FY22 RESULTS PRESENTATION

AUGUST 2022

Healthia
Better Health. Better Lives.

Healthia Limited
ACN 626 087 223

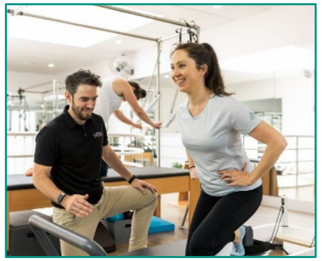
CONTENTS

1. FY22 Highlights

PERFORMANCE OVERVIEW

FY22 was a year of transformation and growth for Healthia

$202.8m **Revenue** *Increased by 44.4%*	**$24.5m** **EBITDA(u)** *Increased by 14.3%*	**>$40.0m** **EBITDA(x)** *CAGR of 45% (FY19 to FY23)*
$9.2m **NPATA(u)** *Increased by 3.8%*	**83.8%** **Clinician retention**	**>1.6m** **Appointments in FY22**
$111.3m **Capital deployed** *Increased by 78.5%*	**307** **# of businesses** *Increased from 104 at IPO*	**154** **Grad clinicians** *Increased from 64 in prior period*


- FY22 was a **year of transformation and growth for Healthia**
  - **Portfolio expansion from 212 businesses to 307 business** (45% growth) through deploying $111.3m on acquisitions, including the acquisition of Back In Motion comprising 63 physiotherapy clinics in Australia and New Zealand for $91.7m, Healthia's largest acquisition to date
  - **Navigated through material business disruptions caused by COVID**, including lockdowns in H1 and increased staff absenteeism and patient cancellations in H2
  - **Refreshed and reset Healthia strategic objectives** to better reflect the size and scale of Healthia, which has become one of Australia and New Zealand's largest allied health providers
- Delivered **underlying EBITDA of $24.5m, at the top end of guidance** of $22.5m to $25.0m provided on 6th June 2022
- Statutory FY22 performance impacted by isolated flooding events in South-East QLD and NSW and higher than expected one-off costs in FY22 due to COVID related expenses, acquisition costs, integration and restructure costs
- **Successfully negotiated an increase in our existing finance facility**, from $70.0m to $100.0m, with $77.0m of the facility drawn at 30 June 2022
- **Trained and inducted 154 new graduate clinicians**, up from 64 in the prior corresponding period, which will assist with vacancies and continued organic growth
- Trading performance since May 2022 has stabilised – based on the unaudited 4 months of trading from 1 May 2022 to 31 August 2022, and considering seasonality, **Healthia reconfirms its expectation to deliver underlying EBITDA of greater than $40m for FY23**

Note: the numbers above are unaudited and reflects the underlying results of the Group, pre-AASB16 – please see the Glossary on page 24 for definitions of terms. For a reconciliation between underlying and statutory results, please see the page 23 of the Appendices of this presentation

ACQUISITIONS RECAP

Significant year of acquisitions, with more than $111m deployed across 95 new allied health businesses

Summary of acquisitions in FY22	Pro Forma Revenue $m	Pro Forma EBITDA(u) $m	Total Consideration $m	EBITDA Multiple (x)
Back In Motion	62.3	12.2	91.7	7.5x
Settled in H1FY22	13.4	2.4	10.6	4.4x
Settled in H2FY22	10.2	1.8	9.0	4.9x
Total	**85.9**	**16.4**	**111.3**	**6.8x**

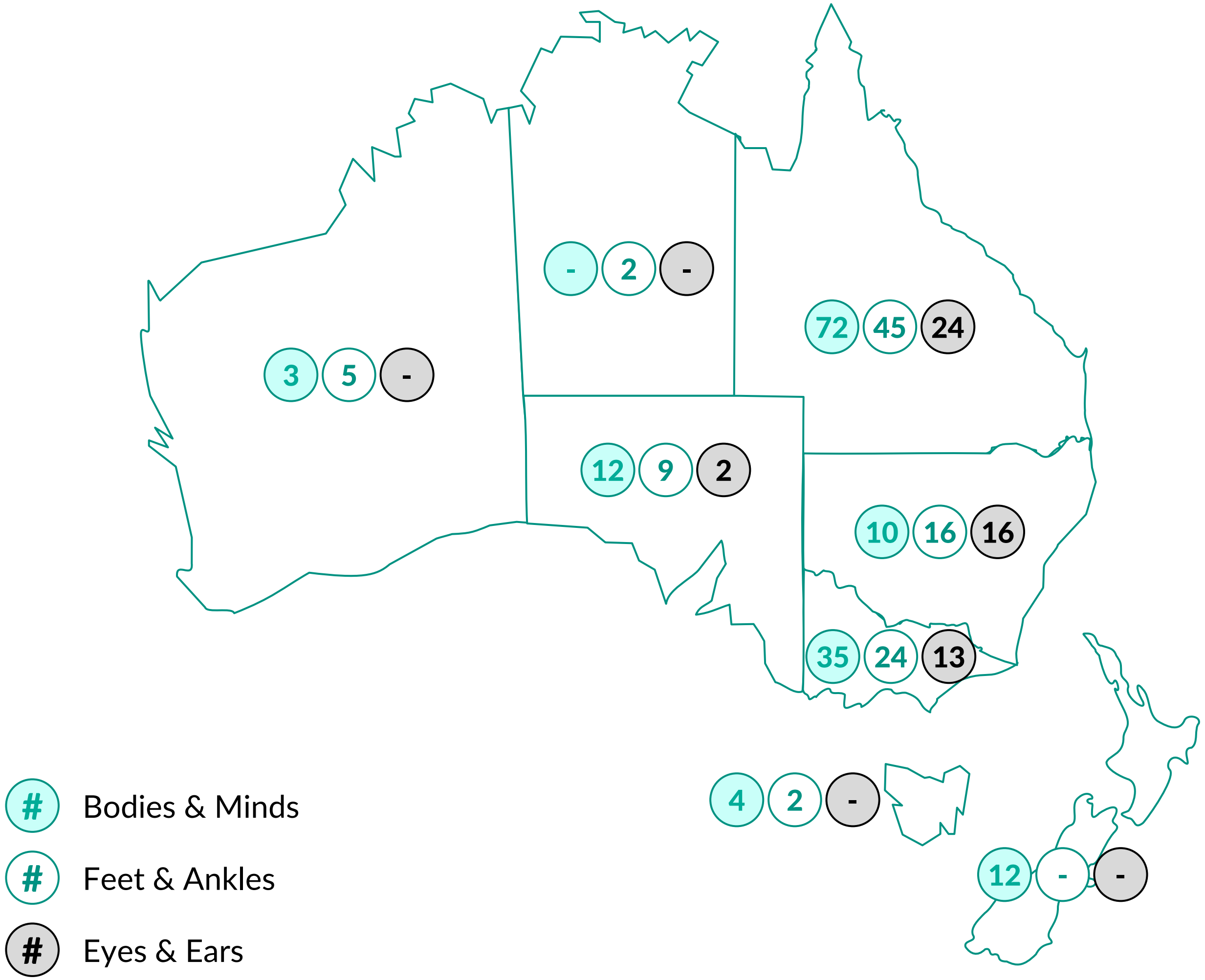
Select acquisitions during FY22

- **Deployed $111.3m of capital on portfolio expansion from 212 businesses to 307 businesses** (45% increase, 95 new allied health businesses) – Bodies & Minds division (83 new businesses), Feet & Ankles division (1 new business), and Eyes & Ears division (11 new businesses)
- **Completed largest acquisition since IPO with Back In Motion group, comprising 63 physiotherapy clinics in Australia and New Zealand**
  - All Back In Motion clinics transitioned to Healthia clinic class share ownership model and settled between October 2021 to December 2021
  - Post transaction trading performance and integration impacted by COVID due to higher than average rates of staff absenteeism and patient cancellations. Trading and performance has stabilised since May 2022 to expected levels
  - Costs associated with Back In Motion, including acquisition and integration costs, were higher than expected but are now largely complete
  - Acquired 33% interest in EVOSuite software as part of the acquisition, which is assisting with Healthia's technology roadmap to become a global leader in the systems used to support and operate our clinics and to enhance our abilities to deliver products and services to our patients and customers
- Healthia also pursued and incurred costs relating to a number of other acquisition opportunities, some of which did not progress, **as we remained highly disciplined on our acquisition strategy of acquiring complementary businesses which are value accretive and improve returns to shareholders**
- Healthia expects to continue to deploy a minimum of **$20.0m of capital per annum on new acquisitions** and is **currently in discussions with over 110 sites in its pipeline, with the status ranging from initial discussions to conditional business sale agreements**

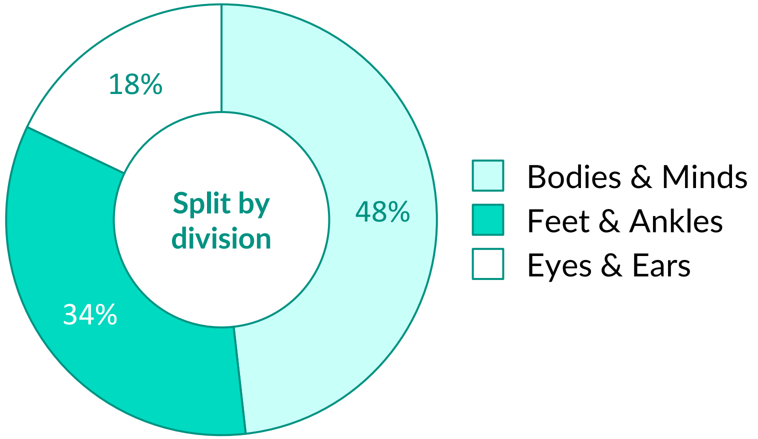
NATIONWIDE PRESENCE

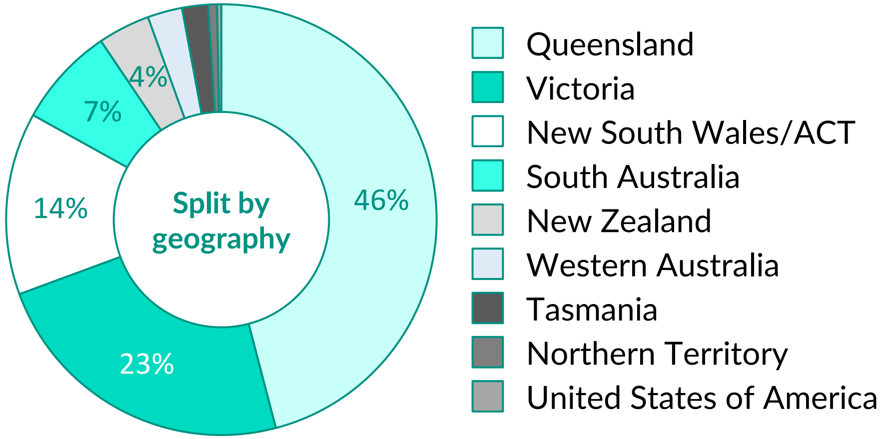
Growing, diversified national presence positioning Healthia as a market leader across Australia and New Zealand

Businesses Owned as at 30 June 2022



Business Splits

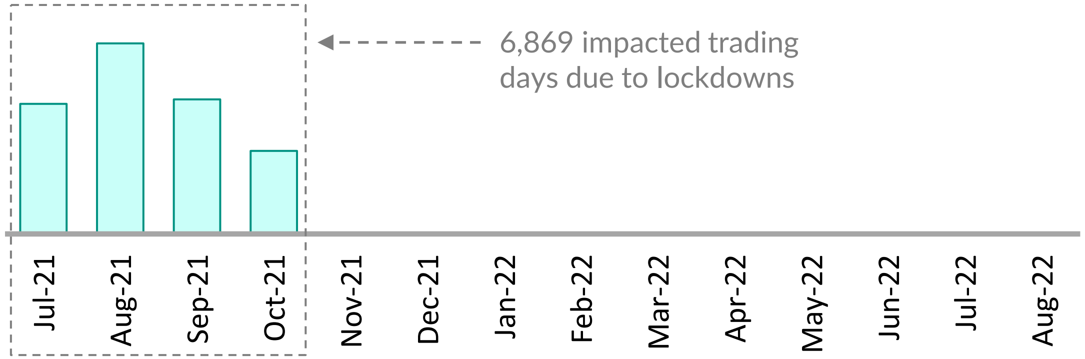




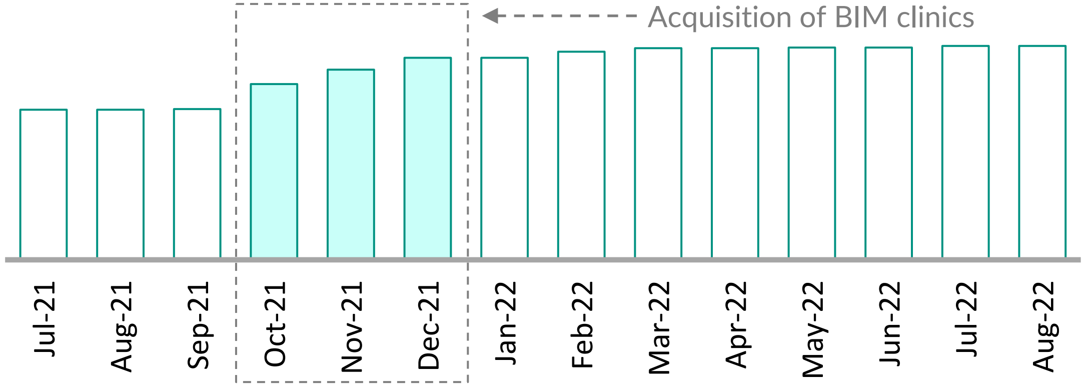
FY22 COVID IMPACTS

FY22 impacted by lockdowns in H1 and higher-than-normal cancellations/staff absenteeism in H2 due to ongoing impacts of COVID

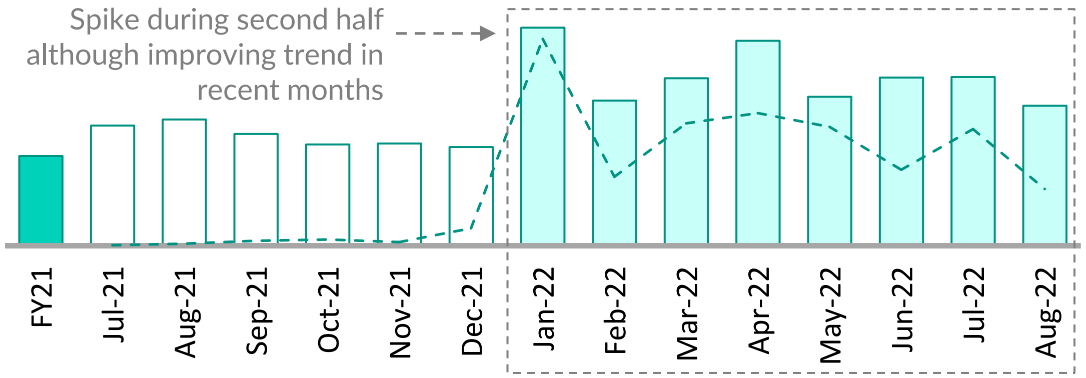
Trading days impacted due to lockdown[1]



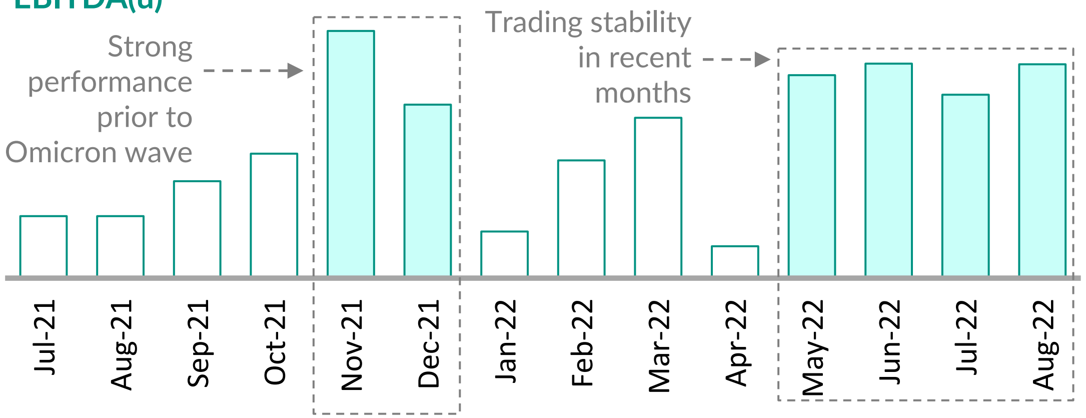
Clinic numbers



Sick leave as % of total wages[2] (bar chart) vs. reported COVID cases[3] (line chart)



EBITDA(u)[4]



(1) Based on number of trading days in the state locked down multiplied by number of clinics affected by the lockdown
(2) Sick leave as a % of total wages is calculated as total sick leave paid for the month divided by total gross wages paid for the month. Note sick leave % for the period 1 January 2022 to 31 August 2022 was equal to 3.3% (FY21: 1.7%)
(3) COVID case numbers. Source: Australian Government Department of Health & Aged Care: https://www.health.gov.au/health-alerts/covid-19/case-numbers-and-statistics#new-and-cumulative-cases
(4) Refer to Appendix for definition of EBITDA(u)

EBITDA(u) BRIDGE

Despite lockdowns and cancellations/staff absenteeism, recent trading stability has provided confidence Healthia is placed to deliver FY23 EBITDA(u) > $40m

EBITDA(u) Bridge to $40m

FY22 EBITDA(u)

- × Estimated 6,869 impacted trading days in H1 due to lockdowns[1]
- × H2 impacted by higher than normal staff absenteeism and patient and customer appointment cancellations due to illness
- × H2 also impacted by isolated flooding events in South-East QLD and NSW
- × As a result, Same Clinic Growth in revenue was down 8.1% (although up 3.4% when compared to FY20)

$24.5M

FY22 EBITDA(u)

Bridge to FY23 EBITDA(u)

- \+ Addition of annualised EBITDA missing in FY22 from clinics/stores acquired during the year
- \+ Benefit of Same Clinic Growth driven by Healthia organic growth initiatives including fee increases (which took full effect in August 22) and head count increases expected from ongoing physiotherapy and podiatry recruitment and grad recruitment in Feb 2023
- \+ Adjustment for estimated impact of COVID lockdowns on trading in H1 as well as ongoing impacts of Omicron since December 2021

>$40.0M

FY23 EBITDA(u)

FY23 EBITDA(u) Guidance

- ✓ After consideration of its unaudited 4-month trading period from 1 May 2022 to 31 August 2022 of EBITDA(u) of $13.0m, and considering seasonality, Healthia is pleased to confirm that it still expects to deliver EBITDA(u) in FY2023 of greater than $40.0m
- ✓ Factors in allowance for increase in corporate overheads
- ✓ Excludes upside from any clinics or stores acquired in FY23

(1) Based on number of trading days in the state locked down multiplied by number of clinics affected by the lockdown
(2) Refer to Appendix for definition of EBITDA(u)

2. Strategy Update

GROUP OPERATING STRUCTURE

Healthia has transformed into one of ANZ's largest allied health platforms and is positioned for continued growth into the future

Healthia
Better Health. Better Lives.

Healthia's vision to be the leading diversified allied healthcare provider across Australia and New Zealand

BODIES & MINDS	FEET & ANKLES	EYES & EARS
Physiotherapy Services	Podiatry Services	Optical Services
Hand Therapy Services	Retail Footwear	Audiology Services
Occupational Therapy	Orthotics Laboratory	Optical Eyewear Supplier
Other Allied Health Services	Allied Health Wholesale Supplies	

Supported by centralised support functions

Accounting	Payroll	Marketing	IT/Tech	Education	Operations Support

PEOPLE FOCUS

High performing teams are key to success. Healthia will continue to focus on ways to attract, retain and engage its team members

- Our goal in FY23 is to return clinician retention rates to +90% and to execute several key engagement strategies including:
  - Healthia's Inspired 2022 conference to be held on the Gold Coast in October 2022
  - The introduction of Workplace, by Meta, to effectively communicate to all team members
  - Continued delivery of our Business Leadership and Clinical Leadership Programs
  - The addition of new Clinic Class Shareholders
  - Regional workshops and events
  - Develop individual career plans for all team members
- Healthia to conduct its third culture survey in May 2023 to assess the effectiveness of its engagement strategies
- Graduate recruitment underway to ensure we have adequate workforce to deliver products and services to Healthia's patients and customers. Most graduate offers are expected to be finalised by the end of November 2022, with the majority of new graduates to commence their training in early February 2023






TECHNOLOGY ENABLED

Enhanced healthcare enabled through technology to leverage Healthia's large customer database

- Healthia has developed a technology platform across the business that is aimed at:
  - Enabling our team members to provide products and services to our patients and customers in an efficient, timely and cost-effective way
  - Linking our patients and customers to our wide range of products and services across our varying divisions
  - Providing us with a competitive advantage
- "Healthia Technology Roadmap" (the Roadmap) has been developed internally and execution of various associated projects has commenced

- **Work continues to leverage Healthia's large database of patients and customers to drive engagement and loyalty (>1.6m appointments in FY22)**
- Technology is expected to support cross referral activities of Healthia
- Once fully executed, the Roadmap is expected to assist future Same Clinic Growth and increase operational efficiencies across our businesses

UPDATED STRATEGY

Healthia's purpose is to connect people with exceptional allied healthcare products and services, creating healthier lives and happier communities

Extensive Coverage

- Ongoing sustainable expansion to deliver a product and services network accessible to 50% of Australians and New Zealanders
- Healthia announced completion of $111.3m of acquisitions in FY22
- Continue to target $20m p.a. acquisitions
- Pipeline for acquisitions remains robust with over 110 allied health businesses in its pipeline of conversations
- Healthia holds <3.0% of addressable industry revenue in its targeted allied health industries, providing scope for future growth

Growth

- Strong performance and compliance to drive organic growth and provide opportunities for team member, patients, customer and shareholders
- Key systems/processes have been developed to support organic growth with a focus on ensuring enhanced healthcare enabled through technology
- Healthia is focused on connecting its patients and customers with individual allied healthcare requirements via cross referrals and patient engagement strategies
- Continued focus on co-location/expanding service offering in each clinic

Innovation

- At our core, continuous improvement and innovation ensuring we are seen as leaders in allied health
- The Healthia Technology Roadmap is a key ongoing innovation project
- Innovation continues through our scalable, vertically integrated business model providing cost savings to the group
  - AED distributes a range of premium, fashionable eyewear to Healthia stores only – typically leads to margin uplift post clinic acquisition
  - iOrthotics produces foam rubber EVA and 3D printed orthotic devices for Healthia podiatry clinics and external customers

Quality

- Delivering quality and excellence in products and services to our patients and customers above all else
- Quality established via industry leading education programs:
  - Graduate Program
  - Clinic Leadership Program
  - Business Leadership Program
  - Practice Management Program
  - Biennial conference
- Programs provide support for clinicians, from new graduates to experienced staff members

Clinician Led

- Maximising the knowledge and experience within expert groups focused on setting and improving industry standards for team members, business owners and patients and customers
- Clinicians promoted to key operational and corporate roles
- At the clinic level our Clinician Retention Program ensures clinicians retain and acquire ownership interests in their clinic, ensuring key leadership remains in place

3. Trading & Outlook

TRADING & OUTLOOK

Strength of the underlying business, and scale created in FY22, assisting Healthia to recover from the impacts of COVID

- Strategy updated to ensure we continue to remain relevant to our teams, patients, customers, and other stakeholders after hitting a critical scale milestone of 300+ allied health businesses in FY22 (as set out in more detail on page 13)
- FY23 performance to be driven by its key initiative of "Connect | Support | Inspire", with a focus to connect:
  - each other as a Healthia family
  - our teams with tailored, unique and fulfilling career journeys
  - a diverse array of patients and customers
  - our patient and customers with their individual allied healthcare requirements
- Fee increases implemented across the group with an expected increase of circa 4%. The resulting fee increases took full effect during August 2022
- The national award for health professionals increased by 4.6% at the start of FY23. A full review of all wages completed with pay increases given to those employees on the minimum awards and to others on a case-by-case basis. Clinicians paid the higher of their base salary or an agreed percentage of their personal billings, wages are expected to increase in line with fee increases
- Healthia has identified a number of procurement and cost savings across the Healthia group, which are largely due to the increased scale of Healthia's business
- After consideration of the above and applying seasonality to the unaudited 4-month trading period from 1 May 2022 to 31 August 2022 (EBITDA(u) $13.0m), Healthia expects to deliver EBITDA(u) in FY23 of greater than $40.0m
- "With the resumption of international travel, iOrthotics USA expansion plans to be revisited before 31 December 2022, with a plan to find further growth opportunities thereafter
- Continued network expansion leveraging the large current pipeline of acquisition opportunities and deploy, at a minimum, $20.0m of capital in FY23
- Board and Executive team to continue to focus on ensuring we optimise the opportunities being presented in the large pipeline of acquisitions, while ensuring the ongoing strength of the earnings being acquired is maintained. The Board and Executive team will continue to assess the available debt headroom, and robustness, of the Company's balance sheet throughout the year
- The Board has determined not to declare the payment of a final dividend for 2022 taking into account the significant one-off costs incurred during the period which have reduced free cash, in addition to the significant growth opportunities (both organic and inorganic) available to Healthia
- The Board plans to resume its stated dividend policy, of distributing between 40% to 60% of underlying NPATA during the next financial year should trading conditions improve as expected

MARKET OPPORTUNITY

Healthia operates in a large and highly fragmented market and has a strong pipeline of near-term acquisition opportunities

- Healthia is a market leader in physiotherapy and podiatry segments as well as independent optometrists, however, still holds **less than 3.0% of total addressable industry revenue** – there is a significant runway for consolidation and growth in these fragmented industries
- Healthia is currently in discussions with over 110 allied health businesses in its current pipeline, with the status ranging from initial discussions to conditional business sale agreements
- Healthia expects to continue to **deploy a minimum of $20.0m of capital per annum** on new acquisitions

DIVISION	MARKET SIZE	MARKET SHARE	CURRENT # CLINICS
BODIES & MINDS	$3.8B[2]	<4.0%	148
FEET & ANKLES	$2.7B[1]	<2.5%	104
EYES & EARS	$3.3B[3]	<1.5%	55
TOTAL	$9.8B[4]	<3.0%	307

PIPELINE - DISCUSSIONS	HEALTHIA TARGET
Number of allied health businesses being reviewed as part of Healthia's active pipeline conversations	Healthia expects to deploy a minimum of $20.0m in capital per annum on new acquisitions
>110	$20.0m

Notes: (1) Australian Podiatry Industry Revenue of $864m (Source: IBISWorld Industry Report Q8539 dated December 2016) + Insole United States Industry Revenue of $1.8bn (Source: Transparency Market Research, "Foot Orthotic Insoles Market - Global Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2018–2026"). The author has not provided their consent for the statement to be included. (2) Australian Physiotherapy Industry Revenue of $2.5bn (Source: IBISWorld Industry Report Q8533 dated September 2020) + Other Allied Health Services in Australia Industry Revenue of $1.3bn (Source: IBISWorld AU Industry (ANZSIC) Report Q8533 dated September 2020). Information excludes the addressable industry revenue for physiotherapy in New Zealand as accurate information was not available. The author has not provided their consent for the statement to be included. (3) Australian Optometry Industry Revenue of $2.2bn which is equal to the industry revenue of $3.8bn less the market share held by Luxottica and Specsavers (Source: IBISWorld Industry Report Q8532 dated February 2020) + Audiology AUD Industry Revenue of $1.1bn (Source: IBISWorld Industry Report Q8539 dated December 2016). The author has not provided their consent for the statement to be included. (4) Total addressable revenue has only been included for industries where information was available or reliable. Addressable industries revenue excludes address industry revenue from Australian insole market, Australian allied health wholesale supplies, Australian optical eyewear supplies and Australian retail footwear.

4. FY22 Group Performance

UNDERLYING PERFORMANCE

Underlying performance for FY22 inline with guidance previously provided by Healthia

	FY22[2] $m	FY21[2] $m	Change $m	Change %
Revenue(u)[1]	202.8	140.4	62.4	44.4%
EBITDA(u)[3,4] (removing impact of AASB16)	24.5	21.5	3.0	14.3%
NPATA(u)[5]	12.0	11.3	0.7	6.2%
Non-controlling interest (NCI)	3.7	3.0	0.7	22.6%
Net post-tax P&L impact of AASB16 adoption[6]	0.9	0.6	0.3	52.9%
NPATA(u) attributable to the owners of Healthia Limited (removing impact of AASB16)[5]	**9.2**	**8.9**	**0.3**	**3.80%**
EBITDA(u) margin (removing impact of AASB16)[3,4]	12.1%	15.3%	(3.2%)	(319)bps
NPATA(u) margin (removing impact of AASB16)[5]	4.5%	6.3%	(1.8%)	(177)bps
Basic EPS(u) (cents, removing impact of AASB16)[7]	7.8cps	11.1cps	(3.3)cps	(29.9%)
NCI/ NPATA(u)[8]	28.5%	25.3%	3.30%	328bps

(1) For the purposes of underlying performance, the Consolidated Entity has included $0.6M NSW JobSaver revenue subsidies received (FY21: $1.99M of JobKeeper included in underlying performance).
(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) EBITDA(u) in Underlying EBITDA which is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation. EBITDA(u) has not been audited.
(4) EBITDA(u) has been adjusted for the impacts of AASB16. Lease payments of $17.8M (FY21: $11.5M) have been included to provide users with a like-for-like comparison with PCP.
(5) NPATA(u) is Underlying NPATA and 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(u) 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 $17.8M (FY21: $11.4M), depreciation expense increased by $16.0M (FY21: $10.3M), and finance costs increased by $3.1M (FY21:$2.0M). The net post-tax P&L impact has not been audited.
(7) Basic EPS(u) is underlying basic EPS or earnings per share is calculated as NPATA(u) attributable to the owners of Healthia Limited divided by the weighted average number of ordinary shares on issue for the period (FY22: 117.9M, FY21: 79.6M). Underlying EPS has not been audited.
(8) Non-Controlling Interest divided by NPATA(u). NCI/ NPATA(u) has not been audited.

- Underlying revenue growth largely driven by the 95 allied health businesses acquired during the year
- Underlying revenue was impacted by
  - Estimated 6,869 impacted trading days in H1 due to Government lockdowns
  - Materially higher-than-normal staff absenteeism and patient and customer appointment cancellations due to illness in H2
  - Isolated flooding events in South-East QLD and NSW in H2
- As a result, Same Clinic Growth in revenue was down 8.1% (up 3.4% when compared to FY20)
- Underlying EBITDA and Underlying EBITDA margin impacted by
  - Abovementioned impacts of COVID and flooding events
  - Government mandated closure of retail footwear stores in quarter one of FY22 whilst continuing to incur fixed costs
  - Inability to leverage fixed cost base due to impacts from COVID

SEGMENT OVERVIEW

Portfolio increase by 95 clinics (+45% vs. prior year) across all segments, despite impacts of COVID

BODIES & MINDS	FEET & ANKLES	EYES & EARS
Our Bodies & Minds division consists of our network of physiotherapy, hand therapy, occupational therapy and speech pathology clinics located throughout Australia and New Zealand.	Our Feet & Ankles division consists of our network of podiatry clinics and retail footwear stores located throughout Australia and the USA. The Feet & Ankles division also includes orthotic manufacturing business iOrthotics and podiatry wholesale business DBS.	Our Eyes & Ears division consists of our network of optometry and audiology stores located throughout Australia. The Eyes & Ears division also includes eye frame distributor AED.
$109.8m +81% vs. FY21 — FY22 Revenue	**$53.2m** -9% vs. FY21 — FY22 Revenue	**$37.3m** +83% vs. FY21 N/A vs. FY20 — FY22 Revenue
$18.6m +70% vs. FY21 — FY22 EBITDA(u)	**$8.7m** -35% vs. FY21 — FY22 EBITDA(u)	**$9.3m** +77% vs. FY21 — FY22 EBITDA(u)
148 +83 since 1 July 2021 — Number of clinics	**104** +1 since 1 July 2021 — Number of clinics	**55** +11 since 1 July 2021 — Number of clinics
82.5 — Net Promoter Score	**85.2** — Net Promoter Score	**80.0** — Net Promoter Score

- Segment performance impacted by material business disruptions caused by COVID lockdowns in H1, increased staff absenteeism and patient cancellations from COVID in H2 and isolated flooding events in South-East QLD and NSW and
- Key portfolio expansion in Bodies & Minds segment (83 clinics) with Back in Motion acquisition (63 clinics) and Eyes & Ears segment (11 stores), including 8 LensPro optical stores – only part year earnings contribution from the 95 allied health business acquisitions in FY22

Note: the numbers above are unaudited and reflects the underlying results of the Group, pre-AASB16 – please see the Glossary on page 24 for definitions of terms. Revenue is exclusive of other income. Segment EBITDA (u) excludes underlying Support Costs of $12.0m

UNDERLYING CASH FLOW

Healthia has delivered strong and consistent cash flow conversion

	FY22 $m	FY21 $m
EBITDA(u) (pre-AASB16) [1, 2]	**24.5**	**21.5**
Less: changes in working capital	(1.0)	(3.4)
Underlying operating cash flow (pre-tax, ungeared) [3]	**23.5**	**18.1**
Cash Conversion % [4]	*95.9%*	*84.2%*
Financing costs (pre-AASB16)[5]	(3.0)	(1.7)
Tax paid	(3.8)	(5.2)
Underlying cash flows (post-tax, geared) [6]	**16.7**	**11.2**
Dividends paid to non-controlling interest	(3.4)	(4.5)
Capital expenditure	(4.1)	(2.9)
Underlying free cash flow [7]	**9.2**	**3.8**

(1) EBTDA(u) is underlying earnings before interest tax and amortisation. EBITDA(U) 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
(2) EBITDA(u) excludes the impact from the adoption of AASB16 on lease payments of $17.8M (FY21: $11.4M)
(3) Underlying operating cash flows (pre-tax, ungeared) reflects statutory operating cash flows less lease payments of $17.8M ($11.4M) and before finance costs and tax and excludes the impact non-recurring income and costs, such as acquisition costs ($6.86M), integration costs ($1.52M), restructuring costs ($2.22M) and COVID related expenses ($3.38M)
(4) Cash conversion % is calculated as EBITDA(u) (pre-AASB16) dividend by Underlying operating cash flow (pre-tax, ungeared)
(5) Finance costs include the finance and interest charged on the bank debt only and excludes interest associated with the accounting for AASB16
(6) Underlying cash flows (post tax, geared) reflects statutory operating cash flows less lease payments of $17.8M ($11.4M) and is post finance costs and tax and excludes the impact non-recurring income and costs, such as acquisition costs ($6.86M), integration costs ($1.52M), restructuring costs ($2.22M) and COVID related expenses ($3.38M)
(7) Underlying free cash flow is calculated as Underlying cash flow (post-tax, geared) less capital expenditure for ongoing maintenance capex and for capital expansion and reflects the underlying cash generated by the Consolidated Entity

- Overall performance was impacted by
  - Estimated 6,869 impacted trading days in H1 due to Government lockdowns
  - Materially higher-than-normal staff absenteeism and patient and customer appointment cancellations due to illness in H2
  - Isolated flooding events in South-East QLD and NSW in H2
- However, the Consolidated Entity have strong cash flow conversion from EBITDA(u) to underlying operating cash flow of 95.9% (FY21: 84.2%), and demonstrates the repeatable nature of the cash flows of the underlying businesses
- Low capital intensity with capex/revenue representing 2.0% (FY21: 2.0%)
- Underlying free cash generated of $9.2m (FY21: $3.8m) available to support for ongoing acquisitive expansion, acquisitions and transaction costs and associated integration costs

5. Appendices

STATUTORY PERFORMANCE

Statutory performance impacted by COVID and one-off costs attributed to the 95 allied health businesses acquired during FY22

	FY22 $m	FY21 $m	Change $m	Change %
Revenue	200.3	136.9	63.3	46.3%
Other Income	4.0	9.1	(5.0)	(55.4%)
Net profit/(loss) after income tax expense	0.3	9.2	(8.8)	(96.3%)
Non-controlling interest	3.7	4.0	(0.3)	(8.7%)
NPAT attributable to the owners of Healthia Limited [1]	**(3.3)**	**5.2**	**(8.5)**	**(164.6%)**

1) NPAT equals net profit after income tax expense

> Strong revenue growth during the period attributed to the deployment of $111.3m (FY21: $62.3m) of capital on 95 new allied health business acquisitions during the period and the timing of acquisitions made in prior periods

> Other Income decreased by $5.0m attributable to the $7.6m of JobKeeper payments recognized in the prior period which ceased being received in September 2020

> The Consolidated Entity's net loss of $3.3m (FY21: profit $5.2m) during the prior period can be attributed to:

- Lost trading days in H1 due to Government lockdowns
- H2 impacted by higher-than-normal staff absenteeism and patient and customer appointment cancellations due to illness
- H2 impacted by isolated flooding events in South-East QLD and NSW
- The one-off impact of JobKeeper payments in the prior period which were received by the Consolidated Entity in FY22

RECONCILIATION FROM UNDERLYING TO STATUTORY

	FY22 $m	FY21 $m
EBITDA(u) (pre-AASB16) [1]	**24.5**	**21.5**
Less: Finance costs (pre-AASB16)	(2.8)	(1.7)
Less: Tax expense (underlying)	(5.5)	(5.1)
Less: Depreciation (pre-AASB16)	(3.3)	(2.9)
Less: NCI (underlying)	(3.7)	(3.0)
NPATA(u) attributable to the owners of Healthia Limited (removing impact of AASB16) [2]	**9.2**	**8.9**
Less: COVID-19 related expenses	(3.4)	(2.1)
Less: Acquisition costs	(6.9)	(3.4)
Less: Integration costs	(1.5)	(0.8)
Less: Restructuring costs and discontinued operations	(2.2)	-
Less: Share-based payments expense and associated costs	(1.4)	(1.1)
Less: Amortisation	(1.7)	(1.0)
Less: Net impact of AASB16	(0.9)	(0.6)
Less: NCI attributed to Jobkeeper	-	(1.0)
Less: Bad debt expense	-	(0.1)
Add: Fair value movements of contingent consideration	1.6	-
Add: Net income from Jobkeeper	-	5.6
Net taxation impact	3.9	0.9
Statutory NPAT attributable to the owners of Healthia Limited [3]	**(3.3)**	**5.2**

1) EBITDA(u) in Underlying EBITDA which is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation. EBITDA(u) has not been audited. EBITDA(u) has been adjusted for the impacts of AASB16

(2) NPATA(u) is Underlying NPATA and 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. AASB16, has been added back to NPATA(u)

(3) NPAT equals net profit after income tax expense

> Key one-off non-recurring adjustments included:

- COVID-19 Related Expenses – $3.4m (FY21: $2.1m) COVID related sick leave and other costs directly attributable to COVID.
- Acquisition Costs – one-off acquisition costs of $6.9m (FY21: $3.4m) relating to the acquisition of the 95 allied health businesses acquired. When calculated as a percentage of capital deployed for the period ($111.3m), acquisition costs represent approximately 6.16%, which is in line with prior periods: 5.9% in FY21, 14.8% in FY20 and 13.0% in FY19.
- Integration Costs – $1.5m (FY21: $0.8m) of integration costs during the year. Integration cost largely relate to the Back In Motion Group. Integration costs also included redundancies of acquired corporate support personnel, the rationalisation of the Back In Motion support office located in Melbourne and the decommissioning of a number of systems not required moving forward.
- Restructuring Costs and Discontinued Operations – $2.2m of costs relating to clinics which have been merged, relocated, closed or are in the process of being closed, and the associated earnings contribution of those clinics during the period.
- Share-based payments expense and associated costs – Non-cash share-based payments expense relating to the issuance of performance rights to key management personnel, key clinicians and administration staff which remains subject to the achievement of a number of vesting conditions.
- Amortisation – amortisation of customer lists and software intangibles during the current period.
- Net impact of AASB16 – AASB16 'Leases' had a significant impact on the current period financial performance. This impact is comprised of the following changes due the adoption of AASB 16: occupancy costs decreased by $17.8m, depreciation expense increased by $16.0m, and finance costs increased by $3.1m

GLOSSARY

Term	Definition
Cash Conversion %	Calculated as EBITDA(u) divided by underlying operating cash flow before finance, acquisition and tax costs.
Clinic Class Shares	Clinic Class Shares are non-voting shares which entitle the holder to a share of any dividend declared, 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 Healthia shareholders.
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDA(u)	Underlying EBITDA reflects statutory EBITDA 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. EBITDA(u) is presented on a pre-AASB16 basis. Underlying EBITDA has not been audited.
EBITDA(x)	Expectations for annualised portfolio run-rate of EBITDA at commencement of FY23 and is presented on a pre-AASB16 basis
EPS(u)	Underlying basic earnings per share 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 results.
FY20	Full year period ended 30 June 2020.
FY21	Full year period ended 30 June 2021.
FY22	Full year period ended 30 June 2022.
FY23	Full year period ended 30 June 2023.
H1	Half year period ended 31 December 2021
H2	Half year period ended 30 June 2022
IPO	Healthia's Initial Public Offering on 11 September 2018
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 the Consolidated Entity, in accordance with AICD/Finsia principles of recording underlying profit. Underlying NPATA has not been audited.
Revenue(u)	Underlying Revenue reflects statutory revenue 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 results and includes adjustments for the impacts from COVID for the Consolidated Entity. Underlying revenue has not been audited.
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.
Sick leave %	Sick leave as a % of total wages is calculated as total sick leave paid for the month divided by total gross wages paid for the month.

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