

ASX ANNOUNCEMENT

30 August 2021

HEALTHIA ANNOUNCES RESULTS FOR FINANCIAL YEAR 2021

- *Healthia's performance in FY2021 highlights the resilient and essential nature of allied health services to the health and wellbeing of the community*
- *Healthia has taken its next steps towards delivering on its vision of building Australia's leading allied health care business.*

FY2021 Highlights

Healthia has delivered strong full year financial performance and portfolio growth via strategic acquisitions. Key highlights for FY2021 include:

- Strong organic revenue growth of 9.1%¹;
- Underlying Revenue of \$140.41M, up 51.8% on prior year²;
- Underlying EBITDA (removing the impact of AASB16) of \$21.47M, up 62.3% on prior year³;
- Underlying Net Profit After Tax and Amortisation (attributed to the owners of Healthia) of \$8.86M, up 91.4% on prior year⁴;
- Underlying Basic EPS of 11.13 cents per share, up 51.6% on prior year⁵;
- Deployed new capital of \$62.3M to acquire 61 new businesses at an effective EBITDA multiple (removing the impact of AASB16) of 6.9x;
- Increased Healthia's finance facilities from \$50M to \$70M, providing additional headroom for future acquisitive growth;
- Final fully franked dividend of 2.50 cents per share, bringing the total dividend for FY21 to 4.50 cents per share.

For a full reconciliation of statutory financial performance to underlying financial performance please see Table 5 on page 12 of the Healthia's 2021 Annual Report lodged today with the ASX.

FY2021 Underlying Financial Performance

Information about the underlying FY2021 financial performance of Healthia compared to the underlying FY2020 financial performance is set out in Table 1 below. The underlying financial performance is provided on an unaudited basis.

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 business for a whole 12 months.

² 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.

³ Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation. Underlying EBITDA has been adjusted to remove the impact of AASB16. 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.

Table 1: Underlying FY2021 Financial Performance compared to prior year

	30/06/2021 \$'000's <i>Underlying</i>	30/06/2020 \$'000's <i>Underlying</i>	Change \$'000	Change %
Underlying Revenue ¹	140,407	92,493	47,914	51.8%
Underlying EBITDA ² (removing impact of AASB16)	21,468	13,230	8,238	62.3%
Underlying NPATA ³	11,268	6,467	4,801	74.2%
Underlying NPATA attributable to the owners of Healthia Limited (removing impact of AASB16) ³	8,861	4,629	4,232	91.4%
Underlying Basic EPS (cents, removing impact AASB16) ⁴	11.13	7.34	3.79	51.6%

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 EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation. Underlying EBITDA has been adjusted to remove the impact of AASB16. Underlying EBITDA has not been audited.

3. 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

4. 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 audited

Strong organic revenue growth of 9.1%⁶ was achieved during the period, comprising 9.9% in the Bodies and Minds division and 8.3% in the Feet and Ankles division. The robust organic growth can be attributed to:

- the resilient and essential nature of the allied health services provided by the Healthia Group;
- 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.

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. 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. If these acquisitions had been held for a full 12-month period (by annualising contribution to FY2021), the acquired businesses would have contributed underlying revenue of \$54.14M and EBITDA (less lease payments or pre-AASB 16 change) of \$8.99 million; equating to an effective EBITDA multiple of 6.9x.

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. The acquisition delivered a number of strategic benefits, including a vertically integrated platform to grow in the optical and audiology industries, which increased Healthia's addressable market by 51% (from \$6.5 billion to \$9.8 billion). The vertically integrated AED business, which sources and distributes private label eyewear frames, provides significant cost benefits when acquiring additional optometry stores, which is a key part of Healthia's strategy.

Impact of COVID-19 and associated lockdowns

During the second half of FY2021, as a result of increasing COVID-19 cases, an increasing number of lockdown restrictions were imposed in key regions of Australia, including Sydney, Melbourne, Brisbane, Perth and Darwin. Healthia estimates that lockdowns impacted over 1,533⁷ clinic trading days, representing approximately 5.0% of total clinic trading days. Healthia, as a provider of a number of essential community health care services, continued providing these essential services from its allied health clinics with strong infection control protocols in place.

⁶ 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.

⁷ 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).

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.

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 2.50 cents per share to the ordinary shareholders of Healthia Limited.

Dates for the 2021 final dividend declared are as follows:

- Record date: 8 September 2021;
- Dividend Reinvestment Plan (DRP) election date: 8 September 2021;
- 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>.

Outlook

Healthia provides essential healthcare services to the community and has grown revenue at a Compound Annual Growth Rate (CAGR) of 46% since its Initial Public Offering in 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.

Given the fragmented nature of the targeted allied health industries, acquisitions will continue to be a central pillar of Healthia's growth strategy. With an addressable market in excess of \$9.8 billion, Healthia is confident of deploying the stated target of \$20M of capital on new acquisitions which meet Healthia's strategic and operational criteria. Despite the portfolio growth of 109% since listing, Healthia still represents less than 1.5% of its addressable market.

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 remain unpredictable.

Dr Glen Richards, Chairman, said "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 FY2021 is a reflection of the exemplary group of people we have brought together under the Healthia banner".

Shareholder Briefing

Managing Director Wesley Coote will hold a teleconference on **30 August 2021 at 10:00am (AET)** to brief investors, analysts and other interested parties on the FY2021 results and the outlook for FY2022.

To register for the online investor briefing, please go to: <https://www.healthia.com.au/healthia-live-investor-briefing/>

Should you have any problem registering or joining the session, please contact Principal Investor Relations by calling (03) 8080 5780.

About Healthia

Healthia is Australia's leading allied health care business with a mission is to enrich the lives of its patients through world-class health services.

Since listing on the Australian Stock Exchange in September 2018, Healthia has grown its portfolio of allied health businesses owned from 104 to 217 (as at 30 August 2021), representing portfolio growth of 109%. Healthia currently owns and operates businesses across the following health verticals:

- 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 54 physiotherapy clinics and 14 hand therapy clinics; and
- Eyes and Ears (E&E): comprising 45 optometry stores and 1 wholesale eyewear frame distribution business (trading as AED).

This announcement was authorised for release by the Board of Healthia Limited.

Contact

Investors are encouraged to keep up to date with Healthia news and research by subscribing at: <https://www.healthia.com.au/subscribe>

If you have any further questions, please contact:

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