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## ASX ANNOUNCEMENT

Thursday 8 September 2022

### HEALTHIA ANNOUNCES NEW ACQUISITIONS AND SETTLEMENTS AND A \$15 MILLION CAPITAL RAISING

#### KEY HIGHLIGHTS

- Healthia announces acquisitions which are expected to contribute annualised Revenue(u)<sup>1</sup> and EBITDA(u)<sup>2</sup> of \$8.88 million and \$1.87 million respectively
- Healthia also announces a partially underwritten accelerated non-renounceable pro-rata entitlement offer to raise up to \$15 million, to allow Healthia to capitalise on accretive and strategic near term acquisition opportunities and provide additional financial flexibility
- The Entitlement Offer is partially underwritten up to \$10 million by Canaccord Genuity (Australia) Limited (the **Underwriter**)
- Following the equity raising and on a pro forma basis (as at 30 June 2022), Healthia would have total liquidity (cash and undrawn facilities) of ~\$36.2m<sup>3</sup>

#### NEW ACQUISITIONS

Healthia Limited (**Healthia** or the **Company**) is pleased to announce that it has entered into binding agreements to acquire the following businesses (together, the **Acquisitions**), comprising:

- Sunshine Coast Hand Therapy, a hand therapy business located on the Sunshine Coast, Queensland (2 clinics) (previously announced on 6 June 2022);
- Watsonia Physiotherapy, a physiotherapy business located in Watsonia, Victoria (1 clinic); and
- Corio Bay Health Group, 9 allied health businesses located throughout south-west and south-east Melbourne and Geelong, Victoria.

Healthia is pleased to announce that settlement has been reached for the first acquisition of the financial year, being Sunshine Coast Hand Therapy. It is expected that all conditions precedent will be satisfied, and settlement reached for each of Watsonia Physiotherapy and Corio Bay Health Group on or before 30 October 2022.

The Acquisitions are expected to contribute the following annualised earnings<sup>1</sup> to Healthia:

Revenue(u) <sup>1</sup>	\$8.88 million
EBITDA(u) <sup>2,4</sup>	\$1.87 million

Total consideration for the Acquisitions (subject to completion adjustments<sup>5</sup>) is as follows:

Upfront cash consideration	\$6.61 million
Issue of Clinic Class Shares <sup>6</sup>	<u>\$1.68 million</u>
Total upfront consideration <sup>7</sup>	\$8.29 million

<sup>1</sup> Revenue(u) and EBITDA(u) numbers are based on historical trading, normalised in accordance with Healthia's acquisition and accounting policies, removing the impacts of AASB16.

<sup>2</sup> EBITDA(u) means underlying earnings before interest, tax, depreciation and amortisation, removing the impacts of AASB16. EBITDA(u) reflects EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities, in accordance with AICD/Finsia principles. EBITDA(u) has not been audited.

<sup>3</sup> Assuming maximum raising of \$15.0m (i.e. facility headroom of \$19.3m plus \$16.9m of cash) and on a pro forma basis as at 30 June 2022.

<sup>4</sup> EBITDA(u) includes the approximate 20% economic interest continued to be owned by Clinic Class Shareholders.

<sup>5</sup> Completion adjustments are agreed on a deal-by-deal basis and can include adjustments for the value of inventory held at completion and the value of employee liabilities transferring to Healthia as the acquirer.

<sup>6</sup> Clinic Class Shares are non-voting shares issuable by certain subsidiaries of Healthia Limited. These shares enable the holder to participate in dividends 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 shareholders.

<sup>7</sup> In addition to the upfront consideration, contingent consideration of up to \$3.76m may become payable as cash consideration, subject to the achievement of pre-defined conditions.

The above acquisitions are to be settled in FY23 and the part year earnings contribution from each is not currently included in the Company's expected FY23 EBITDA(u) of greater than \$40 million.

## EQUITY RAISING

Healthia is pleased to announce that it intends to raise up to \$15 million to provide additional cash reserves to fund near term acquisition opportunities, including the Acquisitions, provide additional financial flexibility and for capital raising costs. Healthia has a large active pipeline of potential allied health acquisition opportunities and is confident in its ability to deploy at least \$20 million to acquisitions in FY23. The capital raising also provides Healthia with a strengthened balance sheet to pursue other organic initiatives.

The offer is a partially underwritten 1 for 12.5 pro rata accelerated non-renounceable entitlement offer of Offer Shares to Eligible Institutional Shareholders (**Institutional Entitlement Offer**) to raise approximately \$10 million and to Eligible Retail Shareholders (**Retail Entitlement Offer**) to raise approximately \$5 million.

The Entitlement Offer is partially underwritten by Canaccord Genuity (Australia) Limited (**Underwriter**) up to A\$10 million.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 fully paid ordinary share (**New Shares**) for every 12.5 Healthia shares that they hold at 7:00pm (AEST) on Monday, 12 September 2022 (**Record Date**) at the issue price of \$1.47 per New Share (**Offer Price**).

The Offer will result in approximately 10,265,323 million New Shares being issued, equivalent to approximately 8% of Healthia's total shares on issue as at 7 September 2022. New Shares will rank equally in all respects with existing shares of Healthia.

The Offer Price of \$1.47 represents a discount per share of:

- 3.3% discount to the last close price of \$1.520 on Wednesday, 7 September 2022;
- 11.1% discount to the 5-day weighted average price of \$1.653 for the trading up to and including Wednesday, 7 September 2022; and
- 3.1% discount to the theoretical ex-rights<sup>8</sup> price of \$1.516.

Further, as part of the Company's ongoing growth strategy, future pipeline acquisitions are expected to be funded from cash and existing bank facilities. Given the scale achieved during FY22, the Company is also negotiating with its financiers, a number of changes to its existing Syndicated Facility Agreement. The proposed changes are designed to provide greater flexibility and certainty to Healthia's banking facilities going forward, including in respect of the leverage covenants, to ensure that additional headroom is available if required in the future to pursue acquisitions.

## INSITUTIONAL ENTITLEMENT OFFER

The Institutional Entitlement Offer opens on Thursday, 8 September 2022 and closes at 5.00pm on Friday, 9 September 2022. Certain institutional and professional investors who are Healthia shareholders as at 7.00pm (Sydney time) on Monday 12 September 2022 as determined by the Underwriter may receive an offer under the Institutional Entitlement Offer, provided they are not an Ineligible Institutional Shareholder.

Under the Institutional Entitlement Offer, Eligible Institutional Shareholders can choose to take up all, part or none of their entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered by the Underwriter to eligible institutional investors at the Offer Price.

Ineligible Institutional Shareholders, being an institutional or professional investor with a registered address outside of Australia, New Zealand, Hong Kong, Singapore, the United Kingdom or Germany or whom the Underwriter and Company otherwise determine will be an Ineligible Institutional Shareholder for the purpose of the Institutional Entitlement Offer, and who is not an Eligible Retail Shareholder, are ineligible to participate in the Entitlement Offer.

Further details of the Eligible Institutional Shareholders and Ineligible Institutional Shareholders are set out in the Investor Presentation.

The Institutional Entitlement Offer is non-renounceable, and entitlements will not be tradeable or otherwise transferable.

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<sup>8</sup> Theoretical ex-rights price calculation includes the Entitlement Offer.

## RETAIL ENTITLEMENT OFFER

Eligible Retail Shareholders<sup>9</sup> have the opportunity to invest in New Shares at the Offer Price, on the terms and conditions that will be set out in the retail offer booklet to be sent to eligible retail shareholders on or around Thursday, 15 September 2022.

Please note that shareholders with a registered address outside Australia or New Zealand on the Record Date are generally ineligible to participate in the Retail Entitlement Offer, other than certain shareholders who are institutional investors in certain jurisdictions. Shareholders who are on the share register on the Record Date will be notified by Healthia if they are ineligible to participate in the Entitlement Offer. Eligible Retail Shareholders will receive a retail offer booklet, including a personalised entitlement and acceptance form, which will provide further details of how to participate in the Entitlement Offer.

Under the Retail Entitlement Offer, Eligible Retail Shareholders that take up their full entitlement may also apply for additional New Shares in excess of their entitlement at the Offer Price (subject to scale-back, at Healthia's discretion having regard to the pro rata entitlement of Eligible Retail Shareholders who apply for additional New Shares). There is no maximum amount of Additional Offer Shares you can apply for.

## KEY DATES

Key dates in relation to the Offer are as follows:

KEY DATES	
ACTIVITY	DATE
Trading halt and announcement of the Entitlement Offer	Thursday, 8 September 2022
Institutional Entitlement Offer opened	Thursday, 8 September 2022
Institutional Entitlement Offer closed (5.00pm)	Friday, 9 September 2022
Announce results of Institutional Entitlement Offer and recommencement of trading	Monday, 12 September 2022
Record Date for Entitlement Offer (7.00pm)	Monday, 12 September 2022
Retail Offer Booklet and Entitlement and Acceptance Form despatched to Eligible Retail Shareholders	Thursday, 15 September 2022
Retail Entitlement Offer opens	Thursday, 15 September 2022
Settlement of Offer Shares issued under the Institutional Entitlement Offer	Thursday, 15 September 2022
Issue of New Shares under Institutional Entitlement Offer	Friday, 16 September 2022
Commencement of trading of New Shares issued under the Institutional Entitlement Offer	Monday, 19 September 2022
Retail Entitlement Offer closes (5.00pm)	Friday, 30 September 2022
Announce results of Retail Entitlement Offer	Wednesday, 5 October 2022
Settlement of Offer Shares issued under the Retail Entitlement Offer	Wednesday, 5 October 2022

<sup>9</sup> Eligible Retail Shareholder means existing Healthia shareholders as at 7.00pm (Sydney time) on Monday, 12 September 2022 who have a registered address in Australia or New Zealand or are shareholders that Healthia has otherwise determined is eligible to participate in the Retail Entitlement Offer, who are not in the United States or acting for the account or benefit of a person in the United States and who are not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder, and who are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or other disclosure document to be lodged or registered

## KEY DATES

ACTIVITY	DATE
Issue of New Shares under Retail Entitlement Offer	Friday, 7 October 2022
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Monday 10 October 2022
Despatch of holding statements for Offer Shares issued under the Retail Entitlement Offer	Monday, 10 October 2022

The timetable is indicative only and Healthia may, at its discretion, vary the above dates by lodging a revised timetable with the ASX. All times referred to in this table are Australian Eastern Standard Time (AEST).

### FURTHER INFORMATION

Further details of the Acquisition and Entitlement Offer are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer. All dollar amounts are in Australian dollars unless otherwise indicated.

### CONTACT

Investors are encouraged to keep up to date with Healthia news and research by subscribing at:

<https://www.healthia.com.au/join-us/>

If you have any further questions, please contact:

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### FORWARD LOOKING STATEMENTS

The forward-looking statements contained in this document are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Healthia Limited, its Directors and management, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. **You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19.** Any such statements, opinions and estimates in this document speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about the market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only.

### NOT AN OFFER OF SECURITIES

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