,698	10.2%
NSW	250	5,513	4.5%
QLD	661	16,207	4.1%
NT	6	296	2.0%
WA	35	740	4.7%
TAS		444	0.0%
SA		1,961	0.0%
Total	**1,533**	**30,859**	**5.0%**

Notes

1.Calculated as working days impacted by COVID-19 related lockdowns multiplied by the number of clinics owned by the Consolidated Entity (for each respective lockdown).

2.Calculated as working days multiplied by the number of clinics owned by the Consolidated Entity; adjusted for the impact of acquisitions during the period.

Underlying EBITDA
The Consolidated Entity's underlying FY21 EBITDA (excluding the impact of AASB 16) of $21.47 million (FY20: $13.23 million) represents growth of 62.3% vs PCP. The increase in underlying EBITDA is primarily driven by the following:

- *Continued acquisitive growth*:
  The 61 acquired allied health businesses during the FY21 period. Had all acquisitions completed in the current period been held for a full 12-month period, underlying EBITDA would have increased by $5.15 million (by annualising the contribution in FY21);

- *Organic growth*:
  Robust organic revenue growth of 9.1% achieved by the Consolidated Entity;

- *Margin improvement*:
  The underlying EBITDA margin increase of 99 bps over PCP (from 14.30% to 15.29%) was achieved through disciplined cost controls implemented by the Consolidated Entity and higher profitability margins from the recently acquired Optical Company.

  The Eyes & Ears division, which was owned for 7 months during the financial year, achieved an underlying EBITDA margin of 27.1% for the period. This margin is higher than industry averages due to the vertically integrated business model achieved through ownership of established eyewear frame distributor, Australian Eyewear Distributors (AED).

Underlying Non-Controlling Interests
The Consolidated Entity's underlying non-controlling interest in FY21 of $3.00 million (FY20: $2.04 million) represents growth over the prior period of 46.7%.

The underlying profit attributable to Non-Controlling Interests (+46.7% vs PCP) increased at a slower rate than the underlying earnings of the Consolidated Entity (NPATA +74.2% vs PCP). This was largely driven by the acquisition of the 42 optical stores which contained no NCI. As a result, the proportion of economic interests attributable to underlying NCI decreased from 31.56% in FY20 to 26.58% in the current period (calculated as underlying NCI / underlying NPATA detailed in Table 2).

Note that underlying non-controlling interest excludes distributions related to non-recurring JobKeeper payments, to the extent that they have not been included in the underlying results, which ceased once JobKeeper payments stop being received by the Consolidated Entity (September 2020). The Consolidated Entity made a conscious decision to support its clinic partners and employees through the COVID-19 period and pass on JobKeeper payments to its minority equity partners. A reconciliation of Underlying Non-Controlling Interest to Statutory Non-Controlling Interest is detailed in Table 4 below.

Table 4: Underlying Profit Attributable to Non-Controlling Interests

This table has not been audited	*30/06/2021*	*30/06/2020*
	$'000's	*$'000's*
Statutory non-controlling interest	4,020	2,457
Less: Non-recurring distributions of JobKeeper payments to Clinic Class Shareholders[1]	(1,025)	(416)
Underlying non-controlling interest	2,995	2,041

(1) The JobKeeper payments distributed to Clinic Class Shareholders were net of income tax payable

Underlying NPATA and Earnings per Share
The Consolidated Entity's underlying NPATA attributable to the owners of Healthia Limited of $8.86 million (FY20: $4.63 million) represents growth over the prior period of 91.4%.

The Consolidated Entity's underlying EPS[1] of 11.13 cents per share (FY20: 7.34 cents per share) represents growth over the prior period of 51.6%.

(1) 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 (FY21: 79,627,000; FY20: 63,034,653).

6. Financial Overview – Reconciliation from Underlying NPATA to Statutory NPATA

A reconciliation of underlying NPATA to statutory NPAT performance is detailed below.

Table 5: Reconciliation of Underlying NPATA to Statutory NPAT

Note	*This table has not been audited*	*30/06/2021 $'000's*
1	**Underlying NPATA attributable to the owners of Healthia Limited (removing impact of AASB16) 1**	**8,861**
2	Plus: Net income from JobKeeper	5,614
3	Less: COVID-19 related expenses	(2,102)
4	Less: Acquisition & integration costs	(4,208)
5	Less: NCI attributed to Jobkeeper	(1,025)
6	Less: Share-based payments expense and associated costs	(1,134)
7	Less: Amortisation	(1,017)
8	Less: Net impact of AASB16	(588)
9	Less: Bad debt expense	(100)
10	Add: Net taxation impact	857
	Statutory NPAT attributable to the owners of Healthia Limited 1	**5,157**

(1) Underlying NPATA is a non-IFRS measure and equals net profit after income tax expense plus amortisation of customer list intangibles. 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 NPATA has not been audited;

(2) Income from JobKeeper, net of non-recurring COVID related costs, which is not considered to represent underlying financial performance. For the purposes of underlying financial performance, $1.99m (of $7.61m total) of JobKeeper income has been included in underlying revenue.

(3) Non-recurring costs incurred during the COVID-19 pandemic, including JobKeeper top-ups and other payments to employees. Under JobKeeper, eligible employees who are ordinarily paid less than $1,500 per fortnight must be paid a 'top-up' to bring their taxable gross income to at least $1,500 per fortnight for pay days within the JobKeeper fortnights;

(4) The Consolidated Entity incurred a number of one-off acquisition and integration costs in relation to the acquisition of the 61 allied health businesses acquired. Acquisition and integration costs of $4.2m represent 6.7% of fair value consideration paid for the financial year ($62.9m);

(5) Distribution to Non-Controlling Interests of JobKeeper payments ceased once JobKeeper payments were no longer received by the Consolidated Entity on 27 September 2020. The Consolidated Entity made a conscious decision to support its clinic partners and employees through the COVID-19 period and pass on JobKeeper payments (net of income tax) to its minority equity partners;

(6) Share-based payments relate to the one-off grant of Performance Rights to key clinicians and administration staff, but excludes the costs associated with the executive performance rights (as these form part of the Consolidated Entity's ongoing remuneration structure);

(7) Amortisation of customer lists and software intangibles during the current period;

(8) AASB 16 'Leases' had a significant impact on financial performance. This impact is comprised of the following changes due the adoption of AASB 16: occupancy costs decreased by $11.4m, depreciation expense increased by $10.2M, and finance costs increased by $2.0M;

(9) Bad debt expense relates to the one-off impairment of a loan receivable; and

(10) Net income taxation impact of non-recurring items.

7. Funding

During the year, the Consolidated Entity increased its total finance facility from $50.0 million to $70.0 million. As part of this facility increase, the National Australia Bank ('NAB') became part of the existing finance facility alongside Australia and New Zealand Bank ('ANZ') and the Bank of Queensland Limited ('BOQ'). The facility term was also extended to January 2024.

The increased facility size and tenor, as well as the addition of the National Australia Bank to the Consolidated Entity's finance facility, provides further capacity to continue the stated strategy of pursuing value accretive acquisition opportunities.

At 30 June 2021, the Consolidated Entity had utilised $48.33 million of the $70.00 million finance facility, providing headroom of $21.67 million.

The key financial covenants of the finance facility remain unchanged. They are as follows:
- Leverage Ratio: (Debt:Adjusted EBITDA) must remain below or equal to 2.50 times;
- Fixed Charge Cover Ratio: (Adjusted EBITDA + rent expense) / (interest + rent expense) must remain above or equal to 1.75 times; and
- Debt to Capitalisation Ratio: Debt / (Debt + Book Value of Equity) must remain below or equal to 50%.

Note that for the purposes of bank covenant calculations:
- Adjusted EBITDA includes the earnings contribution of recent acquisitions where the businesses have not been held for a 12-month period; and
- AASB 16 'Leases' does not apply, and covenants are calculated as they were prior to the adoption of this new accounting standard by the Consolidated Entity.

The Consolidated Entity remains in compliance with covenants as at the date of reporting.

8. Outlook

Revenue growth
Healthia provides essential healthcare services to the community and has grown at a compounding annual growth rate of 46% since our Initial Public Offering in September 2018.
Organic growth continues to accelerate as a result of focus and investment in industry leading education, tools and support for our clinicians and team members. Organic growth by period was as follows:
- 2.0% in FY19;
- 5.3% in FY20; and
- 9.1% in FY21.

(1) *Organic revenue growth has been calculated by excluding any closed businesses and businesses not held during the prior corresponding period. Organic revenue growth has been adjusted to remove the impact of COVID related lockdowns in the current and prior financial years. Organic revenue growth has not been presented for the acquired Eyes & Ears Division as the Consolidated Entity did not hold the Eyes & Ears businesses for a whole 12 months.*

The Consolidated Entity will continue to build on this momentum by further enhancing its centralised support functions, finding additional opportunities to co-locate services and introducing services into existing locations (e.g. audiology services into existing optometry stores and podiatry services into existing physiotherapy clinics).

Continued industry consolidation
Given the fragmented nature of the targeted allied health industries and significant opportunity for continued consolidation, acquisitions will continue to be a central pillar of the growth strategy. The Consolidated Entity will continue to assess opportunities on a case-by-case basis with reference to its existing network of clinics, strategic objectives and the Consolidated Entity's disciplined acquisition criteria.

With an addressable market in excess of $9.8 billion and a current market share of less than 1.5%, management of the Consolidated Entity are confident of deploying the stated target of $20.0 million of capital in FY2022 on new acquisitions which align with Healthia's disciplined strategic criteria.

The Consolidated Entity has a range of funding sources which can be utilised for acquisitions. These include:
- Undrawn debt amount: headroom of $21.67M in the finance facility with ANZ, NAB and BOQ;
- Future operating cash flow: underlying operating cash flows of $18.09 million were generated during FY21; and
- Clinic Class Shares: non-voting shares, which provide the holder with an economic interest in the performance of the Clinic they work in and assist with the retention of key clinicians.

COVID-19 related lockdowns
The Consolidated Entity owns and operates 37 businesses in New South Wales and 40 businesses in Victoria, representing 17.5% and 18.9% respectively of Healthia's total portfolio. At the date of reporting, all but six of these businesses remain operational due to their classification as essential health care services, however, these businesses are experiencing some impact on their trading due to the lockdown restrictions imposed. The six closed businesses relate to stores which operate under the brand of Natural Fit Footwear, a specialty footwear retailer offering comfort and support footwear.

The experience of prior lockdowns has shown that any short-term reduction in patient volumes is quickly recovered with the pent-up demand typically experienced after such restrictions end.

Significant changes in the state of affairs

Acquisition of The Optical Company (Eyes and Ears Division)
Healthia successfully completed the acquisition of The Optical Company ('TOC') on 30 November 2020, representing 41 optical stores and eyewear frame distributor, AED (note: the Consolidated Entity's results for the period ending 30 June 2021, include 7 months of TOC trading).

Initial consideration paid for the acquisitions was $44.16 million including $32.03 million in cash consideration, $12.13 million in ordinary Healthia Limited share consideration, with an additional $2.60 million payable in deferred consideration.

Acquisition of Other Eyes and Ears Clinics
The Consolidated Entity acquired an additional optometry clinic during the current period. Consideration paid for the acquisition was $0.26 million in cash consideration, with up to an additional $0.11 million payable in contingent consideration.

Acquisition of Bodies and Minds Clinics
The Consolidated Entity acquired an additional 11 physiotherapy clinics during the current period. Initial consideration paid for the acquisitions was $8.63 million including $7.04 million in cash consideration, $1.58 million in clinic class share consideration, with up to an additional $0.92 million payable in contingent consideration.

Acquisition of Feet and Ankles Clinics
The Consolidated Entity acquired an additional 6 retail footwear stores and 1 podiatry clinic since 30 June 2020. Initial consideration paid for the acquisitions was $4.31 million including $2.99 million in cash consideration, $1.32 million in ordinary Healthia Limited share consideration, with up to an additional $1.35 million payable in contingent consideration.

Capital Raising
On 30 October 2020, it was announced that Healthia had entered into a binding agreement to acquire The Optical Company, a leading Australian optometry business.

To assist with the funding of the acquisition, a capital raising was undertaken via a non-renounceable pro-rata entitlement offer at 95 cents per share. The offer was split into the two following components:
- The Institutional Entitlement Offer, which completed on 3 November 2020, raised approximately $9.5 million through the issue of 9,983,740 new Healthia ordinary shares; and
- The Retail Entitlement Offer, which completed on 17 November 2020, raised approximately $3.7 million through the issue of 3,939,372 new Healthia ordinary shares.

Performance rights
On 30 October 2020, 378,500 unlisted performance rights were granted to key management personnel and other senior managers with a nil grant and exercise price. The performance rights will vest on 31 August 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions.

On 1 December 2020, following shareholder approval at the 2020 AGM, 282,500 unlisted performance rights were granted to Directors, Wesley Coote and Anthony Ganter, with a nil grant and exercise price. The performance rights will vest on 31 August 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions.

Novel Coronavirus (COVID-19)
The Novel Coronavirus ('COVID-19') was declared a pandemic in March 2020 by the World Health Organisation ('WHO'). During the financial year there have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 and Government action to reduce the spread of the virus. The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments, as well as the travel and trade restrictions imposed by Australia and other countries have caused disruption to business and economic activities.

JobKeeper Wage Subsidies
The Australian Government announced the JobKeeper legislation on 30 March 2020 which provided entities with a $1,500 a fortnight subsidy per qualifying employee if the entity had seen a reduction in trading revenue of more than 30%. The Consolidated Entity qualified for JobKeeper payments from April to September 2020, however, did not re-qualify under the revised eligibility criteria and the receipt of JobKeeper ceased in September 2020.

The Consolidated Entity has recorded $7.61 million of JobKeeper payments as Other Income in FY21. In accordance with the legislation, $2.54 million of these subsidies were passed directly through to employees where they did not work sufficient hours to be paid more than the subsidy received ($1,500 per fortnight).

The effects of COVID-19 are ongoing with outbreaks resulting in State Government imposed lockdowns. Despite the Consolidated Entity ceasing to receive JobKeeper payments in September 2020, the financial flexibility of the payments received continues to ensure that:

- continuity of patient care is maintained for those who needed these essential health care services;
- the essential health care services provided are available to the communities the Consolidated Entity operates in, allowing pressure to be taken off hospitals and other primary care and front-line health workers;
- the livelihoods of the Consolidated Entity's employees are not materially affected. The Consolidated Entity has continued to pay employees their contracted hours during several lockdowns during FY21 where State Government mandated lockdowns have forced clinic closures or significantly reduced trading hours.

The Consolidated Entity 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 Consolidated Entity is following the recommendations of the Australian Government

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

Acquisition Settlements
During the period from 1 July 2021 to 30 August 2021, the Consolidated Entity announced the subsequent acquisition of 3 optometry clinics and 2 physiotherapy clinics. Total consideration for the acquisitions (plus stock, less employee entitlements) was as follows:
- Upfront cash consideration: $1.74m
- Issue of Clinic Class Shares: $0.72m
- Total upfront consideration: $2.46m

In addition to the upfront consideration, contingent consideration of up to $0.37m will become payable in cash, subject to the achievement of pre-defined earnings targets.

The acquisitions are expected to contribute the following pro-forma earnings to the Consolidated Entity:
- Revenue: $3.95m
- EBITDA: $0.64m

COVID-19 related lockdowns
The Consolidated Entity owns and operates 37 businesses in New South Wales and 40 businesses in Victoria, representing 17.1% and 18.4% respectively of Healthia's total portfolio. At the date of reporting, all but six of these businesses remain operational due to their classification as essential health care services, however, these businesses are experiencing some impact on their trading due to the lockdown restrictions imposed. The six closed businesses relate to stores which operate under the brand of Natural Fit Footwear, a specialty footwear retailer offering comfort and support footwear.

The impacts of lockdowns from COVID-19 are unpredictable given that the timing of, and length of time in, lockdowns vary. However, the experience of prior lockdowns has shown that any short-term reduction in patient volumes is quickly recovered with the pent-up demand typically experienced after such restrictions ease or end.

Final Dividend
As at the date of signing the financial report, the Directors of Healthia Limited have recommended the payment of a final fully franked dividend of 2.5 cents per share to the ordinary shareholders of Healthia Limited.

A Dividend Reinvestment Plan will operate for the 2021 Final Dividend. A 2.5% discount will apply to the Dividend Reinvestment Plan for the final dividend. A copy of the Dividend Reinvestment Plan rules can be found on Healthia's website at the following address: *https://healthia.com.au/s/Dividend-Reinvestment-Plan-Rules.pdf*.

Apart from the matters discussed above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affair in future financial years.

Likely developments and expected results of operations
The Consolidated Entity will continue to focus on delivering growth via its four-tiered growth strategy:
(1) patient focused outcomes;
(2) organic growth;
(3) future accretive acquisitions; and
(4) vertically integrated business units.

The Consolidated Entity expects to continue to acquire well-established allied health businesses throughout Australia. The Consolidated Entity expects to deploy $20 million of capital for the acquisition of new allied health businesses over the next 12 months. The Consolidated Entity expects to use a combination of the undrawn debt amount, future operating cash flow and clinic class shares to fund these acquisitions.

No other information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Information on the Consolidated Entity's performance during the year can be found in the review of operations.

Environmental regulation
The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	**Dr Glen Frank Richards** (appointed 10 May 2018)
Title:	Chairman and Non-Executive Director
Experience and expertise:	Glen is a veterinary surgeon and the founder and former CEO of Greencross Limited, Australia's largest pet care company. Glen has spent over 20 years building a multi-million-dollar integrated pet care empire, which now operates more than 180 veterinary hospitals and 230 pet care retail stores in Australia and Animates in New Zealand.
Other current directorships:	Chairman and Non-Executive Director of People Infrastructure Ltd (ASX code: PPE).
Former directorships (last 3 years):	Non-Executive Director of Regeneus Ltd (ASX code: RGS) (24 February 2015 to 3 June 2020) Non-Executive Director of Greencross Ltd (ASX code: GXL) (26 April 2007 to 27 February 2019)
Special responsibilities:	Member of the Audit and Risk Committee and the Nomination and Remuneration Committee.
Interests in shares:	6,306,572 ordinary shares held at 30 August 2021
Interests in rights:	None

Name:	**Paul David Wilson** (appointed 10 May 2018)
Title:	Independent Non-Executive Director
Experience and expertise:	Paul was a co-founder, director and shareholder of Mammoth Pet Holdings Pty Ltd (Pet Barn) prior to the merger with Greencross Limited. Prior to founding Mammoth, Paul was the Chief Operating Officer of ShopFast, Australia's largest online grocery retailer (sold to Coles in 2003). Paul has worked in the retail industry for 26 years with roles including General Manager of Caltex/Boral JV, Vitalgas.
Other current directorships:	None
Former directorships (last 3 years):	Non-executive director of Greencross Ltd (ASX code: GXL) (5 February 2014 to 27 February 2019)
Special responsibilities:	Chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee.
Interests in shares:	1,348,366 ordinary shares held at 30 August 2021
Interests in rights:	None

Name:	**Lisa Jane Dalton** (appointed 10 May 2018)
Title:	Independent Non-Executive Director
Experience and expertise:	Lisa is an experienced director, senior executive and company secretary with expertise in the healthcare, medical, utilities, manufacturing, childcare, energy, mining and construction sectors. She has experience in leading teams responsible for strategy, governance, risk management, human resources, communication, stakeholder relations and program management. Lisa has participated in 4 successful ASX listings in the past 5 years. Lisa has strong practical experience in fit for purpose governance, risk management, strategic planning and motivating teams to find solutions to complex issues.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee.
Interests in shares:	34,335 ordinary shares held at 30 August 2021
Interests in rights:	None

Name:	**Wesley Coote** (appointed 29 April 2019)
Title:	Group Managing Director and Chief Executive Officer
Experience and expertise:	Wesley is the former Chief Financial Officer and Company Secretary of Greencross Ltd. Prior to Greencross, Wesley worked in Chartered Accounting where he provided business advice within the health sector, property sector and financial services industry. Wesley holds a Bachelor of Commerce from the University of Queensland and is a member of the Institute of Chartered Accountants, as well as a member of the Governance Institute of Australia. Wesley joined the Group in December 2015 as Chief Financial Officer and Company Secretary and was appointed Group Managing Director and Chief Executive Officer on 29 April 2019.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,998,550 ordinary shares held at 30 August 2021
Interests in rights:	364,963 performance rights held at 30 August 2021

Name:	**Darren Lindsey Stewart** (appointed 10 May 2018)
Title:	Executive Director
Experience and expertise:	Darren is a registered podiatrist and in 2004 co-founded the My FootDr Business with Greg Dower. The two had grown the group to 13 clinics by December 2015. In 2015, Darren and Greg saw the opportunity to grow their network of clinics through the acquisition of well-established podiatry clinics. Before merging with Balance Podiatry Group in December 2016, they had grown the network to 19 clinics. Today, Darren provides strategic leadership and direction to the Feet & Ankles business division.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	4,457,664 ordinary shares held at 30 August 2021
Interests in rights:	None

Name:	**Anthony (Tony) Peter Ganter** (appointed 10 May 2018)
Title:	Director and Group Chief Business Development & Strategy Officer
Experience and expertise:	Tony has over 25 years' experience in the management and operation of private physiotherapy and sports medicine clinics and high performance medical teams in professional sport. He possesses knowledge of the professional, administrative and management skills required to operate physiotherapy and sports medicine centres. Tony remains active as a treating physiotherapist which enables him to keep in touch with the challenges of both professional health care and clinic ownership. He has a strong commitment to the ongoing creation of varied career journeys for physiotherapists.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,186,057 ordinary shares held at 30 August 2021
Interests in rights:	218,115 performance rights held at 30 August 2021

Name:	**Colin Kangisser** (appointed 30 November 2020)
Title:	Director and Chief Executive Officer, Eyes & Ears Division
Experience and expertise:	Colin is a registered optometrist with over 30 years optical experience. He founded, grew and exited multiple retail chains including Optic Express and Kays Optical prior to holding executive leadership positions with the OPSM Group and founding TOC in 2005.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	5,066,600 ordinary shares held at 30 August 2021
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

Company secretary
Christopher Banks - Chris is the Chief Financial Officer and Company Secretary. Chris joined the Healthia Group (previously My FootDr) in July 2017 as Chief Commercial Officer and was appointed Chief Financial Officer and Company Secretary on 29 April 2019.

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr Glen Frank Richards	12	12	3	3	3	3
Paul David Wilson	12	12	3	3	3	3
Lisa Jane Dalton	12	12	3	3	3	3
Wesley James Coote	12	12	-	-	-	-
Darren Lindsey Stewart	12	12	-	-	-	-
Anthony Peter Ganter	12	12	-	-	-	-
Colin Kangisser	7	7	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Consolidated Entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee may from time to time engage external remuneration consultants to ensure the executive remuneration framework is market competitive and complementary to the reward strategy of the Consolidated Entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Consolidated Entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that the continued financial performance of the Consolidated Entity can be attributed in part to the adoption of performance based compensation and is satisfied that this will continue to increase shareholder wealth if maintained over the coming years.

Performance rights plan
On 30 October 2020, 378,500 unlisted performance rights were granted to key management personnel and other senior managers with a nil grant and exercise price. The performance rights will vest on 31 August 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions.

On 1 December 2020, following shareholder approval at the 2020 Annual General Meeting, 282,500 unlisted performance rights were granted to Directors, Wesley Coote and Anthony Ganter, with a nil grant and exercise price. The performance rights will vest on 31 August 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions.

The fair value of performance rights (equity settled) with the relative TSR condition is calculated at the date of grant using the Monte-Carlo simulation model, taking into account the impact of the TSR condition and dividends during the vesting period. The value disclosed is the portion of fair value of the rights recognised in each reporting period.

Vesting conditions for Performance Rights

Service condition	The performance rights will only be exercisable upon satisfaction of the Service condition, being continuous employment with the Company from Grant Date until the Vesting Date.
EPS Growth condition	The Company’s compounding annual growth in underlying Earnings Per Share (underlying EPS) for the period from 1 July 2020 to 30 June 2023 greater than 10% per annum. The underlying EPS results to be used will be the Basic EPS recorded in the Company’s audited financial statements in the relevant years, adjusted for one-off and non-recurring items and the amortisation of customer lists, as determined by the Board in its discretion. 50% of the Performance Rights will be exercisable if this condition is achieved.
Total Shareholder Return condition	Total Shareholder Return (TSR) to exceed 150% for the period from 1 July 2020 to 30 June 2023, with TSR calculated as follows: TSR = (Price End – Price Begin + Dividends)/Price Begin *Where* Price Begin = share price at 1 July 2020 Price End = share price as at 30 June 2023; and Dividends = total dividends paid per share during the period from 1 July 2020 to 30 June 2023. 50% of the Performance Rights will be exercisable if this condition is achieved.

The performance rights do not rank equally with existing ordinary shares quoted. Prior to vesting, the performance rights do not carry a right to vote or receive dividends.

Where shares are issued upon the vesting and exercise of the performance rights (within the periods detailed above), those shares will rank equally with existing ordinary shares of Healthia Limited. To participate in a dividend, the ordinary shares must be issued prior to the record date for the dividend.

Use of remuneration consultants
During the financial year ended 30 June 2021, the Consolidated Entity did not engage a remuneration consultant to review its existing remuneration policies

Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')
At the 30 November 2020 AGM, 98.92% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Remuneration expenses for executive KMP
Details of the remuneration of key management personnel of the Consolidated Entity are set out in the following tables.

The key management personnel of the Consolidated Entity consisted of the following:
- Glen Richards - Chairman and Non-Executive Director
- Paul Wilson - Non-Executive Director
- Lisa Dalton - Non-Executive Director
- Wesley Coote - Group Managing Director and Chief Executive Officer
- Darren Stewart - Executive Director
- Anthony Ganter - Director and Group Chief Business Development and Strategy Officer
- Colin Kangisser - Director and Chief Executive Officer, Eyes & Ears Division (appointed 30 November 2020)
- Chris Banks - Chief Financial Officer and Company Secretary
- Lisa Roach - Chief People Officer
- Dean Hartley - Chief Technology Officer
- Katherine Baker - Chief Operating Officer (appointed into current position 1 December 2020)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2021	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Glen Richards	100,000	-	-	-	-	-	100,000
Paul Wilson	60,000	-	-	-	-	-	60,000
Lisa Dalton	57,692	-	-	-	-	-	57,692
Executive Directors:							
Wesley Coote	306,154	-	-	31,103	4,583	58,562	400,402
Darren Stewart	274,497	-	-	27,344	1,643	-	303,484
Anthony Ganter	193,731	-	-	25,088	3,422	36,265	258,506
Colin Kangisser *	172,083	-	-	14,583	2,385	-	189,051
Other Key Management Personnel:							
Christopher Banks**	148,462	-	-	16,954	3,285	125,173	293,874
Lisa Roach	183,076	-	-	20,388	3,285	29,148	235,897
Dean Hartley	210,962	-	-	22,891	4,106	23,534	261,493
Katherine Baker ***	101,923	38,188	-	13,926	2,920	6,701	173,103
	1,808,580	38,188	-	172,277	25,629	279,383	2,324,057

* Remuneration is from the date of appointment as a director to 30 June 2021.
** $100,000 of the $125,173 equity-settled remuneration related to the write-off of a loan owing for a loan funded share plan. Of the $200,000 loan owing, $100,000 was repaid and $100,000 of the balance was written off during the period.
*** Remuneration is from 1 December 2020 to 30 June 2021, being the period Katherine was classified as a KMP (previously employed in another role with the Consolidated Entity). The $38,188 cash bonus related to a sign-on bonus for the new position accepted during the period.

Other than the sign-on bonus noted, the Directors have resolved not to award short-term bonuses or other short-term incentives for the current period.

Details of incentives (LTIs) are disclosed in the Additional Information section.

No LTIs have vested in the year.

2020	Short-term benefits Cash salary and fees $	Cash bonus $	Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
Glen Richards *	77,646	-	-	-	-	-	77,646
Paul Wilson *	47,500	-	-	-	-	-	47,500
Lisa Dalton *	47,500	-	-	-	-	-	47,500
Executive Directors:							
Wesley Coote	224,992	56,250	-	26,327	4,106	1,555	313,230
Darren Stewart	173,078	-	-	16,832	3,285	-	193,195
Anthony Ganter	176,610	45,000	-	21,539	3,285	1,155	247,589
Other Key Management Personnel:							
Christopher Banks	155,847	40,000	-	18,934	2,920	790	218,491
Lisa Roach	155,971	40,000	-	19,049	2,920	981	218,921
Dean Hartley	160,032	40,000	-	19,049	2,920	711	222,712
	1,219,176	221,250	-	121,730	19,436	5,192	1,586,784

* The Non-Executive Director's fees to be paid in the financial year ended 30 June 2020 were set as $100,000 per annum (increased from $60,000 per annum effective 1 January 2020) for the Chair and $60,000 per annum (increased from $40,000 per annum effective 1 January 2020) for the other Non-Executive Directors. Directors may also be reimbursed for all travel and other expenses they incur in connection with the company's business. Directors decreased their fees by 25% during the quarter ended 30 June 2020 in response to COVID-19 developments.

Cash bonuses of $221,250 were accrued at 30 June 2020 in respect of key management personnel and paid during FY21. These cash bonuses are Short Term Incentives or STIs.

No LTIs have vested in the year.

The proportion of remuneration linked to performance and the fixed proportion was as follows:

Name	Fixed remuneration 2021	Fixed remuneration 2020	At risk - STI 2021	At risk - STI 2020	At risk - LTI 2021	At risk - LTI 2020
Non-Executive Directors:						
Glen Richards	100.0%	100.0%	-	-	-	-
Paul Wilson	100.0%	100.0%	-	-	-	-
Lisa Dalton	100.0%	100.0%	-	-	-	-
Executive Directors:						
Wesley Coote	85.4%	81.5%	-	18.0%	14.6%	0.5%
Darren Stewart	100.0%	100.0%	-	-	-	-
Anthony Ganter	86.0%	81.3%	-	18.2%	14.0%	0.5%
Colin Kangisser	100.0%	-	-	-	-	-
Other Key Management Personnel:						
Chris Banks	57.4%	81.3%	-	18.3%	42.6%	0.4%
Lisa Roach	87.6%	81.3%	-	18.3%	12.4%	0.4%
Dean Hartley	91.0%	81.7%	-	18.0%	9.0%	0.3%
Katherine Baker	72.4%	-	23.5%	-	4.1%	-

The proportion of the cash bonus paid/payable or forfeited was as follows:

Name	Cash bonus paid/payable 2021	Cash bonus paid/payable 2020	Cash bonus forfeited 2021	Cash bonus forfeited 2020
Executive Directors:				
Wesley Coote	-	50%	100%	50%
Anthony Ganter	-	50%	100%	50%
Colin Kangisser	-	-	100%	-
Other Key Management Personnel:				
Christopher Banks	-	50%	100%	50%
Lisa Roach	-	50%	100%	50%
Dean Hartley	-	50%	100%	50%
Katherine Baker	50%	-	50%	-

Executive remuneration overview

The Consolidated Entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

- Base pay and non-monetary benefits
- Short-term performance incentives
- Share-based payments
- Other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by The Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

Short-Term Incentives
Senior Management are eligible for an annual short-term incentive with an opportunity to earn up to 75% of their annual base fixed remuneration. Performance hurdles are linked to key performance indicators of the Senior Management personnel, key non-financial targets aligned to Healthia’s strategic objectives and Board approval.

Generally, these arrangements are terminable by the Company or the senior manager with 6 months’ notice.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

Long Term Incentives
The long-term incentives ('LTI') include long service leave and share-based payments. Performance Rights are awarded to executives over a period of three years based on long-term incentive measures. These include increases in Total Shareholders Return and Earnings Per Share of the Consolidated Entity. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 2021.

Contractual arrangements with executive KMPs

Group Chief Executive Officer

Fixed remuneration	$370,000 (effective from 1 January 2021)
Contract duration	Ongoing
Notice by the individual / company	6 months
Termination of employment (with cause) or by the individual	STI is not awarded and all unvested LTI will lapse
Termination of employment (without cause)	Entitlement to pro-rata STI for the year All unvested LTI will lapse, unless the Board determines otherwise in its absolute discretion.
Restrictive covenants	Post-employment restraint for 18 months preventing the Group CEO from being employed or involved in a competing business.

Other Senior Executives

Fixed remuneration	Range between $218,000 and $320,000 (effective from 1 January 2021)
Contract duration	Ongoing contract
Notice by the individual / company	6 months
Termination of employment (with cause) or by the individual	STI is not awarded and all unvested LTI will lapse
Termination of employment (without cause)	All unvested LTI will lapse, unless the Board determines otherwise in its absolute discretion.
Restrictive covenants	Post-employment restraints between 12 and 18 months

Non-executive director arrangements

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairperson's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market.

The Chairperson is not present at any discussions relating to the determination of his own remuneration. Non-Executive Directors do not receive share options or other performance based pay or incentives. Directors do not receive additional fees for participating in or chairing committees.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 4 July 2018, where the shareholders approved a maximum annual aggregate remuneration of $500,000 per annum.

All non-executive directors enter into a service agreement with the Consolidated Entity in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

The current base fees, detailed below, were reviewed with effect from 1 January 2020. Directors may also be reimbursed for all travel and other expenses they incur in connection with the Consolidated Entity.

Non-executive directors	Per annum director fees (from 1 January 2020)
Chair	$100,000
Other non-executive directors	$60,000

Share-based compensation

Equity Settled
Equity settled payments made during the prior period to Directors and Key Management Personnel were one-off payments for advisory and other fees in relation to the Initial Public Offering of the Consolidated Entity. No additional shares of this nature are expected to be issued in the future.

Unlisted performance rights
On 30 October 2020, 324,250 unlisted performance rights were granted to key management personnel with a nil grant and exercise price. The performance rights will vest on 31 August 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions.

On 1 December 2020, following shareholder approval at the 2020 Annual General Meeting, 282,500 unlisted performance rights were granted to Directors, Wesley Coote and Anthony Ganter, with a nil grant and exercise price. The performance rights will vest on 31 August 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions.

Grant dates:	30 October 2020 and 1 December 2020
Grant price:	$nil
Exercise price:	$nil
Vesting date:	31 August 2023
Expiry date:	31 October 2023
Restriction on shares issued on exercise:	Can only be traded in accordance with Securities Trading Policy and insider trading laws

The fair value of performance rights (equity settled) with the relative TSR condition is calculated at the date of grant using the Monte-Carlo simulation model, taking into account the impact of the TSR condition and dividends during the vesting period. The value disclosed is the portion of fair value of the rights recognised in each reporting period.

Vesting conditions

Service condition	The performance rights will be exercisable upon satisfaction of the Service condition, being continuous employment with the Company from Grant Date until the Vesting Date.
EPS Growth condition	The Company's compounding annual growth in underlying Earnings Per Share (underlying EPS) for the period from 1 July 2020 to 30 June 2023 greater than 10% per annum. The underlying EPS results to be used will be the Basic EPS recorded in the Company's audited financial statements in the relevant years, adjusted for one-off and non-recurring items and the amortisation of customer lists, as determined by the Board in its discretion. 50% of the Performance Rights will be exercisable if this condition is achieved.
Total Shareholder Return condition	Total Shareholder Return (TSR) to exceed 150% for the period from 1 July 2020 to 30 June 2023, with TSR calculated as follows: TSR = (Price End - Price Begin + Dividends)/Price Begin Where: Price Begin = share price at 1 July 2020; Price End = share price at 30 June 2023; and Dividends = total dividends paid per share during the period from 1 July 2020 to 30 June 2023. 50% of the performance rights will be exercisable if this condition is achieved.

The performance rights do not rank equally with existing ordinary shares quoted. Prior to vesting, the performance rights do not carry a right to vote or receive dividends.

Where shares are issued upon the vesting and exercise of the performance rights (within the periods detailed above), those shares will rank equally with existing ordinary shares of Healthia Limited.

To participate in a dividend, the ordinary shares must be issued prior to the record date for the dividend.

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
Wesley Coote	96,250	01 December 2020	31 August 2023	31 October 2023	$0.270
Wesley Coote	96,250	01 December 2020	31 August 2023	31 October 2023	$1.150
Anthony Ganter	45,000	01 December 2020	31 August 2023	31 October 2023	$0.270
Anthony Ganter	45,000	01 December 2020	31 August 2023	31 October 2023	$1.150
Chris Banks	45,000	30 October 2020	31 August 2023	31 October 2023	$0.140
Chris Banks	45,000	30 October 2020	31 August 2023	31 October 2023	$0.910
Lisa Roach	45,000	30 October 2020	31 August 2023	31 October 2023	$0.140
Lisa Roach	45,000	30 October 2020	31 August 2023	31 October 2023	$0.910
Dean Hartley	45,000	30 October 2020	31 August 2023	31 October 2023	$0.140
Dean Hartley	45,000	30 October 2020	31 August 2023	31 October 2023	$0.910
Katherine Baker	27,125	30 October 2020	31 August 2023	31 October 2023	$0.140
Katherine Baker	27,125	30 October 2020	31 August 2023	31 October 2023	$0.910
Wesley Coote	86,232	27 November 2019	31 August 2022	31 October 2022	$0.920
Wesley Coote	86,231	27 November 2019	31 August 2022	31 October 2022	$0.050
Anthony Ganter	64,057	27 November 2019	31 August 2022	31 October 2022	$0.920
Anthony Ganter	64,058	27 November 2019	31 August 2022	31 October 2022	$0.050
Chris Banks	43,800	27 November 2019	31 August 2022	31 October 2022	$0.920
Chris Banks	43,800	27 November 2019	31 August 2022	31 October 2022	$0.050
Lisa Roach	54,420	27 November 2019	31 August 2022	31 October 2022	$0.920
Lisa Roach	54,420	27 November 2019	31 August 2022	31 October 2022	$0.050
Dean Hartley	39,420	27 November 2019	31 August 2022	31 October 2022	$0.920
Dean Hartley	39,420	27 November 2019	31 August 2022	31 October 2022	$0.050

Performance rights granted carry no dividend or voting rights.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Glen Richards	4,995,329	-	1,311,243	-	6,306,572
Paul Wilson	374,104	-	974,262	-	1,348,366
Lisa Dalton	22,500	-	11,835	-	34,335
Wesley Coote	1,557,764	-	440,786	-	1,998,550
Darren Stewart	4,457,664	-	-	-	4,457,664
Anthony Ganter	1,108,007	-	78,050	-	1,186,057
Colin Kangisser	-	-	5,066,600	-	5,066,600
Chris Banks	340,298	-	-	(148,028)	192,270
Lisa Roach	630,548	-	-	-	630,548
Dean Hartley	3,787,676	-	232,255	-	4,019,931
Katherine Baker	3,873	-	2,000	-	5,873
	17,277,763	-	8,117,031	(148,028)	25,246,766

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Glen Richards	-	-	-	-	-
Paul Wilson	-	-	-	-	-
Lisa Dalton	-	-	-	-	-
Wesley Coote	172,463	192,500	-	-	364,963
Darren Stewart	-	-	-	-	-
Anthony Ganter	128,115	90,000	-	-	218,115
Colin Kangisser	-	-	-	-	-
Chris Banks	87,600	90,000	-	-	177,600
Lisa Roach	108,840	90,000	-	-	198,840
Dean Hartley	78,840	90,000	-	-	168,840
Katherine Baker	-	54,250	-	-	54,250
	575,858	606,750	-	-	1,182,608

Loans to key management personnel and their related parties
A reconciliation of key management personnel loans are as follows:

	Balance at the start of the year $	Loans written off $	Loans repaid $	Balance at the end of the year $
Chris Banks	200,000	(100,000)	(100,000)	-

Other transactions with key management personnel and their related parties
The following transactions occurred with related parties:

	Consolidated 2021 $
Consideration relating to the acquisition of The Optical Company (Aust) Pty Ltd	
Ordinary shares issued for the acquisition of businesses associated with director Colin Kangisser	12,126,000
Cash payment for the acquisition of businesses associated with director Colin Kangisser	32,028,000
Deferred cash payment for the acquisition of businesses associated with director Colin Kangisser	1,537,085
	45,691,085
Other transactions:	
Rent and outgoings paid to entities controlled by director Darren Stewart	320,144
Rent and outgoings paid to entities controlled by director Anthony Ganter	238,338
Rent and outgoings paid to entities controlled by key management personnel Dean Hartley	139,556
Rent and outgoings paid to entities controlled by key management personnel Lisa Roach	219,496
Payment for bookkeeping services to an entity associated with Wesley Coote	263,930
Payment for orthotics and prosthetics to an entity associated with Darren Stewart	336,378
	1,517,842

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Shares under performance rights
Unissued ordinary shares of Healthia Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
27 November 2019	31 October 2022	2,543,358
30 October 2020	31 October 2023	378,500
1 December 2020	31 October 2023	282,500
		3,204,358

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights
There were no ordinary shares of Healthia Limited issued on the exercise of performance rights during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Consolidated Entity for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Post the end of the financial year, the Consolidated Entity paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Consolidated Entity who are former partners of BDO Audit Pty Ltd
There are no officers of the Consolidated Entity who are former partners of BDO Audit Pty Ltd.

Rounding of amounts

The Consolidated Entity is of a kind referred to in the Australian Securities and Investment Commission's (ASIC) Corporations Instrument 2016/191, relating to Rounding in Financial/Directors' Reports. Amounts in this report have been rounded off in accordance with ASIC's Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

BDO was appointed as the auditor of the Consolidated Entity during the period and continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Dr Glen Frank Richards
Director

30 August 2021

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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF HEALTHIA LIMITED

As lead auditor of Healthia Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect Healthia Limited and the entities it controlled during the period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 30 August 2021

General information

The financial statements cover Healthia Limited as a Consolidated Entity consisting of Healthia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Healthia Limited's functional and presentation currency.

Healthia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, East Tower
25 Montpelier Road
Bowen Hills QLD 4006

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2021.

Healthia Limited and its Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Revenue from contracts with customers	4	136,946	87,225
Other income	5	9,080	9,141
Expenses			
Changes in inventories		4,279	258
Raw materials and consumables used		(18,194)	(7,106)
Employee benefits expense		(82,833)	(57,450)
Occupancy costs		(3,402)	(2,267)
Marketing costs		(1,837)	(1,248)
Other expenses		(7,356)	(5,586)
Impairment of receivables		(271)	(308)
Acquisition and integration costs		(4,208)	(2,665)
Share-based payments expense	39	(1,180)	(254)
Depreciation expense	6	(13,183)	(9,101)
Amortisation expense	6	(1,017)	(661)
Finance costs	6	(3,674)	(2,725)
Profit before income tax expense		13,150	7,253
Income tax expense	7	(3,973)	(2,105)
Profit after income tax expense for the year		9,177	5,148
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		9,177	5,148
Profit for the year is attributable to:			
Non-controlling interest		4,020	2,457
Owners of Healthia Limited		5,157	2,691
		9,177	5,148
Total comprehensive income for the year is attributable to:			
Non-controlling interest		4,020	2,457
Owners of Healthia Limited		5,157	2,691
		9,177	5,148
		Cents	Cents
Basic earnings per share	38	6.48	4.27
Diluted earnings per share	38	6.23	4.10

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Healthia Limited and its Controlled Entities
Consolidated statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Assets			
Current assets			
Cash and cash equivalents	8	5,816	4,159
Trade and other receivables	9	4,779	6,398
Inventories	10	8,005	3,736
Other assets	11	2,200	932
Total current assets		20,800	15,225
Non-current assets			
Investments accounted for using the equity method	12	19	19
Property, plant and equipment	13	12,320	7,676
Right-of-use assets	14	40,345	24,216
Intangibles	15	137,534	79,275
Deferred tax	7	4,525	2,874
Total non-current assets		194,743	114,060
Total assets		215,543	129,285
Liabilities			
Current liabilities			
Trade and other payables	16	11,800	5,728
Borrowings	17	1,674	-
Lease liabilities	18	11,212	7,203
Income tax	7	3,668	2,808
Employee benefit obligations	20	6,840	3,970
Provisions	21	310	281
Other liabilities	22	1,745	1,845
Total current liabilities		37,249	21,835
Non-current liabilities			
Borrowings	17	48,330	26,735
Lease liabilities	18	32,907	20,549
Derivative financial instruments	19	240	224
Employee benefit obligations	20	660	332
Provisions	21	1,648	754
Other liabilities	22	1,982	1,000
Total non-current liabilities		85,767	49,594
Total liabilities		123,016	71,429
Net assets		92,527	57,856
Equity			
Issued capital	23	79,578	49,884
Reserves	24	(3,519)	(4,190)
Retained profits/ (accumulated losses)		320	(1,793)
Equity attributable to the owners of Healthia Limited		76,379	43,901
Non-controlling interest	25	16,148	13,955
Total equity		92,527	57,856

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Healthia Limited and its Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2019	49,884	(4,395)	(4,484)	8,877	49,882
Profit after income tax expense for the year	-	-	2,691	2,457	5,148
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	2,691	2,457	5,148
Transactions with owners in their capacity as owners:					
Issue of performance rights	-	205	-	-	205
Issue of ordinary shares in iOrthotics USA LLC	-	-	-	103	103
Contributions of clinic class shares	-	-	-	1,311	1,311
Issue of clinic class shares as consideration for business combinations	-	-	-	3,398	3,398
Buy-back of clinic class shares	-	-	-	(567)	(567)
Distributions paid to non-controlling interest	-	-	-	(1,624)	(1,624)
Balance at 30 June 2020	49,884	(4,190)	(1,793)	13,955	57,856

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020	49,884	(4,190)	(1,793)	13,955	57,856
Profit after income tax expense for the year	-	-	5,157	4,020	9,177
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	5,157	4,020	9,177
Transactions with owners in their capacity as owners:					
Contribution of equity, net of transaction cost	12,596	-	-	-	12,596
Issue of performance rights	-	1,180	-	-	1,180
Issue of ordinary shares as consideration for business combinations (note 34)	13,448	-	-	-	13,448
Issue of ordinary shares as part of Dividend Reinvestment Plan (note 23)	3,044	-	-	-	3,044
Issue of ordinary shares as consideration for acquisition of non-controlling interest (note 23)	606	-	-	-	606
Contributions of clinic class shares	-	-	-	2,767	2,767
Issue of clinic class shares as consideration for business combinations (note 34)	-	-	-	1,584	1,584
Buy-back of clinic class shares	-	-	-	(1,707)	(1,707)
Transactions with non-controlling interests	-	(509)	-	-	(509)
Distributions paid to non-controlling interest	-	-	-	(4,471)	(4,471)
Dividends paid (note 26)	-	-	(3,044)	-	(3,044)
Balance at 30 June 2021	79,578	(3,519)	320	16,148	92,527

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Healthia Limited and its Controlled Entities
Consolidated statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		139,928	88,261
Payments to suppliers (inclusive of GST)		(115,618)	(72,441)
		24,310	15,820
Interest received		5	-
Government grants (Covid-19)		10,792	4,737
Interest and other finance costs paid		(3,674)	(2,725)
Income taxes paid		(5,155)	(499)
Net cash from operating activities	37	26,278	17,333
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	34	(39,737)	(12,974)
Payments of contingent and deferred business purchases consideration		(3,719)	(550)
Payment for acquisition of non-controlling interest		(446)	-
Payments for property, plant and equipment	13	(2,919)	(1,389)
Payments for intangibles	15	(310)	-
Net cash used in investing activities		(47,131)	(14,913)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	23	16,271	-
Share issue transaction costs	23	(631)	-
Proceeds from issue of ordinary shares in iOrthotics USA LLC		-	103
Proceeds from issue of clinic class shares		2,767	1,311
Buy-back of clinic class shares		(1,707)	(567)
Proceeds from borrowings	37	21,595	7,130
Repayment of lease liabilities	37	(10,044)	(7,152)
Dividends paid to non-controlling interest		(4,471)	(1,624)
Dividends paid	26	(3,044)	-
Proceeds from related party loan		100	-
Net cash from/ (used in) financing activities		20,836	(799)
Net increase/(decrease) in cash and cash equivalents		(17)	1,621
Cash and cash equivalents at the beginning of the financial year		4,159	2,538
Cash and cash equivalents at the end of the financial year	8	4,142	4,159

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As at 30 June 2021, whilst the Consolidated Entity has a working capital deficiency of $16,449,000 as at 30 June 2021 (30 June 2020: $6,610,000), $11,212,000 of which relates to current liabilities of property leases (under AASB16) where the associated right-of-use assets are recognised as non-current assets. Cash flow from customers will be generated from the Consolidated Entity's 212 business sites/ clinics and a portion of these cash flows will be used to pay the respective lease liability repayments (property rents).

Notwithstanding the working capital deficiency, the Directors are satisfied the Consolidated Entity is a going concern after considering the following factors:
- An internal cashflow forecast is prepared and regularly monitored, which shows adequate cash generation to cover current liabilities for at least the next twelve month period;
- Current Contingent Consideration Liability of $680,000 will only be achieved if cash flow generation for certain business acquisitions remains as forecast; and
- Employee benefit obligations of $6,840,000 relate to Annual Leave and Long Service Leave accrued and the realisation of which is within the Consolidated Entity's control (i.e. by managing employee leave).

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity, Healthia Limited, is disclosed in note 33.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Healthia Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Healthia Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Note 1. Significant accounting policies (continued)

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Associates
Associates are entities over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Consolidated Entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 1. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2021. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Goodwill and other indefinite life intangible assets
The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

For the purpose of impairment testing, goodwill has been allocated to the Cash-Generating Units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management will monitor and manage the goodwill. The Consolidated Entity has identified three CGUs, being the Bodies& Minds, Feet& Ankles, Eyes& Ears divisions.

Classification of Clinic Class Shares: Equity vs Financial liability
Clinic Class Shares were issued to (1) the sellers on acquisition of various podiatry and physiotherapy clinics and (2) clinicians who wish to (i) ‘buy-in’ to existing clinics, or (ii) ‘buy-in’ to a new podiatry or physiotherapy clinic.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

The Clinic Class Shares were historically classified as a financial liability based on the fact that My FootDr (Aust) Limited previously had a contractual obligation to deliver cash in the form of preferential dividends payable to the holders each quarter by reference to profits derived from the Clinics. The Clinic Class Shares have been reclassified to equity in 2019 Financial year following amendments to the terms and conditions that result in the instruments having the characteristics of equity.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Consolidated Entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Consolidated Entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Consolidated Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Contingent consideration
The contingent consideration liability relates to business combinations and is valued at fair value at the acquisition date as part of the business combination. At each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated Entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments
The Consolidated Entity has three operating segments: Feet & Ankles (previously Podiatry), Bodies & Minds (previously Physiotherapy) and Eyes & Ears.

These operating segments are based on the internal reports reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The 'other' category comprises of corporate functions.

The CODM reviews underlying EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). Underlying EBITDA also excludes the impact of acquisition and integration costs, the revenue and expense impacts of 'COVID-19' and other one-off non-recurring income and expenses. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The Consolidated Entity has included underlying EBITDA. This measure is not defined under IFRS and are, therefore, termed "non-IFRS" measures and are not audited.

The information is reported to the CODM on a monthly basis.

Note 3. Operating segments (continued)

Types of products and services

The principal products and services of each of these operating segments are as follows:

Feet and Ankles Division (previously Podiatry)	This division provides podiatry services and podiatry related services including the manufacturing and sale of orthotics and podiatry related products.
Bodies and Minds Division (previously Physiotherapy)	This division provides physiotherapy and speciality hand therapy services.
Eyes and Ears Division	This division provides optometry services.

Presentation of revenue and results

Segment revenues and segment results are presented on an underlying basis.

Underlying results for the 12 months ended 30 June 2021 exclude the impact of non-recurring income and expenses such as acquisition and integration costs.

Operating segment information

Consolidated - 2021	Feet & Ankles $'000	Bodies & Minds $'000	Eyes & Ears $'000	Other* $'000	Total $'000
Revenue					
Sales to external customers	57,363	59,258	20,325	-	136,946
Total revenue	57,363	59,258	20,325	-	136,946
EBITDA	19,445	18,338	6,731	(8,102)	36,412
Depreciation and amortisation expense	(6,285)	(4,899)	(3,016)	-	(14,200)
Share-based payments expense	-	-	-	(1,180)	(1,180)
Finance costs	-	-	-	(3,674)	(3,674)
Acquisition and integration costs	-	-	-	(4,208)	(4,208)
Profit/(loss) before income tax expense	13,160	13,439	3,715	(17,164)	13,150
Income tax expense					(3,973)
Profit after income tax expense					9,177
Other profit and loss disclosure					
Employee benefits expenses	25,367	40,513	10,251	6,702	82,833

* The 'Other' category comprises corporate functions and does not represent an operating segment.

Consolidated - 2020	Podiatry $'000	Physio-therapy $'000	Other* $'000	Total $'000
Revenue				
Sales to external customers	45,478	41,747	-	87,225
Total revenue	45,478	41,747	-	87,225
EBITDA	16,816	12,278	(6,347)	22,747
Depreciation and amortisation expense	(5,765)	(3,997)	-	(9,762)
Finance costs	-	-	(2,725)	(2,725)
Acquisition and integration costs	-	-	(2,665)	(2,665)
Insurance write-off	-	-	(88)	(88)
Share based payments and associated costs	-	-	(254)	(254)
Profit/(loss) before income tax expense	11,051	8,281	(12,079)	7,253
Income tax expense				(2,105)
Profit after income tax expense				5,148
Other profit and loss disclosure				
Employee benefits expense	22,196	31,013	4,241	57,450

* The 'Other' category comprises corporate functions and does not represent an operating segment.

Note 3. Operating segments (continued)

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 4. Revenue from contracts with customers

	Consolidated 2021 $'000	Consolidated 2020 $'000
Rendering of services	109,698	80,338
Sale of goods	27,248	6,887
Revenue from contracts with customers	136,946	87,225

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Segment Revenue		
Feet & Ankles (previously Podiatry)	57,363	45,478
Bodies & Minds (previously Physiotherapy)	59,258	41,747
Eyes & Ears	20,325	-
	136,946	87,225
Geographical regions		
Australia	136,159	87,028
United States	787	197
	136,946	87,225
Timing of revenue recognition		
Goods and services transferred at a point in time	136,946	87,225

Accounting policy for revenue recognition
The Consolidated Entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods
Revenue from the sale of goods is recognised at a point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 4. Revenue from contracts with customers (continued)

Revenue from the sale of goods from the orthotics laboratory and podiatry wholesale business goods is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the goods have been shipped to the specific location, and the risks of obsolescence and loss have been transferred to the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional.

Rendering of services
Revenue from a contract to provide services is recognised as the services are rendered based on either a fixed price or an hourly rate.

Note 5. Other income

	Consolidated	
	2021 $'000	2020 $'000
Government grants (Covid-19)	7,606	7,920
Interest	5	-
Sub-tenant rent	989	923
Other income	480	298
Other income	9,080	9,141

Government grants (Covid-19)
During the Coronavirus (‘Covid-19’) pandemic, the Consolidated Entity has received JobKeeper support payments from the Australian Government which are passed on to eligible employees. These are recognised as government grants in the financial statements as other income when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. It is recognised as other income on a systematic basis over the periods that the related employee benefits expense, for which it is intended to compensate, are expensed.

The JobKeeper payment scheme commenced 30 March 2020. The Consolidated Entity ceased being eligible for JobKeeper payments on 27 September 2020.

Accounting policy for interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Accounting policy for rent
Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Note 6. Expenses

	Consolidated	
	2021 $'000	2020 $'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	13,915	6,848
Depreciation		
Leasehold improvements	607	794
Plant and equipment	2,267	1,397
Land and buildings - right-of-use assets	10,190	6,650
Plant and equipment - right-of-use assets	119	260
Total depreciation	13,183	9,101
Amortisation		
Customer lists	887	571
Software	130	90
Total amortisation	1,017	661
Total depreciation and amortisation	14,200	9,762
Defined contribution superannuation expense	6,857	5,454
Finance costs		
Interest expense - bank	1,662	1,378
Interest expense - lease liabilities	2,012	1,347
Finance costs expensed	3,674	2,725

Note 7. Income tax

	Consolidated 2021 $'000	Consolidated 2020 $'000
Income tax expense		
Current tax	5,890	2,793
Deferred tax - origination and reversal of temporary differences	(1,855)	(245)
Adjustment recognised for prior periods	(62)	(443)
Aggregate income tax expense	3,973	2,105
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(1,855)	(245)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	13,150	7,253
Tax at the statutory tax rate of 30%	3,945	2,176
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Capital costs expensed	204	356
Under/over	(114)	-
Sundry items	-	16
	4,035	2,548
Adjustment recognised for prior periods	(62)	(443)
Income tax expense	3,973	2,105

	Consolidated 2021 $'000	Consolidated 2020 $'000
Amounts credited directly to equity		
Deferred tax assets	(239)	(748)

Note 7. Income tax (continued)

	Consolidated 2021 $'000	Consolidated 2020 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	1,003
Right-of-use asset	(12,099)	(7,265)
Customer lists	(914)	(551)
Employee benefits	3,353	1,914
Accrued income	-	(1,121)
Leases	13,224	8,193
Accrued expenses	116	160
Blackhole expenses	592	652
Other	43	(111)
Losses - Revenue & Capital	210	-
Deferred tax asset	4,525	2,874
Amount expected to be settled within 12 months	4,525	2,874
Movements:		
Opening balance	2,874	2,074
Credited to profit or loss	1,855	245
Credited to equity	239	748
Additions through business combinations (note 34)	129	37
Other	(171)	(230)
Under/over	(401)	-
Closing balance	4,525	2,874

	Consolidated 2021 $'000	Consolidated 2020 $'000
Provision for income tax		
Provision for income tax	3,668	2,808

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 7. Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Franking credits

	Consolidated	
	2021 $'000	2020 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	10,479	2,030

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 8. Cash and cash equivalents

	Consolidated	
	2021 $'000	2020 $'000
Current assets		
Cash on hand	132	78
Cash at bank	5,684	4,081
	5,816	4,159
Reconciliation to cash and cash equivalents at the end of the financial year The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	5,816	4,159
Bank overdraft (note 17)	(1,674)	-
Balance as per statement of cash flows	4,142	4,159

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also include bank overdrafts, which are shown within borrowings in current liabilities on the Statement of Financial Position.

Note 9. Trade and other receivables

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Trade receivables	4,578	2,258
Less: Allowance for expected credit losses	(377)	(73)
	4,201	2,185
Other receivables	-	553
Government grant (COVID-19) receivable	-	3,183
Related party loan receivable	-	200
GST recoverable	578	277
	4,779	6,398

Related party loan receivable relates to money owed by Christopher Banks following the vesting of the My FootDr (Aust) Limited non-recourse employee loan shares.

Allowance for expected credit losses
The Consolidated Entity has recognised a loss of $271,000 (30 June 2020: $308,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2021 %	Expected credit loss rate 2020 %	Carrying amount 2021 $'000	Carrying amount 2020 $'000	Allowance for expected credit losses 2021 $'000	Allowance for expected credit losses 2020 $'000
Current	-	-	2,362	1,138	-	-
0 to 3 months overdue	-	-	876	647	-	-
Over 3 months overdue	28%	15%	1,340	473	377	73
			4,578	2,258	377	73

The Consolidated Entity has increased its monitoring of trade receivables recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 30 June 2021 and rates have increased in the Over 3 months overdue category to 28% (30 June 2020: 15%).

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Inventories

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Consumables at cost	1,134	1,389
Finished goods at cost	6,871	2,347
	8,005	3,736

Accounting policy for inventories
Consumables and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 11. Other assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Prepayments	1,128	620
Other current assets	1,072	312
	2,200	932

Note 12. Investments accounted for using the equity method

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Investment in associate - Fracture Holdco Pty Ltd	19	19

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	2021 $'000	2020 $'000
Opening carrying amount	19	10
Profit after income tax	-	9
Closing carrying amount	19	19

Note 12. Investments accounted for using the equity method (continued)

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Consolidated Entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Fracture Holdco Pty Ltd	Australia	45.00%	45.00%

Note 13. Property, plant and equipment

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Leasehold improvements - at cost	8,530	4,517
Less: Accumulated depreciation	(4,384)	(1,690)
	4,146	2,827
Plant and equipment - at cost	20,007	9,806
Less: Accumulated depreciation	(11,833)	(4,957)
	8,174	4,849
	12,320	7,676

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2019	3,368	4,275	7,643
Additions	98	1,291	1,389
Additions through business combination	155	1,035	1,190
Disposals	-	(133)	(133)
Reclassified to intangible assets (note 15)	-	(222)	(222)
Depreciation expense	(794)	(1,397)	(2,191)
Balance at 30 June 2020	2,827	4,849	7,676
Additions	1,082	1,837	2,919
Additions through business combinations (note 34)	844	3,810	4,654
Disposals	-	(55)	(55)
Depreciation expense	(607)	(2,267)	(2,874)
Balance at 30 June 2021	4,146	8,174	12,320

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 13. Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 14. Right-of-use assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Land and buildings - right-of-use	56,942	30,519
Less: Accumulated depreciation	(16,840)	(6,650)
	40,102	23,869
Plant and equipment - right-of-use	622	607
Less: Accumulated depreciation	(379)	(260)
	243	347
	40,345	24,216

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings - right-of-use $'000	Plant and equipment - right-of-use $'000	Total $'000
Balance at 1 July 2019	21,153	607	21,760
Additions through business combination	6,831	-	6,831
Additions	2,535	-	2,535
Depreciation expense	(6,650)	(260)	(6,910)
Balance at 30 June 2020	23,869	347	24,216
Additions	9,922	15	9,937
Additions through business combinations (note 34)	16,501	-	16,501
Depreciation expense	(10,190)	(119)	(10,309)
Balance at 30 June 2021	40,102	243	40,345

Note 14. Right-of-use assets (continued)

For other lease disclosures, refer to:
- note 6 for depreciation on right-of-use assets and interest on lease liabilities;
- note 18 for lease liabilities at the reporting date;
- note 27 for maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 15. Intangibles

	Consolidated	
	2021 $'000	2020 $'000
Non-current assets		
Goodwill - at cost	133,650	77,173
Trademarks	255	20
Customer lists	5,361	3,108
Less: Accumulated amortisation	(2,133)	(1,248)
	3,228	1,860
Software - at cost	699	337
Less: Accumulated amortisation	(298)	(115)
	401	222
	137,534	79,275

Note 15. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Trademarks $'000	Customer lists $'000	Software $'000	Total $'000
Balance at 1 July 2019	60,485	20	1,716	-	62,221
Additions through business combination	16,688	-	715	-	17,403
Reclassified from property, plant and equipment (note 13)	-	-	-	222	222
Amortisation expense	-	-	(571)	-	(571)
Balance at 30 June 2020	77,173	20	1,860	222	79,275
Additions	-	1	-	309	310
Additions through business combinations (note 34)	56,477	234	2,255	-	58,966
Amortisation expense	-	-	(887)	(130)	(1,017)
Balance at 30 June 2021	133,650	255	3,228	401	137,534

A CGU level summary of the goodwill allocation is presented below:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Feet & Ankles (previously Podiatry)	43,305	39,208
Bodies & Minds (previously Physiotherapy)	47,071	37,965
Eyes & Ears	43,274	-
Total goodwill	133,650	77,173

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

Trademarks
Significant costs associated with trademarks are deferred. Trademarks are tested annually for impairment.

Note 15. Intangibles (continued)

Customer list
Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their estimated useful life of 5 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment testing
The Consolidated Entity has tested goodwill for impairment, in accordance with the accounting policy stated in Note 2. The recoverable amount has been determined based on value-in-use calculations using cash flow projections based on Board approved financial budgets and cover a five-year period. Cash flows beyond the 5-year period to the end of the assets useful life are estimated by extrapolating the management projections using a steady growth rate based on long term industry expectations.

For the purpose of impairment testing, goodwill has been allocated to the Cash Generating Units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management will monitor and manage the goodwill. The Consolidated Entity has identified three CGUs, being the Bodies and Minds, Feet and Ankles and Eyes and Ears divisions.

Key assumptions used for the value-in-use calculations are those to which the recoverable amount of an asset or Cash-Generating Units is most sensitive.

The following key assumptions were used in the discounted cash flow model for both the Bodies and Minds, Feet and Ankles and Eyes and Ears divisions:
- The Consolidated Entity tests for goodwill impairment on an annual basis. The recoverable amount of a Cash Generating Unit ('CGU') is determined based on a value-in-use calculation which require the use of assumptions
- The calculations use cash flow projections over a five-year period, the first being 2022, based on the financial budget approved by the Board. Cash flow projections for periods beyond the 2022 period are extrapolated using the estimated growth rates below
- Goodwill has been allocated to the three groupings of CGUs representing Bodies and Minds, Feet and Ankles and Eyes and Ears
- Corporate overheads have been apportioned to the CGUs based on the following percentages:
  F&A Division: 55%
  B&M Division: 23%
  E&E Division: 22%
- Sensitivity analyses on growth and discount rates has been performed to assess the impact on the outcome of the model

Significant assumptions for the purposes of the value-in-use calculation include:
- Period of cash flows: 5 years
- 3.0% (2020: 3.0%) per annum projected revenue growth
- 3.0% (2020: 3.0%) per annum increase in operating costs and overheads
- Maintenance capital expenditures of 1.0% (2020: 1.0%) of revenue per annum
- 13.0% (2020: 13.0%) pre-tax discount rate
- 3.0% (2020: 3.0%) terminal value growth rate

It is inherently difficult to predict the impact of any future COVID-19 developments. Whilst temporary measures, such as lockdowns, may have a short-term impact, it is expected to be immaterial to the longer term and aggregate cashflows of the Consolidated Entity.

The Consolidated Entity believes that the assumptions adopted in the value-in-use calculations are appropriate.

Management has determined the projected growth rates for revenue, operating costs and overheads over the five-year forecast period based on past performance and management's expectation of market development.

The maintenance capital expenditure rate has been determined based on the historical experience of management, and the planned capital expenditure.

Note 15. Intangibles (continued)

The discount rate of 13.0% pre-tax reflects management's estimate of the time value of money and the Consolidated Entity's weighted average cost of capital, the long-term risk-free rate and the volatility of the share price relative to market movements.

The terminal value growth rate is consistent with forecasts included within industry reports.

Based on the above assumptions, the recoverable amount of the Bodies & Minds CGU exceeds the carrying amount by $56,361,378.

Based on the above assumptions, the recoverable amount of the Feet & Ankles CGU exceeds the carrying amount by $50,721,917.

Based on the above assumptions, the recoverable amount of the Eyes & Ears CGU exceeds the carrying amount by $31,083,182.

Sensitivity
As disclosed in note 2, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease.

Bodies & Minds division analysis

- Growth rates for revenue, costs and terminal value would need to decrease by more than 6% before goodwill would need to be impaired with all other assumptions remaining constant.
- The discount rate would be required to increase by 660 basis points before goodwill would need to be impaired, with all other assumptions remain constant.

Feet & Ankles division analysis

- Growth rates for revenue, costs and terminal value would need to decrease by more than 7% before goodwill would need to be impaired with all other assumptions remaining constant.
- The discount rate would be required to increase by 560 basis points before goodwill would need to be impaired, with all other assumptions remain constant.

Eyes & Ears division analysis

- Growth rates for revenue, costs and terminal value would need to decrease by more than 4% before goodwill would need to be impaired with all other assumptions remaining constant.
- The discount rate would be required to increase by 400 basis points before goodwill would need to be impaired, with all other assumptions remain constant.

As a result of the value-in-use calculation, it was determined no impairment was identified.

Note 16. Trade and other payables

	Consolidated	
	2021 $'000	2020 $'000
Current liabilities		
Trade payables	4,000	1,447
Accruals	2,413	2,013
PAYG tax payable	3,443	1,090
GST collected	-	88
Superannuation payable	1,718	1,044
Other payables	226	46
	11,800	5,728

Note 16. Trade and other payables (continued)

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. They are measured at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 17. Borrowings

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Bank overdraft	1,674	-
Non-current liabilities		
Bank loans	48,330	26,735
	50,004	26,735

Refer to note 27 for further information on financial instruments.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Total facilities		
Bank overdraft	2,000	1,000
Bank loans	70,000	50,000
	72,000	51,000
Used at the reporting date		
Bank overdraft	1,674	-
Bank loans	48,330	26,735
	50,004	26,735
Unused at the reporting date		
Bank overdraft	326	1,000
Bank loans	21,670	23,265
	21,996	24,265

Assets pledged as security:
The bank overdraft and loan are secured by a General Security Agreement over the Consolidated Entity.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 18. Lease liabilities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Lease liability	11,212	7,203
Non-current liabilities		
Lease liability	32,907	20,549
	44,119	27,752

Refer to note 27 for further information on financial instruments.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Consolidated Entity's leasing activities
The Consolidated Entity leases various clinics, retail stores, offices and warehouses. Rental contracts are typically made for a fixed period of 3 to 5 years but may have extension options.
Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Lease assets may not be used as security for borrowing purposes.

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Consolidated Entity. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Consolidated Entity and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most extension options in clinics, retail stores, offices and warehouses have not been included in the lease liability because the Consolidated Entity replaces the assets without significant cost or business disruption.

Note 19. Derivative financial instruments

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current liabilities		
Interest rate swap contracts liabilities	240	224

Refer to note 27 for further information on financial instruments.

Refer to note 28 for further information on fair value measurement.

Accounting policy for derivative financial instruments
The Consolidated Entity uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Note 20. Employee benefit obligations

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Annual leave	4,941	3,037
Long service leave	1,899	933
	6,840	3,970
Non-current liabilities		
Long service leave	660	332
	7,500	4,302

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 21. Provisions

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Lease make good provision	310	281
Non-current liabilities		
Lease make good provision	1,648	754
	1,958	1,035

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Consolidated Entity at the end of the respective lease terms.

Accounting policy for provisions
Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 22. Other liabilities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Contingent consideration	680	1,845
Deferred consideration	1,065	-
	1,745	1,845
Non-current liabilities		
Contingent consideration	1,982	1,000
	3,727	2,845

Accounting policy for contingent consideration
The contingent consideration liability relates to business combinations and is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Note 23. Issued capital

	Consolidated 2021 Shares '000	2020 Shares '000	2021 $'000	2020 $'000
Ordinary shares - fully paid	90,205	63,035	79,578	49,884

Movements in ordinary share capital

Details	Date	Shares '000	Issue price	$'000
Balance	1 July 2019	63,035		49,884
Balance	30 June 2020	63,035		49,884
Issue of ordinary shares - Dividend Reinvestment Plan	24 September 2020	1,156	$0.99	1,147
Issue of ordinary shares - Dividend Reinvestment Plan	28 September 2020	115	$0.99	114
Issue of ordinary shares - Retail Entitlement Offer	3 November 2020	9,984	$0.95	9,485
Issue of ordinary shares - Institutional Entitlement Offer	17 November 2020	3,939	$0.95	3,742
Issue of ordinary shares - acquisition of The Optical Company (refer to Note 34)	30 November 2020	9,400	$1.29	12,126
Issue of ordinary shares - acquisition of the non-controlling interest	1 December 2020	469	$1.29	606
Issue of ordinary shares - acquisition of Natural Fit Footwear (refer to note 34)	17 December 2020	1,066	$1.24	1,322
Issue of ordinary shares - Dividend Reinvestment Plan	23 March 2021	1,041	$1.71	1,783
Share issue transaction costs (net of tax)		-	$0.00	(631)
Balance	30 June 2021	90,205		79,578

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

Note 23. Issued capital (continued)

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 24. Reserves

	Consolidated	
	2021 $'000	2020 $'000
Share-based payments reserve	1,835	655
Transactions with non-controlling interest reserve	(2,860)	(2,351)
Pre-IPO distributions reserve	(2,494)	(2,494)
	(3,519)	(4,190)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

A share-based payments expense of $1,180,000 (30 June 2020: $254,000) was recognised in the year. Refer to note 39 for further details.

Pre-IPO distribution reserve
The reserve records any differences between the acquired net assets and the consideration under continuation accounting. The transaction relevant to the understanding of this reserve account is detailed below:

Accounting for the MFDA Acquisition
Healthia Limited was incorporated on 10 May 2018 as a holding company to acquire the podiatry and physiotherapy service business as part of the Initial Public Offer of Healthia Limited. In this respect, Healthia Limited acquired all of the ordinary shares in My FootDr (Aust) Ltd (the MFDA Group) on 30 July 2018. In accordance with AASB3 Business Combinations, the acquisition of MFDA Group by Healthia Limited did not meet the definition of a business combination. Therefore, Healthia Limited's first issued financial statements applied the continuation method of accounting for the combination of the MFDA Group.

Under continuation accounting, the Consolidated Entity effectively adopted book value accounting whereby the assets and liabilities of the legal acquiree (MFDA Group) were recognised at their previous carrying amounts. No adjustments were made to reflect fair values and no new assets (including goodwill) and liabilities of the legal acquiree were recognised at the date of the business combination. Any difference between the acquired net assets and the consideration were recognised through the pre-IPO distribution reserve account in equity.

The total of the $2.494 million in cash consideration was recorded in the Pre-IPO distribution reserve.

Transactions with non-controlling interest reserve
The transactions with non-controlling interest reserve are used to record differences which may arise as a result of increases or decreases in non-controlling interests that do not result in a loss of control.

An increase of $509,000 was recorded to this reserve during the year from the acquisition of the non-controlling interest of Mount Gambier Optical Pty Ltd.

Note 25. Non-controlling interest

	Consolidated 2021 $'000	Consolidated 2020 $'000
Issued equity - Clinic Class shares	15,329	12,685
Retained profits	819	1,270
	16,148	13,955

Classification of Clinic Class Shares: Equity
Clinic Class Shares were issued to (1) the sellers on acquisition of various podiatry clinics and (2) clinicians who wish to (i) ‘buy-in’ to existing clinics, or (ii) ‘buy-in’ to a new podiatry, physiotherapy, and optical clinic. In accordance with the substance of the contractual arrangements and the definition of an equity instrument, the Clinic Class Shares are classified as equity instruments.
Refer to Note 2 for details of the key judgements regarding the accounting treatment.

Note 26. Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Final dividend for the year ended 30 June 2020 of 2 cents per ordinary share	1,261	-
Interim dividend for the year ended 30 June 2021 of 2 cents per ordinary share	1,783	-
	3,044	-

As at the date of signing the financial report, the Directors of Healthia Limited have recommended the payment of a final fully franked dividend of 2.50 cents per share to the ordinary shareholders of Healthia Limited.

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 27. Financial instruments

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Note 27. Financial instruments (continued)

Market risk

Interest rate risk
The Consolidated Entity's main interest rate risk arises from long-term borrowings and interest rate swap contracts. Borrowings obtained at variable rates expose the Consolidated Entity to interest rate risk. Borrowings obtained at fixed rates expose the Consolidated Entity to fair value interest rate risk.

At the reporting date, the Consolidated Entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	Consolidated	
	2021 $'000	2020 $'000
Bank loans	48,330	26,735
Interest rate swaps (notional principal amount)	(20,000)	(20,000)
Net exposure to cash flow interest rate risk	28,330	6,735

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the Consolidated Entity the bank loans outstanding, totalling $48,330,000 (30 June 2020: $26,735,000), are interest only loans. At the reporting date, $20,000,000 (30 June 2020: $20,000,000) of debt was hedged by floating to fixed interest rate swaps.

An official increase in interest rates of 100 (30 June 2020: 100) basis points would have an adverse effect on profit before tax of $283,300 (30 June 2020: $67,350) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2021 $'000	2020 $'000
Bank overdraft	326	1,000
Bank loans	21,670	23,265
	21,996	24,265

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 2.50 years (30 June 2020: 2.25 years).

Note 27. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Consolidated Entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the Statement of Financial Position.

Consolidated - 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Remaining contractual maturities $'000
Non-derivatives							
Non-interest bearing							
Trade and other payables	-	-	-	-	-	11,800	11,800
Other liabilities	-	-	-	-	-	3,727	3,727
Interest-bearing - variable							
Bank overdraft	7.00%	1,674	-	-	-	-	1,674
Bank loans	4.90%	2,368	2,368	49,711	-	-	54,447
Interest-bearing - fixed rate							
Lease liability	5.00%	13,331	11,790	22,111	4,306	-	51,538
Total non-derivatives		17,373	14,158	71,822	4,306	15,527	123,186
Derivatives							
Interest rate swaps inflow	0.06%	(12)	(3)	-	-	-	(15)
Interest rate swaps outflow	1.26%	252	63	-	-	-	315
Total derivatives		240	60	-	-	-	300

Consolidated - 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Remaining contractual maturities $'000
Non-derivatives							
Non-interest bearing							
Trade and other payables	-	-	-	-	-	5,728	5,728
Other liabilities	-	-	-	-	-	2,845	2,845
Interest-bearing - variable							
Bank loans	4.90%	1,310	1,310	27,063	-	-	29,683
Interest-bearing - fixed rate							
Lease liability	5.00%	8,326	8,372	18,152	5,343	-	40,193
Total non-derivatives		9,636	9,682	45,215	5,343	8,573	78,449
Derivatives							
Interest rate swaps inflow	0.14%	(28)	(35)	-	-	-	(63)
Interest rate swaps outflow	1.26%	252	315	-	-	-	567
Total derivatives		224	280	-	-	-	504

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 28. Fair value measurement

Fair value hierarchy
The following tables detail the Consolidated Entity's assets and liabilities measured or disclosed at fair value using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Interest rate swap	-	240	-	240
Contingent consideration	-	-	2,662	2,662
Total liabilities	-	240	2,662	2,902

Consolidated - 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Interest rate swap	-	224	-	224
Contingent consideration	-	-	2,845	2,845
Total liabilities	-	224	2,845	3,069

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Contingent consideration has been valued based on expected EBITDA of the clinics, based on the knowledge of the business and how the current economic environment is likely to impact it. Consideration is capped at the values disclosed in the financial statements.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Contingent consideration $'000
Balance at 1 July 2019	1,495
Additions - new business combinations	1,850
Settlement of contingent consideration	(500)
Balance at 30 June 2020	2,845
Additions - new business combinations	2,386
Settlement of contingent consideration	(2,324)
Amounts reversed in year	(245)
Balance at 30 June 2021	2,662

Note 28. Fair value measurement (continued)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Contingent consideration	Expected EBITDA (pre-AASB 16) of acquired clinics	$25,000 - $900,000	Consideration is capped at values disclosed in the financials. No sensitivity adjustments required.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 29. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated 2021 $	Consolidated 2020 $
Short-term employee benefits	1,846,768	1,440,426
Post-employment benefits	172,277	121,730
Long-term benefits	25,629	19,436
Share-based payments	279,383	5,192
	2,324,057	1,586,784

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the Company:

	Consolidated 2021 $	Consolidated 2020 $
Audit and other assurance services - BDO		
Audit and review of the Group financial statements	221,447	218,723
Non-audit services - BDO		
Taxation and business advisory services	232,447	205,485
R&D advisory services	-	7,500
Total remuneration for non-audit services	232,447	212,985
Total remuneration of BDO	453,894	431,708

Note 31. Contingent liabilities

The Consolidated Entity has given bank guarantees as at 30 June 2021 of $3,032,151 (30 June 2020: $1,992,498) to various landlords.

As at 30 June 2021, the subsidiary of the Consolidated entity My FootDr (Aust) Limited (MFD) is a defendant in proceedings in the District Court of New South Wales. The estimated potential liability of MFD in connection with the Proceedings, in a worst case scenario, where judgement is entered against MFD is $328,000.

Note 32. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 35.

Associates
Interests in associates are set out in note 12.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the Directors' report.

Note 32. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2021 $	2020 $
Consideration relating to the acquisition of businesses at the time of acquisition of The Optical Company		
Ordinary shares issued for the acquisition of businesses associated with director Colin Kangisser	12,126,000	-
Cash payment for the acquisition of businesses associated with director Colin Kangisser	32,028,000	-
Deferred cash payment for the acquisition of businesses associated with director Colin Kangisser	1,537,085	-
Other transactions:		
Rent and outgoings paid to entities controlled by director Darren Stewart	320,144	333,683
Rent and outgoings paid to entities controlled by director Anthony Ganter	238,338	174,213
Rent and outgoings paid to entities controlled by key management personnel Dean Hartley	139,556	160,771
Rent and outgoings paid to entities controlled by key management personnel Lisa Roach	219,496	170,461
Payment for bookkeeping services to an entity associated with Wesley Coote	263,930	232,821
Payment for orthotics and prosthetics to an entity associated with Darren Stewart	336,378	-

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2021 $	2020 $
Current receivables:		
Loan to key management personnel, Chris Banks	-	200,000

$100,000 was repaid and $100,000 of the balance was written off during the period.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $'000	2020 $'000
Profit after income tax	1,812	(338)
Total comprehensive income	1,812	(338)

Note 33. Parent entity information (continued)

Statement of financial position

	Parent 2021 $'000	Parent 2020 $'000
Total current assets	60	76
Total assets	109,811	59,845
Total current liabilities	1,413	2
Total liabilities	50,614	26,961
Equity		
Issued capital	34,667	33,604
Share-based payments reserve	1,720	205
Accumulated losses	22,810	(925)
Total equity	59,197	32,884

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 1 and within the different notes to the financial statement, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 34. Business combinations

2021

Acquisition of the Optical Company (Eyes and Ears Division)
Healthia successfully completed the acquisition of The Optical Company ('TOC') on 30 November 2020, representing 41 optical stores and eyewear frame distributor, AED (note: the Consolidated Entity’s results for the period ending 30 June 2021, include 7 months of TOC trading).

The goodwill is attributable mainly to the skills, technical talent and established clinics chain of TOC's work force and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Initial consideration paid for the acquisitions was $44.16 million including $32.03 million in cash consideration, $12.13 million in ordinary Healthia Limited share consideration, with up to an additional $2.60 million payable in deferred consideration which is due in 12 months after the completion date.

Note 34. Business combinations (continued)

The increase in acquisition-date fair value of consideration from the contract price of $43.00 million is due to an increase in the share price from $0.95 per share at time of signing Share Sale Documentation (and pre capital raising/public announcement of the deal) and the share price of $1.29 at the date of settlement. This share price increase resulted in a $3.36 million increase in acquisition-date fair value of consideration. The remaining difference in purchase consideration is due to cash and working capital delivered in the acquired entities at settlement.

Healthia shares were issued to the Vendors and were subject to voluntary escrow for between 6 months and 24 months.

For the period ended 30 June 2021, the acquired businesses contributed revenue of $20.30 million and EBITDA (less lease payments or pre-AASB 16 change) of $4.75 million to the Consolidated Entity. If these acquisitions had been held for a full 12 month period (by annualising the actual performance), the acquired businesses would have contributed revenue of $34.80 million and EBITDA (less lease payments or pre-AASB 16 change) of $8.14 million to the Consolidated Entity.

Acquisition of CQ Physio (Bodies and Minds Division)
The Consolidated Entity acquired the business named CQ Physiotherapy, on 16 October 2020, comprising 3 physiotherapy clinics during the current period. Initial consideration paid for the acquisition was $4.66 million including $3.67 million in cash consideration and $0.99 million in Clinic Class Share consideration.

For the period ended 30 June 2021, the acquired businesses contributed revenue $4.45 million and EBITDA of $0.64 million (less lease payments or pre-AASB 16 change) to the Consolidated Entity. If these acquisitions had been held for a full 12 months period (by annualising the actual performance), the acquired businesses would have contributed revenue of $6.29 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.90 million to the Consolidated Entity.

Acquisition of Other Bodies and Minds Clinics
The Consolidated Entity acquired an additional 7 physiotherapy clinics during the current period. Initial consideration paid for the acquisition was $3.97 million including $3.38 million in cash consideration, $0.59 million in Clinic Class Share consideration, with up to an additional $0.92 million payable in contingent consideration.

For the period ended 30 June 2021, the acquired businesses contributed revenue of $2.75 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.30 million to the Consolidated Entity. If these acquisitions had been held for a full 12 months period (by annualising the actual performance), the acquired businesses would have contributed revenue of $6.29 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.75 million to the Consolidated Entity.

Acquisition of Natural Fit (Feet and Ankles Division)
The Consolidated Entity acquired the business named Natural Fit on 17 December 2020, comprising 6 retail footwear stores during the current period. Initial consideration paid for the acquisition was $4.21 million including $2.89 million in cash consideration, $1.32 million in ordinary Healthia Limited share consideration, with up to an additional $1.35 million payable in contingent consideration.

The increase in acquisition-date fair value of consideration from the contract price is due to an increase in the share price from $0.95 per share at time of signing Share Sale Documentation and the share price of $1.24 at the date of settlement. This share price increase resulted in a $0.31 million increase in acquisition-date fair value of consideration. The remaining difference in purchase consideration is due to settlement adjustments, including the value of inventory delivered at settlement of $1.14 million.

For the period ended 30 June 2021, the acquired businesses contributed revenue of $2.16 million and EBITDA (less lease payments or pre-AASB 16 change) of $(0.03) million to the Consolidated Entity. Note that this business has experienced store closures during the various NSW and VIC lockdowns as a result of being predominantly a retail business.

Acquisition of Other Feet and Ankles Clinics
The Consolidated Entity acquired an additional podiatry clinic during the current period. Total consideration paid for the acquisition was $0.10 million in cash consideration.

For the period ended 30 June 2021, the acquired business contributed revenue of $0.14 million and EBITDA (less lease payments or pre-AASB 16 change) of $(0.01) million to the Consolidated Entity.

Note 34. Business combinations (continued)

Acquisition of Other Eyes and Ears Clinics
The Consolidated Entity acquired an additional optometry clinic during the current period. Consideration paid for the acquisition was $0.26 million in cash consideration, with up to an additional $0.11 million payable in contingent consideration.

For the period ended 30 June 2021, the acquired businesses contributed revenue of $0.11 million and EBITDA of $0.05 million (less lease payments or pre-AASB 16 change) to the Consolidated Entity. If these acquisitions had been held for a full 12 month period (by annualising the actual performance), the acquired businesses would have contributed revenue of $0.89 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.42 million to the Consolidated Entity.

Acquisition Rationale
All acquisitions made during the period were consistent with the Consolidated Entity's stated strategic objective of acquiring and integrating allied health clinics. Given the fragmented nature of the targeted allied health industries, acquisitions will continue to be a central pillar of the Consolidated Entity's growth strategy.

Note 34. Business combinations (continued)

Details of the acquisitions are as follows:

	Eyes & Ears Division		Bodies and Minds Division		Feet & Ankles Division		
	TOC Fair value $'000	Others Fair value $'000	CQ Physio Fair value $'000	Others Fair value $'000	Natural Fit Fair value $'000	Others Fair value $'000	Total $'000
Cash and cash equivalents	2,577	-	-	-	2	-	2,579
Trade receivables	886	-	-	-	-	-	886
Inventories	2,316	46	30	43	1,139	-	3,574
Other current assets	48	-	12	37	119	2	218
Plant and equipment	3,807	53	138	497	103	56	4,654
Right-of-use assets	10,175	234	971	2,242	2,768	111	16,501
Patents and trademarks	234	-	-	-	-	-	234
Customer lists	1,350	30	258	225	384	8	2,255
Deferred tax asset	3,864	68	397	793	839	34	5,995
Trade payables	(2,287)	-	-	-	-	-	(2,287)
Other payables	(414)	-	-	(34)	-	-	(448)
Provision for income tax	(719)	-	-	-	-	-	(719)
Deferred tax liability	(3,698)	(77)	(369)	(740)	(946)	(36)	(5,866)
Employee benefits	(1,825)	(2)	(350)	(401)	(30)	(2)	(2,610)
Lease liability	(10,171)	(225)	(971)	(2,243)	(2,768)	(111)	(16,489)
Other liabilities	(1,878)	(9)	(33)	(54)	(98)	(10)	(2,082)
Less: non-controlling interest	(536)	-	-	-	-	-	(536)
Net assets acquired	3,729	118	83	365	1,512	52	5,859
Goodwill	43,027	247	4,576	4,530	4,049	48	56,477
Acquisition-date fair value of the total consideration transferred	46,756	365	4,659	4,895	5,561	100	62,336
Representing:							
Cash paid or payable to vendor	32,028	254	3,669	3,376	2,889	100	42,316
Healthia Limited shares issued to vendor	12,126	-	-	-	1,322	-	13,448
Contingent consideration	-	111	-	925	1,350	-	2,386
Deferred consideration	2,602	-	-	-	-	-	2,602
Clinic Class Shares issued to vendor	-	-	990	594	-	-	1,584
	46,756	365	4,659	4,895	5,561	100	62,336
Cash used to acquire business, net of cash acquired:							
Acquisition-date fair value of the total consideration transferred	46,756	365	4,659	4,895	5,561	100	62,336
Less: cash and cash equivalents	(2,577)	-	-	-	(2)	-	(2,579)
Less: deferred / contingent consideration	(2,602)	(111)	-	(925)	(1,350)	-	(4,988)
Less: Healthia Limited shares issued to vendor	(12,126)	-	-	-	(1,322)	-	(13,448)
Less: Clinic Class Shares issued to vendor	-	-	(990)	(594)	-	-	(1,584)
Net cash used	29,451	254	3,669	3,376	2,887	100	39,737

Goodwill arising from business combinations is attributed to the reputation of the business in their local market, the benefit of marginal profit and synergies expected to be received by integrating into the Consolidated Entity's systems, expected revenue growth, future market development, the assembled workforce and knowledge of the local markets. These benefits are not able to be individually identified or recognised separately from goodwill.

Note 34. Business combinations (continued)

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Asset acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	The fair value of an intangible asset will reflect market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity. There are three approaches to valuing intangible assets that correspond to the valuation approaches: - Market approaches; - Income approaches; and - Cost approaches.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The trade receivables comprise gross contractual amounts due of $1.236 million, of which $0.35 million was expected to be uncollectable at the date of acquisition.

Acquisition and integration related costs of $4,208,000 are included in the consolidated statement of profit or loss and other comprehensive income.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
My FootDr (Aust) Limited	Australia	100%	100%
Allsports (Aust) Limited	Australia	100%	100%
Extend Rehab Pty Ltd	Australia	100%	100%
iOrthotics Pty Ltd	Australia	100%	100%
D.B.S. AUSTRALIA PTY. LTD.	Australia	75%	75%
Allsports Physiotherapy Forest Lake Pty Ltd	Australia	100%	100%
Allsports Pilates Sherwood Pty Ltd	Australia	100%	100%
Southside Manipulative Physiotherapy Centre Pty Ltd	Australia	100%	100%
Allsports Physiotherapy The Gap Pty Ltd	Australia	100%	100%
Allsports Physiotherapy Toowong Pty Ltd	Australia	100%	100%
My FootDr (Brookwater) Pty Ltd	Australia	100%	100%
My FootDr (Camp Hill) Pty Ltd	Australia	100%	100%
My FootDr Granda Pty Ltd	Australia	100%	100%
My FootDr (Fortitude Valley) Pty Ltd	Australia	100%	100%
My FootDr (Indooroopilly) Pty Ltd	Australia	100%	100%

Note 35. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	2020 %
My FootDr (Mackay) Pty Ltd	Australia	100%	100%
My FootDr (Newmarket) Pty Ltd	Australia	100%	100%
My FootDr (Oxenford) Pty Ltd	Australia	100%	100%
My FootDr (Redcliffe) Pty Ltd	Australia	100%	100%
My FootDr (Shailer Park) Pty Ltd	Australia	100%	100%
MyFootDr Administration Pty Ltd	Australia	100%	100%
Orthema Australasia Pty Ltd	Australia	100%	100%
Footwear Enterprises Pty Ltd	Australia	100%	100%
PinPointe FootLaser Australia Pty Ltd	Australia	100%	100%
MFD IP Pty Ltd	Australia	100%	100%
Mackay Foot Centre Pty Ltd as trustee for the Mackay Foot Centre Unit Trust	Australia	100%	100%
Balpod Holdings Pty Ltd	Australia	100%	100%
My FootDr (Cleveland) Pty Ltd	Australia	100%	100%
Foot Care Solutions Australia Pty Ltd	Australia	75%	75%
Trepar Pty Ltd	Australia	100%	100%
Brisbane Podiatry & Footwear Pty Ltd as trustee for Brisbane Podiatry & Footwear Unit Trust	Australia	100%	100%
Foot Focus (Aust) Pty Ltd	Australia	100%	100%
Foot Focus (NSW) Pty Ltd	Australia	100%	100%
Foot Focus 4 Kids Pty Ltd	Australia	100%	100%
Foot Focus Narellan Pty Ltd	Australia	100%	100%
Healthia USA INC	United States	100%	100%
iOrthotics USA LLC	United States	58%	58%
Australian Eyewear Distributors Pty Ltd	Australia	100%	-
TOC Hearing Pty Ltd	Australia	100%	-
Blink Optical Gordon Pty Ltd	Australia	100%	-
Blink Optical Pty Ltd	Australia	100%	-
Blink Optical Robina Pty Ltd	Australia	100%	-
Blink Optical St Ives Pty Ltd	Australia	100%	-
Easer Pref Pty Ltd	Australia	100%	-
Eyewear Australia (S.E. Regional) Pty Ltd	Australia	100%	-
Glasses Galore Pty Ltd	Australia	100%	-
Kpfe - Malop St Pty Ltd	Australia	100%	-
Kpfe - Packington Street Pty Ltd	Australia	100%	-
Leopold Optical Pty Ltd	Australia	100%	-
Level 28 Pty Ltd	Australia	100%	-
Mount Gambier Optical Pty Ltd	Australia	100%	-
Point Cook Optical Pty Limited	Australia	100%	-
Stacey & Stacey Pty Ltd	Australia	100%	-
The Optical Company (International) Pty Ltd	Australia	100%	-
The Optical Company (NSW) Pty Ltd	Australia	100%	-
The Optical Company (Pacific) Pty Ltd	Australia	100%	-
The Optical Company Pty Ltd	Australia	100%	-
The Optical Company (Aust) Pty Ltd	Australia	100%	-

Note 35. Interests in subsidiaries (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 1:

		Parent		Non-controlling interest	
Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %	Ownership interest 2021 %	Ownership interest 2020 %
D.B.S, Australia Pty Ltd	Australia	75%	75%	25%	25%
Foot Care Solutions Australia Pty Ltd	Australia	75%	75%	25%	25%
iOrthotics USA LLC	United States	58%	58%	42%	42%

Note 36. Deed of cross guarantee

The following entities are party to a deed of cross guarantee, made on 31 May 2021, under which each company guarantees the debts of the others:

Healthia Limited	ACN 626 087 223
The Optical Company Pty Ltd	ACN 115 778 366
Australian Eyewear Distributors Pty Ltd	ACN 127 427 007
The Optical Company (NSW) Pty Ltd	ACN 153 741 970
The Optical Company (Aust) Pty Ltd	ACN 621 019 369

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The above companies represent a 'Closed Group' for the purposes of the ASIC Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Healthia Limited, they also represent the 'Extended Closed Group'.

Note 36. Deed of cross guarantee (continued)

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	2021 $'000
Revenue	20,325
Other income	4,502
Raw materials and consumables used	(3,805)
Employee benefits expense	(9,403)
Occupancy costs	(244)
Marketing costs	(516)
Other expenses	(1,301)
Impairment of receivables	(141)
Acquisition and integration costs	(438)
Share-based payments expense	(1,066)
Depreciation expense	(2,606)
Amortisation expense	(179)
Finance costs	(1,853)
Profit before income tax benefit	3,275
Income tax benefit	409
Profit after income tax benefit	3,684
Other comprehensive income for the year, net of tax	-
Total comprehensive income for the year	3,684

Equity - retained profits	2021 $'000
Retained profits at the beginning of the financial year	14,816
Profit after income tax benefit	3,684
Dividends paid	(3,044)
Retained profits at the end of the financial year	15,456

Note 36. Deed of cross guarantee (continued)

Statement of financial position	2021 $'000
Current assets	
Cash and cash equivalents	1,451
Trade and other receivables	827
Inventories	2,726
Other assets	300
	5,304
Non-current assets	
Trade and other receivables	62,098
Investments in subsidiaries	4,005
Property, plant and equipment	3,676
Right-of-use assets	8,371
Intangibles	44,713
Deferred tax	1,280
	124,143
Total assets	129,447
Current liabilities	
Trade and other payables	3,111
Borrowings	1,674
Lease liabilities	2,734
Income tax	(45)
Employee benefit obligations	1,579
Provisions	225
Other liabilities	620
	9,898
Non-current liabilities	
Borrowings	48,330
Lease liabilities	5,824
Derivative financial instruments	240
Employee benefit obligations	163
Provisions	405
Other liabilities	632
	55,594
Total liabilities	65,492
Net assets	63,955
Equity	
Issued capital	46,779
Reserves	1,720
Retained profits	15,456
Total equity	63,955

Note 37. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Profit after income tax expense for the year	9,177	5,148
Adjustments for:		
Depreciation and amortisation	14,200	9,762
Net loss on disposal of property, plant and equipment	-	42
Share of profit - associates	-	(9)
Share-based payments	1,180	205
Fair value movements in interest rate swap instrument	16	132
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,405	(3,195)
Decrease/(increase) in inventories	(695)	353
(Increase) in deferred tax assets	(1,651)	(764)
Decrease/(increase) in prepayments	(508)	530
Increase in other operating assets	(542)	-
Increase in trade and other payables	1,081	2,179
Increase in provision for income tax	141	1,757
Increase in employee benefits	588	514
(Decrease)/Increase in other liabilities and provisions	886	679
Net cash from operating activities	26,278	17,333

Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2019	19,606	845	20,451
Net cash from/(used in) financing activities	7,130	(7,152)	(22)
Leases recognised on adoption of AASB 16	-	24,688	24,688
Acquisition of leases	-	2,535	2,535
Changes through business combinations	-	6,836	6,836
Other changes	(1)	-	(1)
Balance at 30 June 2020	26,735	27,752	54,487
Net cash from/(used in) financing activities	21,595	(10,044)	11,551
Acquisition of leases	-	9,922	9,922
Changes through business combinations (note 34)	-	16,489	16,489
Balance at 30 June 2021	48,330	44,119	92,449

Note 38. Earnings per share

	Consolidated 2021 $'000	2020 $'000
Profit after income tax	9,177	5,148
Non-controlling interest	(4,020)	(2,457)
Profit after income tax attributable to the owners of Healthia Limited	5,157	2,691
	Number '000	**Number '000**
Weighted average number of ordinary shares used in calculating basic earnings per share	79,627	63,035
Adjustments for calculation of diluted earnings per share:		
Performance rights	3,204	2,678
Weighted average number of ordinary shares used in calculating diluted earnings per share	82,831	65,713
	Cents	**Cents**
Basic earnings per share	6.48	4.27
Diluted earnings per share	6.23	4.10

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Healthia Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 39. Share-based payments

Performance rights

On 30 October 2020, 378,500 unlisted performance rights were granted to key management personnel with a nil grant and exercise price. The performance rights will vest on 31 August 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions.

On 1 December 2020, following shareholder approval at the 2020 Annual General Meeting, 282,500 unlisted performance rights were granted to Directors, Wesley Coote and Anthony Ganter, with a nil grant and exercise price. The performance rights will vest on 31 August 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions.

Details of the performance rights are as follows:

Grant date:	30 October 2020 and 1 December 2020
Grant price:	$nil
Exercise price:	$nil
Vesting date:	31 August 2023
Expiry date:	31 October 2023
Restriction on shares issued on exercise:	Can only be traded in accordance with Securities Trading Policy and insider trading laws

The fair value of performance rights (equity settled) with the relative TSR condition is calculated at the date of grant using the Monte-Carlo simulation model, taking into account the impact of the TSR condition and dividends during the vesting period. The value disclosed is the portion of fair value of the rights recognised in each reporting period.

Vesting conditions:

Service condition	The performance rights will be exercisable upon satisfaction of the Service condition, being continuous employment with the Company from Grant Date until the Vesting Date.
EPS Growth condition	The Company's compounding annual growth in underlying Earnings Per Share (underlying EPS) for the period from 1 July 2020 to 30 June 2023 greater than 10% per annum. The underlying EPS results to be used will be the Basic EPS recorded in the Company's audited financial statements in the relevant years, adjusted for one-off and non-recurring items and the amortisation of customer lists, as determined by the Board in its discretion. 50% of the Performance Rights will be exercisable if this condition is achieved.
Total Shareholder Return condition	Total Shareholder Return (TSR) to exceed 150% for the period from 1 July 2020 to 30 June 2023, with TSR calculated as follows: TSR = (Price End - Price Begin + Dividends)/Price Begin Where: Price Begin = share price at 1 July 2020; Price End = share price at 30 June 2023; and Dividends = total dividends paid per share during the period from 1 July 2020 to 30 June 2023. 50% of the performance rights will be exercisable if this condition is achieved.

The performance rights do not rank equally with existing ordinary shares quoted. Prior to vesting, the performance rights do not carry a right to vote or receive dividends.

Where shares are issued upon the vesting and exercise of the performance rights (within the periods detailed above), those shares will rank equally with existing ordinary shares of Healthia Limited. To participate in a dividend, the ordinary shares must be issued prior to the record date for the dividend.

Note 39. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2019	31/10/2022	$0.00	2,678,358	-	-	(135,000)	2,543,358
30/10/2020	31/10/2023	$0.00	-	378,500	-	-	378,500
01/12/2020	31/10/2023	$0.00	-	282,500	-	-	282,500
			2,678,358	661,000	-	(135,000)	3,204,358

* Performance rights of 135,000 have been cancelled due to the Service condition not being met.

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/11/2019	31/10/2022	$0.00	-	2,678,358	-	-	2,678,358
			-	2,678,358	-	-	2,678,358

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.54 years (30 June 2020: 2.33 years).

No equity settled payments were made during the financial year.

Set out below are equity settled payments made during the year:

	Consolidated 2021 $	Consolidated 2020 $
Equity settled payments		
Equity settled payments other	1,180,000	254,000

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 39. Share-based payments (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 40. Events after the reporting period

Acquisition Settlements
During the period from 1 July 2021 to 30 August 2021, the Consolidated Entity announced the subsequent acquisition of 3 optometry clinics and 2 physiotherapy clinics. Total consideration for the acquisitions (plus stock, less employee entitlements) was as follows:

- Upfront cash consideration: $1.74m
- Issue of Clinic Class Shares: $0.72m
- Total upfront consideration: $2.46m

In addition to the upfront consideration, contingent consideration of up to $0.37m will become payable in cash, subject to the achievement of pre-defined earnings targets.

The acquisitions are expected to contribute the following pro-forma earnings to the Consolidated Entity

- Revenue: $3.95m
- EBITDA: $0.64m

COVID-19 related lockdowns
The Consolidated Entity owns and operates 37 businesses in New South Wales and 40 businesses in Victoria, representing 17.5% and 18.9% respectively of Healthia's total portfolio. At the date of reporting, all but six of these businesses remain operational due to their classification as essential health care services, however, these businesses are experiencing some impact on their trading due to the lockdown restrictions imposed. The six closed businesses relate to stores which operate under the brand of Natural Fit Footwear, a specialty footwear retailer offering comfort and support footwear.

The impacts of lockdowns from COVID-19 are unpredictable given that the timing of, and length of time in, lockdowns vary. However, the experience of prior lockdowns has shown that any short-term reduction in patient volumes is quickly recovered with the pent-up demand typically experienced after such restrictions ease or end.

Note 40. Events after the reporting period (continued)

Final Dividend
As at the date of signing the financial report, the Directors of Healthia Limited have recommended the payment of a final fully franked dividend of 2.5 cents per share to the ordinary shareholders of Healthia Limited.

A Dividend Reinvestment Plan will operate for the 2021 Final Dividend. A 2.5% discount will apply to the Dividend Reinvestment Plan for the final dividend. A copy of the Dividend Reinvestment Plan rules can be found on Healthia's website at the following address: *https://healthia.com.au/s/Dividend-Reinvestment-Plan-Rules.pdf*.

Healthia Limited and its Controlled Entities
Directors' declaration
30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 36 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Dr Glen Frank Richards
Director

30 August 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Healthia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Healthia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of Goodwill and Other Intangible Assets and determination of Cash Generating Units ("CGU's")

Key audit matter	*How the matter was addressed in our audit*
The Group's disclosures in respect to intangible assets, including the impairment assessments of goodwill and other intangible assets are included in Note 15. The carrying value of intangible assets represent a significant asset of the Group. The Group is required to annually test the amount of goodwill and indefinite useful life intangible assets for impairment and assess other intangible assets for impairment indicators. This annual impairment test was significant to our audit because the goodwill and intangible assets balance is material to the financial statements and because management's assessment process, including the determination of CGU's, is complex, highly judgmental and includes estimates and assumptions relating to expected future market or economic conditions.	Our procedures included, amongst others: • Evaluating management's determination of the Group's Cash Generating Units ("CGU's") to ensure they are appropriate, including being at a level no higher than the operating segments of the entity • Evaluating management's process regarding the valuation of the Group's goodwill and other intangible assets • Assessing the Group's assumptions and estimates relating to forecast revenue, costs, capital expenditure and discount rates used to determine the recoverable amount of its assets • Assessing the historical accuracy of forecasting of the Group by comparing the current year actual results with FY21 figures included in prior year forecasts to consider whether any forecasts included assumptions, that with hindsight, had been optimistic • Involving our internal specialists to assess the discount rates and terminal growth rates against comparable market information • Challenging key assumptions by performing sensitivity analysis on the growth rates and discount rate assumptions used.

Business combination accounting including determination of goodwill

Key audit matter	*How the matter was addressed in our audit*
During the year, the group acquired The Optical Company ('TOC'), representing a group of 41 optical stores and an eyewear frame distributor. The group also acquired a number of podiatry and physiotherapy clinics. As disclosed in Note 34, as part of these business combination transactions, the Group recognised the following additional intangible assets: • Goodwill • Customer lists Business combinations is a key audit matter due to the significant audit effort to test the group's acquisitions during the year and the level of judgement applied in evaluating management's assessment of goodwill allocated in the purchase.	Our procedures included, amongst others: • Obtaining an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business or an asset acquisition • Reviewing purchase documentation including contracts and business sale agreements and obtaining a detailed understanding of the acquired businesses • Assessing the appropriateness of the valuation methodology of the assets acquired • Reviewing management's assessment of the fair value of the consideration paid and the recognition of any deferred consideration upon the acquisition date • Evaluating management's assessment of the identifiable assets and liabilities acquired including reviewing independent intangible asset valuation for the acquisition of TOC • Engaging with internal experts on the appropriateness of the calculation of identifiable intangible assets • Assessing the adequacy of the Group's disclosures of the acquisition.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 27 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Healthia Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

T R Mann
Director
Brisbane, 30 August 2021

Healthia Limited and its Controlled Entities
Shareholder information
30 June 2021

The shareholder information set out below is current as at 11 August 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	360	0.24
1,001 to 5,000	528	1.79
5,001 to 10,000	249	2.25
10,001 to 100,000	449	16.26
100,001 and over	86	79.46
	1,672	100.00
Holding less than a marketable parcel	55	0.01

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
J P Morgan Nominees Australia Pty Limited	10,565,917	11.71
HSBC Custody Nominees (Australia) Limited	8,434,029	9.35
My Footdr Holdings Pty Ltd	6,990,694	7.75
Maximum (NQ) Pty Limited	5,078,764	5.63
Bridell Pty Limited	5,066,600	5.62
Chester-LGL Pty Limited	4,333,400	4.8
DLH Trading Pty Ltd	3,771,465	4.18
ROM Group Pty Ltd	2,577,232	2.86
HLA Directors' Holdings	2,132,972	2.36
Willeese Pty Limited	1,208,558	1.34
GF & LH Richards Super Pty Ltd	1,177,808	1.31
DPC Investments Pty Ltd	967,317	1.07
LEGGS Pty Ltd	962,317	1.07
ZQN Pty Ltd	812,000	0.9
Mr Christopher Angel & Ms Gina Richman	809,330	0.9
ABC Investing Pty Ltd	781,310	0.87
Vassallo Corporate Holdings Pty Ltd	763,654	0.85
Matthew John Roach	757,267	0.84
BNP Paribas Nominees Pty Ltd	669,209	0.74
Mr Anthony Peter Ganter & Ms Deborah Lee Huber	663,212	0.74
	58,523,055	64.88

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Mr Darren L Stewart	8,028,011	8.90
Mr Gregory D Dower	7,953,011	8.82
Dr Glen F Richards	6,306,572	6.99
MA Asset Mgt	5,542,881	6.14
Mr & Mrs Colin J Kangisser	5,066,600	5.62

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Performance rights
The performance rights do not rank equally with existing ordinary shares quoted. Prior to vesting, the performance rights do not carry a right to vote or receive dividends.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
		-
Ordinary shares	1 December 2021	117,369
Ordinary shares	1 June 2022	117,369
Ordinary shares	17 October 2022	1,065,790
Ordinary shares	30 November 2022	5,066,600
Ordinary shares	1 December 2022	117,369
		6,484,497

Share Registry

Securityholders who have any questions regarding their holding should contact the company's registrar:

Link Market Services Limited
P: 1300 554 474 (in Australia) or +61 1300 554 474 (from overseas)
F: +61 2 9287 0303
E: registrars@linkmarketservices.com.au
www.investorcentre.linkmarketservices.com.au