



Healthia
Better Health. Better Lives.

ASX ANNOUNCEMENT

28 February 2022

HEALTHIA ANNOUNCES HALF-YEAR 2022 RESULTS AND INTERIM DIVIDEND

Healthia Limited (**Healthia** or the **Company**) is pleased to announce its results and key highlights for the half-year period ended 31 December 2021 (**H122**) as follows:

HIGHLIGHTS

The following are the key highlights for the H122 period:

- Revenue growth during H122 despite Government imposed lockdown and restrictions, and COVID outbreaks demonstrating the resilience of the Healthia business model;
- EBITDA(u) increased to \$12.2 million, or by 11.1% on prior period (H121: \$11.0 million);
- EBITDA(x) – Healthia expects to enter FY23 with an annualised portfolio of greater than \$40.0 million (assuming no ongoing impacts from COVID);
- \$102.2 million of capital deployed to acquire 76 physiotherapy clinics, 3 optical stores and 1 podiatry clinic;
- During the period, Healthia positioned itself as the number one physiotherapy group in Australia and New Zealand through the strategic acquisition of the 63 Back In Motion physiotherapy clinics;
- Increase in finance facility from \$70.0 million to \$100.0 million, which provides significant headroom to continue the stated strategy of pursuing value accretive acquisition opportunities;
- Healthia continued to support its team members during Government imposed lockdowns and restrictions and made minimal rostering changes;
- 154 new graduate clinicians were recruited and commenced in February 2022 (FY21:64 graduates). All graduates undertook the structured graduate induction training;
- Declared a fully franked 2.0 cent per share interim dividend to be supported by a fully underwritten dividend reinvestment plan;
- iOrthotics awarded a Government grant of \$2.0 million to support research into design led advanced manufacturing of smart orthotics for regional and remote Australia.

IMPACTS FROM COVID-19

As previously indicated by Healthia, the period from July 2021 through October 2021 saw an increased number of Government imposed lockdowns and restrictions throughout key areas of Australia as a result of COVID-19. The impact on trading days within Healthia's network was estimated at 6,869 clinic trading days impacted during H122 (H121: 2,152).

Following the lifting of restrictions in October 2021, trading returned to normal levels and Same Clinic Growth of 5% was achieved in November 2021 (compared with November 2020).

Starting in late December 2021, the Omicron variant of COVID-19 emerged across Australia and negative Same Clinic Growth was recorded as a result of increased patient appointment cancellations and significant team member absenteeism due to illness and isolations (the latter resulting from Government mandated isolation periods).

As was the case in H121, which saw Healthia achieve Same Clinic Growth of 14.5%, organic activities coupled with pent-up demand for allied health services typically sees stronger than normal trading post COVID-19 impacted trading periods.

H122 UNDERLYING FINANCIAL PERFORMANCE

Healthia reports the following underlying results:

\$million	H122	H121	% Change
Revenue	93.0	61.5	51.3%
EBITDA(u)	12.2	11.0	11.1%
Depreciation (pre-AASB16)	(1.6)	(1.0)	61.6%
EBIT(u)	10.6	10.0	6.1%
Finance costs (pre-AASB16)	(1.2)	(0.7)	66.2%
NPBTA(u)	9.4	9.3	1.4%
Tax(u)	(2.8)	(2.8)	2.5%
Non-controlling interest	(1.9)	(1.7)	10.1%
NPATA(u) - attributed to shareholders	4.6	4.7	(2.5%)
Key stats			
<i>EBITDA Margin %</i>	13.12%	17.87%	(475 bps)
<i>NCI / Underlying NPATA</i>	29.3%	26.8%	244 bps
<i>Basic EPS(u) (cents)</i>	4.27	6.86	(37.8%)

The significant increase in revenue can be attributed to the deployment of \$102.2 million of capital on 80 new acquisitions during the period (comprising 76 businesses within the Bodies & Minds division, 3 businesses within the Eyes & Ears division and 1 business within the Feet & Ankles division) and the timing of acquisitions made in prior periods.

Healthia made the conscious decision to continue trading through the various Government imposed lockdowns and restricted periods to ensure the livelihood of its team members were not impacted and to ensure its community members and patients continued to receive essential health services. Due to the abovementioned COVID impacts, Healthia was unable to fully utilise its fixed cost base which resulted in the underlying EBITDA margin decreasing to 13.1% (H121: 17.9%).

Wesley Coote, Healthia CEO and Managing Director said, "on behalf of the Healthia Board, it is most important to thank our clinicians and support staff for the incredible strength and commitment they have demonstrated during what has been a tough time. The support they have shown to their patients and each other is to be commended and Healthia is stronger for it. As we head into 2022 and our "new normal" we will continue our focus on providing excellence in patient care and supporting our team members which are key factors in the ongoing success of the Company."

H122 STATUTORY FINANCIAL PERFORMANCE

Healthia reports the following statutory results:

\$million	H122	H121	% Change
Revenue	91.7	60.8	51%
Other Income	1.3	8.3	-84%
Non-controlling interest	1.9	2.8	-30%
NPAT attributable to the owners of Healthia Limited	(0.1)	4.9	-102%

The \$5.0 million decrease in NPAT from the prior period can be attributed to:

- Other Income decreasing by \$6.9 million attributable to the \$7.61 million of JobKeeper payments recognised in the prior period which ceased being received in September 2020; and
- The abovementioned impacts of COVID during H122.

A reconciliation between statutory performance and underlying performance can be found in Table 3 of Healthia's Half Year Report.

OUTLOOK

Healthia expects to deliver underlying revenue and EBITDA growth in FY22 over FY21. While H222 is expected to be stronger than H221, some impacts have been felt during calendar year 2022 due to the Omicron outbreak. Trading conditions have been improving week-on-week and February 2022 month to date is trading approximately 4% below February 2021 on a Same Clinic Growth basis.

Healthia will continue to manage and monitor the impacts from COVID outbreaks and provide a further update for full year FY22 when business conditions stabilise.

Given the impacts from COVID, and the timing of settlements of the \$110.6 million in acquisitions announced during FY22 year to date, Healthia wishes to provide clarity on its current annualised portfolio and expectations during normal trading conditions.

Healthia expects to commence FY23 with an annualised portfolio of greater than \$40.0 million of underlying EBITDA.

Healthia will continue its focused strategy of:

- Future acquisitive growth;
- Executing on organic growth activities; and
- Driving value from our vertically integrated business units.

Training and induction for the 154 new graduate clinicians will continue, with all graduates expected to be at acceptable operating capacity levels by the end of April 2022.

With an addressable market in excess of \$9.8 billion, Healthia is confident of deploying the stated acquisition target of \$20.0 million per annum. During FY22, \$10.5 million was deployed in H122 (excluding the acquisition of Back In Motion) and a further \$8.4 million in binding agreements has since been announced.

In addition to new acquisitions, there is a continued focus on integrating the 63 acquired Back In Motion clinics for the remainder of the financial year.

FY22 INTERIM DIVIDEND

The Directors of Healthia have recommended the payment of an interim fully franked dividend of 2.00 cents per share to the ordinary shareholders of the Company.

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

Dates for the 2022 interim dividend declared are as follows:

- Ex-Dividend Date: Tuesday, 1 March 2022
- Record Date: Wednesday, 2 March 2022
- DRP Election closing date: Thursday, 3 March 2022
- Payment date: Tuesday, 22 March 2022

A 2.5% discount will apply to the Dividend Reinvestment Plan for the interim dividend. A copy of the Dividend Reinvestment Plan rules can be found on Healthia's website at the following address:

<https://www.healthia.com.au/wp-content/uploads/2018/10/Dividend-Reinvestment-Plan-Rules.pdf>

SHAREHOLDER BRIEFING

Wesley Coote, Healthia CEO and Managing Director, and Chris Banks, Chief Financial Officer and Company Secretary will hold a webcast on Monday 28 February 2022 at 2:30pm AEST (Brisbane), 3:30pm AEDT (Sydney/Melbourne) to brief investors, analysts, and other interested parties on the H122 results and planned activities for the remainder of FY22.

To access a webcast of the live event, please use the following link:

<https://www.healthia.com.au/healthia-live-investor-briefing/>

CONTACT

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DEFINITIONS

Term	Definition
EBIT(u)	Underlying EBIT reflects statutory EBIT as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of Healthia, in accordance with AICD/Finsia principles of recording underlying profit.
EBITDA(u)	Underlying EBITDA reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of Healthia, in accordance with AICD/Finsia principles of recording underlying profit.
EBITDA(x)	Expectations for annualised portfolio run-rate at commencement of FY23. Presented pre-AASB16 and assuming no impacts from COVID.
EPS(u)	Underlying basic earnings per share as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of Healthia, in accordance with AICD/Finsia principles of recording underlying results.
H121	Half year period ended 31 December 2020.

H122	Half year period ended 31 December 2021.
H222	Half year period ended 30 June 2022.
NPAT - attributed to shareholders	Net Profit After Tax attributable to shareholders (i.e after non-controlling interests).
NPATA(u)	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 Healthia, in accordance with AICD/Finsia principles of recording underlying profit.
NPBTA(u)	Underlying NPBT is a non-IFRS measure and equals net profit before 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 Healthia, in accordance with AICD/Finsia principles of recording underlying profit.
Same Clinic Growth	Same Clinic growth represents revenue growth which has been calculated by excluding any closed businesses and businesses not held during the prior period.
Tax(u)	Underlying tax. Calculated based on 30% corporate tax rate applied to NPBTA(u).

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