

ASX Announcement

5 August 2022

Accounting treatment of grant income associated with COVID-19 cost recovery

Estia Health Limited (ASX:EHE) (the **Company**) provides the following update in relation to the COVID-19 costs grant recovery scheme and the impact on its FY22 financial results.

On 9 May 2022 the Company reported that Approved Providers are able to apply for Federal Government (**Government**) grants to recover some of the costs incurred by Approved Providers associated with COVID-19 outbreaks, and that the timing of processing and receipt of these grants was substantially delayed from the original timelines communicated.

The delay in processing of claims by Government continues and the Company is unable to predict the timing of the outcome or recovery in relation to its claims submissions.

The Company has determined that under Australian Accounting Standards, grant claims that it has lodged but that have not been confirmed as approved by the Government at 30 June 2022 will not be recognised as income in the FY22 Financial Statements but will be recognised in a subsequent accounting period, when approved by the Government.

As at 30 June 2022 the Company had submitted claims totalling \$30.0m in relation to grants for COVID-19 costs incurred in FY22, of which \$7.1m had been confirmed and will be recognised as income for the FY22 period. Further grant claims relating to additional COVID-19 costs incurred in FY22 continue to be prepared for lodgement.

Based on previous experience and the processes adopted by the Company prior to submission of grant claims, including the independent assurance of its submissions of claims exceeding \$150,000, the Company believes that its grant applications meet all eligibility criteria. However, approval of submitted claims is wholly managed by Government and as such the Company does not control nor can predict the outcome of its claims submissions.

Detailed information relating to COVID-19 related costs and associated grant recovery will be provided in the audited financial results for the year ended 30 June 2022 which are due to be released on 23 August 2022.

Approved for release by the Board of Directors of Estia Health Limited.

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