Healthia Limited and its Controlled Entities
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Healthia Limited
ACN:	626 087 223
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

				Unaudited $'000
Revenues from ordinary activities	up	46.3%	to	200,288
Loss from ordinary activities after tax attributable to the owners of Healthia Limited	down	164.6%	to	(3,329)
Loss for the year attributable to the owners of Healthia Limited	down	164.6%	to	(3,329)
Underlying NPATA[1]	up	3.8%		9,195

[1] 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. A reconciliation from statutory loss from ordinary activities after tax attributable to the owners of Healthia Limited to Underlying NPATA can be found in the Preliminary Financial Report.

	Unaudited 2022 Cents	2021 Cents
Basic earnings per share	(2.82)	6.48
Diluted earnings per share	(2.82)	6.23

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Interim dividend	2.0 cents per share	100%
Previous corresponding period		
Interim dividend	2.0 cents per share	100%
Final dividend	2.5 cents per share	100%

Comments
The loss for the Consolidated Entity after providing for income tax and non-controlling interest amounted to $3,329,000 (30 June 2021: profit of $5,157,000).

The statutory financial performance of the Consolidated Entity was impacted by staff absenteeism and patient and customer cancellations due to COVID, isolated flooding in Southeast Queensland and New South Wales, and one-off non-recurring acquisition, integration and restructuring costs. The Consolidated Entity's Underlying NPATA amounted to $9,195,000 (30 June 2021: profit of $8,861,000).

An overview of the statutory and underlying performance is contained in the attached Preliminary Financial Report of Healthia Limited.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(63.68)	(54.91)

Calculated as follows:

	Consolidated Unaudited 2022 $'000	Consolidated 2021 $'000
Net assets	172,464	92,527
Less: Intangibles	(246,326)	(137,534)
Less: Deferred tax asset	(7,845)	(4,525)
Net tangible assets	(81,707)	(49,532)
Total shares issued	128,316,533	90,205,433

4. Control gained over entities

Refer to note 6 for details of business combinations in the year.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
As at the date of signing the financial report, the Directors of Healthia Limited have 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 the Consolidated Entity.

The Consolidated Entity plans to resume its stated dividend policy, of distributing between 40% to 60% of underlying NPATA, during the next financial year. 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.

An interim dividend of 2.00 cents per share was paid for the period ended 31 December 2021.

Previous period
A final dividend for the year ended 30 June 2021 of 2.50 cents per share was paid on 27 October 2021.

An interim dividend of 2.00 cents per share was paid for the period ended 31 December 2020.

7. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**
Access Ortho Pty Ltd (previously Fracture Holdco Pty Ltd)	40.00%	45.00%	-	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			-	-

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

These financial statements are preliminary and are in the process of being audited.

10. Attachments

Details of attachments (if any):

The Preliminary Financial Report of Healthia Limited for the year ended 30 June 2022 is attached.

11. Signed

Signed

Date: 31 August 2022

Dr Glen Frank Richards
Director

Healthia Limited and its Controlled Entities

ACN 626 087 223

Preliminary Financial Report - 30 June 2022

Contents

Commentary

The loss for the Consolidated Entity after providing for income tax and non-controlling interest amounted to $3.33 million (FY21: profit of $5.16 million). The statutory financial performance of the Consolidated Entity was impacted by staff absenteeism and patient and customer cancellations due to COVID, isolated flooding in Southeast Queensland and New South Wales, and one-off acquisition, integration and restructuring costs.

The Consolidated Entity's underlying net profit after income tax and non-controlling interest but before amortisation from customer lists amounted to $9.20 million (FY21: profit of $8.86 million). A reconciliation between statutory and underlying financial performance is provided below at Table 3.

1. Significant changes in the state of affairs

Significant changes in the state of affairs of the Consolidated Entity during the financial year include:

1. *Acquisitions*

   The Consolidated Entity deployed $111.26 million (FY21: $62.34 million) of capital on 95 new allied health businesses during the Financial Year as set out in Note 6: Business Combinations included in this Preliminary Financial Report.

   Acquisitions completed during the period included the acquisition of the Back In Motion Group ('BIM'), comprising the businesses of the 63 Back In Motion physiotherapy clinics and the shares in BIM IP Pty Ltd, which owned the brands, trademarks and other intellectual property. The Back In Motion clinic acquisitions were settled over the period 5 October 2021 to 23 December 2021.

2. *Capital raising*

   To support the cash consideration and related transaction costs payable for Back in Motion, funds were raised through an Entitlement Offer. The Entitlement Offer was to existing shareholders for $60.00 million and was undertaken via a non-renounceable pro-rata entitlement offer at $1.80 per share and completed on 13 October 2021.

3. *Performance rights*

   On 19 November 2021, the Consolidated Entity granted 1,203,500 unlisted performance rights to key management personnel and other senior managers with a nil grant and exercise price. The performance rights will vest on 18 November 2024 (subject to satisfaction of the relevant vesting conditions) and expire on 31 December 2024. The vesting conditions include a number of performance and service conditions.

2. Impacts from COVID-19 Pandemic

During the financial year, COVID has had a material impact on the financial performance of Healthia, which has in turn, impacted earnings and cash reserves. Whilst the impacts of COVID have not been formally quantified in this report, the major impacts can be broken down into the following four categories:

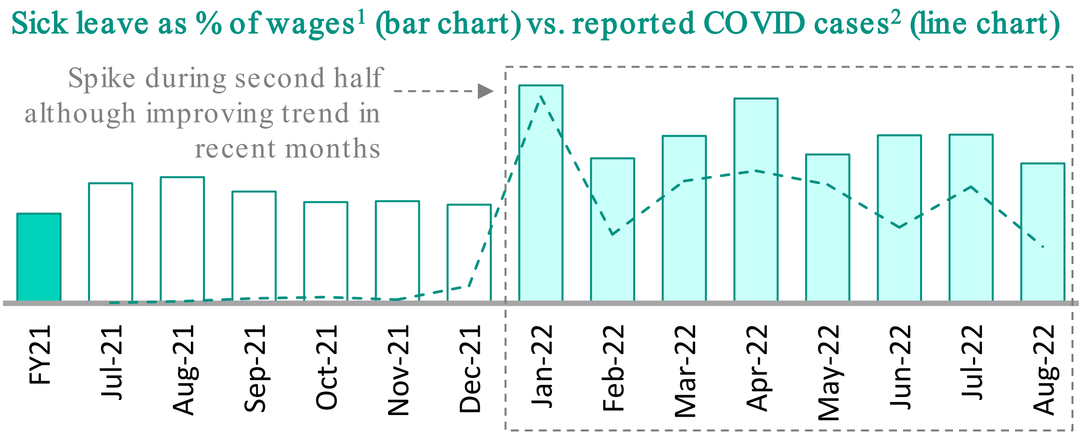
1. *Lockdowns*

   As a result of Healthia providing several essential health care services to the community, the Directors' have at all times made the decision to continue trading from its allied health clinics during restrictive government lockdowns. During the financial year, it is estimated that lockdowns impacted 6,869 clinic trading days for Healthia and minimal changes were made to the trading hours and rosters of Healthia's clinics. The impacts on revenue varied by division and the biggest impacts were experienced by the Eyes & Ears division due to the comparatively higher store concentration to NSW and VIC and the lockdowns experienced in these regions during the first quarter of FY22.

2. *Staff absenteeism*

   Healthia experienced materially higher staff absenteeism due to COVID illness and Government imposed close contact/isolation mandates. The impact from staff absenteeism was significant from December 2021 onwards as close contact and isolation mandates were imposed, and COVID cases escalated with the reopening of state borders. Improvements in staff absenteeism were experienced once the government imposed close contact mandates were redefined to include household members only, followed by further improvements when close contact rules were withdrawn entirely. Chart 1 demonstrates personal leave hours taken as a percentage of total hours incurred over the same corresponding period, compared to total COVID cases per month. Personal leave as a percentage of all hours incurred increased from historical levels of 1.6% to 3.3% in the period 1 January 2022 to 30 June 2022, having an impact on the Consolidated Entity's productivity and patient and customer retention.

Chart 1: Analysis of Sick Leave



Note 1. Sick leave as a % of wages is calculated as total sick leave paid for the month divided by total gross wages paid for the month.

Note 2. 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.

3. Patient and customer appointment cancellations

During the second half of FY22, patient and customer appointment cancellations increased and the rebooking of those cancelled patients and customers to alternate times also decreased. The Directors consider that the majority of these cancellations can be attributed to the following:

a. Healthia staff member absenteeism due to illness and the resulting reduced availability of clinicians to see patients or customers in their absence
b. Patients and customer being ill with COVID
c. Change in consumer behaviour post COVID (i.e. health industries as a whole are more prone to the cancellations of appointments).

4. Clinician retention rates

During the financial year, the Consolidated Entity's clinician retention rate dropped to 83.8% (FY21: 95%), below the target retention rate of at least 90.0%. The reasons have been consistent over the last 3 years, however, the Directors consider that the volume of resignation is higher than normal due to team members not being able to make a number of these decisions. or life changes more generally, due to lockdowns or borders being closed.

3. Financial Overview - Statutory Performance

The Consolidated Entity's unaudited statutory performance is provided in Table 1 below.

Table 1: Statutory Financial Performance

	FY22 $m's	FY21 $m's	Change $m's	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	**(3.3)**	**5.2**	**(8.5)**	**(164.6%)**

Note 1. Net profit after income tax expense, net of Non-Controlling Interest (NCI)

4. Financial Overview – Underlying Performance

To assist users, information about the underlying performance of the Consolidated Entity is presented in Table 2 below which excludes the impact of acquisition and integration costs of the 95 (FY21: 61) allied health businesses acquired during the period and is adjusted for other one-off non-recurring income and expenses. The Directors believe that this information is useful for investors and shareholders as it presents the Consolidated Entity's financial performance as if these non-recurring transactions or circumstances had not occurred.

The Consolidated Entity's underlying performance is provided on an unaudited basis in Table 2 and a reconciliation between statutory and underlying performance is provided further below in Table 3.

Table 2: Underlying Financial Performance

	FY22[2] $m's	FY21[2] $m's	Change $m's	Change %
Underlying Revenue[1]	202.8	140.4	62.4	44.4%
Underlying EBITDA[3,4] (removing impact of AASB16)	24.5	21.5	3.0	14.3%
Underlying NPATA[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%
Underlying NPATA attributable to the owners of Healthia Limited (removing impact of AASB16)[5]	**9.2**	**8.9**	**0.3**	**3.80%**
Underlying EBITDA margin (removing impact of AASB16)[3,4]	12.1%	15.3%	(3.2%)	(319)bps
Underlying NPATA margin (removing impact of AASB16)[5]	4.5%	6.3%	(1.8%)	(177)bps
Underlying Basic EPS (cents, removing impact of AASB16)[7]	7.8cps	11.1cps	(3.3)cps	(29.9%)
NCI/ Underlying NPATA[8]	28.5%	25.3%	3.30%	328bps

Note 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).*

Note 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.*

Note 3. *Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation. Underlying EBITDA has not been audited.*

Note 4. *Underlying EBITDA 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.*

Note 5. *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.*

Note 6. *The net post-tax P&L impact of the new leasing standard, AASB16, has been added back to NPATA 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.*

Note 7. *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 (FY22: 117.9M, FY21: 79.6M). Underlying EPS has not been audited.*

Note 8. *Non-Controlling Interest divided by Underlying NPATA. NCI/ Underlying NPATA has not been audited.*

5. Financial Overview - Reconciliation from Underlying NPATA to Statutory NPAT

A reconciliation of underlying NPATA to statutory NPAT performance is detailed in Table 3 below.

Table 3: Reconciliation of Underlying EBITDA to Statutory NPAT

	FY22 $m's	FY21 $m's
EBITDA(u) (pre-AASB16)	**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)[1]	**9.2**	**8.9**
Less: COVID-19 related expenses[2]	(3.4)	(2.1)
Less: Acquisition costs[3]	(6.9)	(3.4)
Less: Integration costs[4]	(1.5)	(0.8)
Less: Restructuring costs and discontinued operations[5]	(2.2)	-
Less: Share-based payments expense and associated costs[6]	(1.4)	(1.1)
Less: Amortisation[7]	(1.7)	(1.0)
Less: Net impact of AASB16[8]	(0.9)	(0.6)
Less: NCI attributed to Jobkeeper	-	(1.0)
Less: Bad debt expense	-	(0.1)
Add: Fair value movements of contingent consideration[9]	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)**	**5.2**

Note 1. *Underlying NPATA Definition*

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.

Note 2. *COVID Related Expenses*

The Consolidated Entity incurred $3.38 million (FY21: $2.10 million) of costs directly related to COVID. These costs included COVID related sick leave and other costs directly attributable to COVID during the period.

Note 3. *Acquisition Costs*

The Consolidated Entity incurred one-off acquisition costs of $6.86 million (FY21: $3.42 million) in relation to the acquisition of the 95 allied health businesses acquired. Acquisition costs include but are not limited to external legal, financial and taxation professional advisory services, stamp duty and other acquisition compliance costs, property lease assignment costs and directly attributable wage costs.

When calculated as a percentage of capital deployed for the period ($111.26 million), 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.

Note 4. *Integration Costs*

The Consolidated Entity incurred costs of $1.52 million for the integration of the Back In Motion Group during the period. Integration of the Back In Motion group was more costly than originally anticipated. 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.

Note 5. *Restructuring Costs and Discontinued Operations*

Restructuring costs of $2.22 million 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.

Note 6. *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.

Note 7. *Amortisation*

Amortisation of customer lists and software intangibles during the current period.

Note 8. *Net impact of AASB16*

AASB 16 '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 $17.8 million, depreciation expense increased by $16.0 million, and finance costs increased by $3.1 million.

Note 9. *Fair Value movements of Contingent Consideration*

Fair value adjustment associated with the reversal of contingent consideration which is no longer expected to be achieved due to lower than expected trading from COVID restrictions and lockdowns.

6. Financial Overview – Underlying Cash Flow

The Consolidated Entity has consistently delivered strong cash flow conversion. As shown in Table 4 below, the underlying cash flow conversion was 95.9% for the period (FY21: 84.2%).

Table 4: Underlying Cash Flow

	FY22 $m's	FY21 $m's
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 interests	(3.4)	(4.5)
Capital expenditure	(4.1)	(2.9)
Underlying free cash flow[7]	**9.2**	**3.8**

Note 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.*

Note 2. *Underlying EBITDA excludes the impact from the adoption of AASB16 on lease payments of $17.8M (FY21: $11.4M).*

Note 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).*

Note 4. *Cash conversion % is calculated as EBITDA(u) (pre-AASB16) dividend by Underlying operating cash flow (pre-tax, ungeared).*

Note 5. *Finance costs include the finance and interest charged on the bank debt only and excludes interest associated with the accounting for AASB16.*

Note 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).*

Note 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.*

Healthia Limited and its Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated Unaudited 2022 $'000	Consolidated 2021 $'000
Revenue from contracts with customers		200,288	136,946
Other income		2,496	9,080
Fair value movement of contingent consideration		1,550	-
Expenses			
Changes in inventories		2,527	4,279
Raw materials and consumables used		(20,785)	(18,194)
Employee benefits expense		(129,189)	(82,833)
Occupancy costs		(4,758)	(3,402)
Marketing costs		(3,218)	(1,837)
Other expenses		(11,335)	(7,356)
Impairment of receivables		(268)	(271)
Acquisition costs		(5,219)	(3,415)
Integration and restructuring costs		(2,183)	(793)
Share-based payments expense		(1,395)	(1,180)
Depreciation expense		(19,341)	(13,183)
Amortisation expense		(1,685)	(1,017)
Finance costs		(5,895)	(3,674)
Profit before income tax expense		1,590	13,150
Income tax expense		(1,247)	(3,973)
Profit after income tax expense for the year		343	9,177
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		343	9,177
Profit for the year is attributable to:			
Non-controlling interest		3,672	4,020
Owners of Healthia Limited		(3,329)	5,157
		343	9,177
Total comprehensive income for the year is attributable to:			
Non-controlling interest		3,672	4,020
Owners of Healthia Limited		(3,329)	5,157
		343	9,177
		Cents	Cents
Basic earnings per share	7	(2.82)	6.48
Diluted earnings per share	7	(2.82)	6.23

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Healthia Limited and its Controlled Entities
Consolidated statement of financial position
As at 30 June 2022

	Note	Consolidated Unaudited 2022 $'000	2021 $'000
Assets			
Current assets			
Cash and cash equivalents		5,666	5,816
Trade and other receivables		8,050	4,779
Inventories		10,532	8,005
Income tax		97	-
Other assets		3,106	2,200
Total current assets		27,451	20,800
Non-current assets			
Investments accounted for using the equity method		19	19
Property, plant and equipment		17,075	12,320
Right-of-use assets		59,073	40,345
Intangibles		246,326	137,534
Deferred tax		7,845	4,525
Total non-current assets		330,338	194,743
Total assets		357,789	215,543
Liabilities			
Current liabilities			
Trade and other payables		18,864	11,800
Borrowings		1,954	1,674
Lease liabilities		17,116	11,212
Income tax		-	3,668
Employee benefit obligations		11,318	6,840
Provisions		357	310
Other liabilities		2,894	1,745
Total current liabilities		52,503	37,249
Non-current liabilities			
Borrowings		77,115	48,330
Lease liabilities		46,853	32,907
Derivative financial instruments		14	240
Employee benefit obligations		904	660
Provisions		2,975	1,648
Other liabilities		4,961	1,982
Total non-current liabilities		132,822	85,767
Total liabilities		185,325	123,016
Net assets		172,464	92,527
Equity			
Issued capital	4	146,213	79,578
Reserves		(2,124)	(3,519)
Retained profits/(accumulated losses)		(7,801)	320
Equity attributable to the owners of Healthia Limited		136,288	76,379
Non-controlling interest		36,176	16,148
Total equity		172,464	92,527

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Healthia Limited and its Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020	49,884	(4,190)	(1,793)	13,955	57,856
Profit after income tax expense for the year	-	-	5,157	4,020	9,177
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	5,157	4,020	9,177
Transactions with owners in their capacity as owners:					
Contribution of equity, net of transaction cost (note 4)	12,596	-	-	-	12,596
Issue of performance rights	-	1,180	-	-	1,180
Issue of ordinary shares as consideration for business combinations (note 6)	13,448	-	-	-	13,448
Issue of ordinary shares as part of Dividend Reinvestment Plan (note 4)	3,044	-	-	-	3,044
Issue of ordinary shares as consideration for acquisition of non-controlling interest	606	-	-	-	606
Contributions of clinic class shares	-	-	-	2,767	2,767
Issue of clinic class shares as consideration for business combinations (note 6)	-	-	-	1,584	1,584
Buy-back of clinic class shares	-	-	-	(1,707)	(1,707)
Transactions with non-controlling interests	-	(509)	-	-	(509)
Distributions paid to non-controlling interest	-	-	-	(4,471)	(4,471)
Dividends paid (note 5)	-	-	(3,044)	-	(3,044)
Balance at 30 June 2021	79,578	(3,519)	320	16,148	92,527

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Healthia Limited and its Controlled Entities
Consolidated statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021	79,578	(3,519)	320	16,148	92,527
Profit/(loss) after income tax expense for the year	-	-	(3,329)	3,672	343
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(3,329)	3,672	343
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 4)	58,128	-	-	-	58,128
Issue of performance rights	-	1,395	-	-	1,395
Issue of ordinary shares as consideration for business combinations (note 6)	5,771	-	-	-	5,771
Issue of ordinary shares as part of Dividend Reinvestment Plan (note 4)	2,736	-	-	-	2,736
Contributions of clinic class shares	-	-	-	1,154	1,154
Issue of clinic class shares as consideration for business combinations (note 6)	-	-	-	18,816	18,816
Buy-back of clinic class shares	-	-	-	(220)	(220)
Distributions paid to non-controlling interest	-	-	-	(3,394)	(3,394)
Dividends paid (note 5)	-	-	(4,792)	-	(4,792)
Balance at 30 June 2022	146,213	(2,124)	(7,801)	36,176	172,464

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Healthia Limited and its Controlled Entities
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated Unaudited 2022 $'000	Consolidated 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		198,056	139,928
Payments to suppliers (inclusive of GST)		(171,345)	(115,618)
		26,711	24,310
Interest received		1	5
Government grants (Covid-19)		622	10,792
Interest and other finance costs paid		(5,895)	(3,674)
Income taxes paid		(3,770)	(5,155)
Net cash from operating activities		17,669	26,278
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	6	(79,456)	(39,737)
Payments of contingent and deferred business purchases consideration		(1,470)	(3,719)
Payment for acquisition of non-controlling interest		-	(446)
Payments for property, plant and equipment		(4,052)	(2,919)
Payments for intangibles		-	(310)
Proceeds from disposal of property, plant and equipment		50	-
Net cash used in investing activities		(84,928)	(47,131)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	4	62,570	16,271
Share issue transaction costs		(2,677)	(631)
Proceeds from issue of clinic class shares		1,154	2,767
Buy-back of clinic class shares		(220)	(1,707)
Proceeds from borrowings		29,065	21,595
Repayment of lease liabilities		(14,877)	(10,044)
Dividends paid to non-controlling interest		(3,394)	(4,471)
Dividends paid	5	(4,792)	(3,044)
Proceeds from related party loan		-	100
Net cash from financing activities		66,829	20,836
Net decrease in cash and cash equivalents		(430)	(17)
Cash and cash equivalents at the beginning of the financial year		4,142	4,159
Cash and cash equivalents at the end of the financial year (net of overdraft)		3,712	4,142

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Healthia Limited as a consolidated entity consisting of Healthia Limited ('Company', 'Healthia' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to in these financial statements as the 'Consolidated Entity'). The financial statements are presented in Australian dollars, which is Healthia Limited's functional and presentation currency.

Healthia Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, East Tower
25 Montpelier Road
Bowen Hills QLD 4006

Note 2. Significant accounting policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by Healthia Limited during the reporting period in accordance with the continuous disclosure requirements of Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The preliminary financial report, comprising the financial statements and notes of Healthia Limited and its controlled entities, complies with the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The principal accounting policies adopted in the preparation of the preliminary financial report are consistent with those of the previous financial year.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Note 3. Operating segments

Identification of reportable operating segments
The Consolidated Entity has three operating segments: Feet & Ankles, Bodies & Minds and Eyes & Ears.

These operating segments are based on the internal reports reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The 'other' category comprises of corporate functions.

The CODM reviews underlying EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). Underlying EBITDA also excludes the impact of acquisition and integration costs, the revenue and expense impacts of 'COVID-19' and other one-off non-recurring income and expenses. Underlying EBITDA is reported on a pre-AASB16 basis, with property lease costs recognised as standard occupancy costs.

The Consolidated Entity has included underlying EBITDA. This measure is not defined under IFRS and are, therefore, termed "non-IFRS" measures and are not audited.

The information is reported to the CODM on a monthly basis.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Feet and Ankles Division	This division provides podiatry services and podiatry related services including the manufacturing and sale of orthotics and podiatry related products.
Bodies and Minds Division	This division provides physiotherapy and speciality hand therapy services.
Eyes and Ears Division	This division provides optometry and audiology services.

Note 3. Operating segments (continued)

Presentation of revenue and results
Underlying results exclude the impact of non-recurring income and expenses such as acquisition and integration costs. Underlying EBITDA is reported on a pre-AASB16 basis, with property lease costs recognised as standard occupancy costs.

Operating segment information

Consolidated - Unaudited 2022	Feet & Ankles $'000	Bodies & Minds $'000	Eyes & Ears $'000	Other* $'000	Total $'000
Revenue					
Sales to external customers	53,183	109,849	37,256	-	200,288
Total revenue	53,183	109,849	37,256	-	200,288
EBITDA - underlying	8,662	18,580	9,252	(11,956)	24,538
Addback property lease costs (**)	5,129	8,837	3,829	-	17,795
Depreciation and amortisation expense	(6,175)	(10,206)	(4,644)	-	(21,025)
Share-based payments expense	-	-	-	(1,395)	(1,395)
Finance costs	-	-	-	(5,895)	(5,895)
COVID related expenses	-	-	-	(3,383)	(3,383)
Acquisition costs	-	-	-	(6,859)	(6,859)
Integration and restructuring costs	-	-	-	(3,736)	(3,736)
Fair value movement of contingent consideration	-	-	-	1,550	1,550
Profit/(loss) before income tax expense	7,616	17,211	8,437	(31,674)	1,590
Income tax expense					(1,247)
Profit after income tax expense					343

* The 'Other' category comprises corporate functions and does not represent an operating segment.

** Property lease costs are included in the underlying EBITDA reported to the CODM. This reporting is not consistent with AASB 16, which requires leases to be presented on the statement of financial position, with the associated expenses to be recognised as depreciation and finance costs. The property lease costs are therefore added back in this reconciliation between underlying EBITDA and statutory profit/(loss).

Consolidated - 2021	Feet & Ankles $'000	Bodies & Minds $'000	Eyes & Ears $'000	Other* $'000	Total $'000
Revenue					
Sales to external customers	57,363	59,258	20,325	-	136,946
Total revenue	57,363	59,258	20,325	-	136,946
EBITDA - underlying	13,141	10,635	5,794	(8,102)	21,468
Addback property lease costs (**)	4,897	4,440	2,096	-	11,433
Depreciation and amortisation expense	(6,285)	(4,899)	(3,016)	-	(14,200)
Share-based payments expense	-	-	-	(1,180)	(1,180)
Finance costs	-	-	-	(3,674)	(3,674)
COVID related expenses	-	-	(2,102)	-	(2,102)
Acquisition and integration costs	-	-	-	(4,208)	(4,208)
JobKeeper excluded from Underlying EBITDA	1,408	3,262	943	-	5,613
Profit/(loss) before income tax expense	13,161	13,438	3,715	(17,164)	13,150
Income tax expense					(3,973)
Profit after income tax expense					9,177

* The 'Other' category comprises corporate functions and does not represent an operating segment.

** Property lease costs are included in the underlying EBITDA reported to the CODM. This reporting is not consistent with AASB 16, which requires leases to be presented on the statement of financial position, with the associated expenses to be recognised as depreciation and finance costs. The property lease costs are therefore added back in this reconciliation between underlying EBITDA and statutory profit/(loss).

Note 3. Operating segments (continued)

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 4. Issued capital

	Consolidated			
	Unaudited 2022 Shares '000	2021 Shares '000	Unaudited 2022 $'000	2021 $'000
Ordinary shares - fully paid	128,316	90,205	146,213	79,578

Movements in ordinary share capital

Details	Date	Shares '000	Issue price	$'000
Balance	1 July 2020	63,035		49,884
Issue of ordinary shares - Dividend Reinvestment Plan	24 September 2020	1,156	$0.99	1,147
Issue of ordinary shares - Dividend Reinvestment Plan	28 September 2020	115	$0.99	114
Issue of ordinary shares - Retail Entitlement Offer	3 November 2020	9,984	$0.95	9,485
Issue of ordinary shares - Institutional Entitlement Offer	17 November 2020	3,939	$0.95	3,742
Issue of ordinary shares - acquisition of The Optical Company (refer to note 6)	30 November 2020	9,400	$1.29	12,126
Issue of ordinary shares - acquisition of the non-controlling interest	1 December 2020	469	$1.29	606
Issue of ordinary shares - acquisition of Natural Fit Footwear (refer to note 6)	17 December 2020	1,066	$1.24	1,322
Issue of ordinary shares - Dividend Reinvestment Plan	23 March 2021	1,041	$1.71	1,783
Share issue transaction costs (net of tax)				(631)
Balance	30 June 2021	90,205		79,578
Issue of ordinary shares - Institutional Entitlement Offer	28 September 2021	24,717	$1.80	44,491
Issue of ordinary shares - acquisition of businesses	5 October 2021	3,069	$1.80	5,525
Issue of ordinary shares - acquisition of businesses	12 October 2021	65	$1.78	116
Issue of ordinary shares - acquisition of businesses	12 October 2021	55	$1.78	97
Issue of ordinary shares - Retail Entitlement Offer	13 October 2021	8,634	$1.80	15,542
Issue of ordinary shares - Dividend Reinvestment Plan	28 October 2021	106	$1.87	199
Issue of ordinary shares - acquisition of businesses	30 November 2021	16	$2.15	33
Issue of ordinary shares - Dividend Reinvestment Plan	24 March 2022	1,449	$1.75	2,537
Share issue transaction costs (net of tax)				(1,905)
Balance	30 June 2022	128,316		146,213

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Issued capital (continued)

Capital risk management
The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's share price at the time of the investment.

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 5. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	Unaudited 2022 $'000	2021 $'000
Interim dividend for the year ended 30 June 2022 of 2.0 cents per ordinary share	2,537	-
Final dividend for the year ended 30 June 2021 of 2.5 cents per ordinary share	2,255	-
Interim dividend for the year ended 30 June 2021 of 2.0 cents per ordinary share	-	1,783
Final dividend for the year ended 30 June 2020 of 2.0 cents per ordinary share	-	1,261
	4,792	3,044

As at the date of signing the financial report, the Directors of Healthia Limited have 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 the Consolidated Entity.

The Consolidated Entity plans to resume its stated dividend policy, of distributing between 40% to 60% of underlying NPATA, during the next financial year. 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.

Note 5. Dividends (continued)

Franking credits

	Consolidated	
	Unaudited	
	2022	2021
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	10,388	10,479

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 6. Business combinations

2022

Acquisition of The Back in Motion Group (Bodies & Minds Division)
On 20 September 2021, it was announced that the Consolidated Entity had entered binding agreements to acquire the Back In Motion Health Group (BIM), comprising the businesses of the 63 Back In Motion physiotherapy clinics and the shares in BIM IP Pty Ltd, which owned the brands, trademarks and other intellectual property.

The Back In Motion clinic acquisitions were settled over the period to 5 October 2021 through 23 December 2021 as landlord consents and other conditions precedent were satisfied.

The goodwill is attributable mainly to the skills, technical talent and established clinics chain of BIM's work force and the synergies expected to be achieved from integrating the company into the Group's existing Health Industry business. None of the goodwill recognised is expected to be deductible for tax purposes.

Initial consideration paid for the acquisitions was $87.65 million including $64.52 million in cash consideration, $15.66 million in Clinic Class Share consideration, $5.77 million in ordinary Healthia Limited share consideration and $1.70 million payable in deferred consideration. In addition, a fair value of $4.01 million payable in contingent consideration may become payable between 12 and 36 months after the completion date.

HLA shares were issued to the Vendors and are subject to voluntary escrow for 24 months.

For the 12 month period ended 30 June 2022, BIM contributed revenue of $39.12 million and EBITDA of $5.93 million (less lease payments or pre-AASB 16 change) to the Group. If these acquisitions had been held for a full 12 months period (by extrapolating the actual performance), the acquired businesses would have contributed revenue of $57.16 million and EBITDA (less lease payments or pre-AASB 16 change) of $8.37 million to the Consolidated Entity.

Acquisition of PhysioWorks Group (Bodies and Minds Division)
The Consolidated Entity acquired the business named PhysioWorks, a group of five physiotherapy businesses located in South East Queensland. Initial consideration paid for the acquisition was $2.21 million including $1.81 million in cash consideration and $0.41 million in Clinic Class Shares consideration.

For the 12 month period ended 30 June 2022, the acquired businesses contributed revenue of $1.35 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.07 million to the Consolidated Entity. If these acquisitions had been held for a full 12 month period (by extrapolating the actual performance), the acquired businesses would have contributed revenue of $2.28 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.12 million to the Consolidated Entity.

Note 6. Business combinations (continued)

Acquisition of Other Bodies and Minds Clinics
The Consolidated Entity acquired an additional 11 physiotherapy and hand therapy clinics during the current period. Initial consideration paid for acquisitions was $8.77 million including $6.06 million in cash consideration, $2.71 million in Clinic Class Shares, with up to an additional $1.06 million in contingent consideration.

For the 12 month period ended 30 June 2022, the acquired businesses contributed revenue of $7.78 million and EBITDA (less lease payments or pre-AASB 16 change) of $1.47 million to the Consolidated Entity. If these acquisitions had been held for a full 12 month period (by extrapolating the actual performance), the acquired businesses would have contributed revenue of $11.82 million and EBITDA (less lease payments or pre-AASB 16 change) of $2.21 million to the Consolidated Entity.

Acquisition of LensPro Group (Eyes and Ears Division)
During the current period, the Consolidated Entity acquired the LensPro Optometrists Group comprising 8 optical stores. Initial consideration paid for acquisition was $6.49 million in cash consideration, with up to an additional $0.33 million in contingent consideration.

For the 12 month period ended 30 June 2022, the LensPro Group contributed revenue of $1.89 million and EBITDA of $0.30 million (less lease payments or pre-AASB 16 change) to the Consolidated Entity. If these acquisitions had been held for a full 12 month period (by extrapolating the actual performance), the acquired businesses would have contributed revenue of $5.65 million and EBITDA of $0.89 million to the Consolidated Entity.

Acquisition of Other Eyes and Ears stores
The Consolidated Entity acquired additional 4 optical stores during the current period. Initial consideration paid for acquisition was $0.60 million including $0.56 million in cash consideration and $0.04 million in Clinic Class Shares, with up to an additional $0.13 million in contingent consideration.

For the 12 month period ended 30 June 2022, the acquired businesses contributed revenue of $1.37 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.25 million to the Consolidated Entity. If these acquisitions had been held for a full 12 month period (by extrapolating the actual performance), the acquired businesses would have contributed revenue of $1.82 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.038 million to the Consolidated Entity.

Acquisition of Other Feet and Ankles Clinics
The Consolidated Entity acquired an additional 1 podiatry clinic during the current period. Total consideration paid for the acquisition was $0.016 million in cash consideration. The acquired clinic was merged into surrounding clinics owned by the Consolidated Entity and as such, no stand alone earnings are able to be reported for the period.

Acquisition rationale
All acquisitions made during the period were consistent with the Consolidated Entity's stated strategic objective of acquiring and integrating allied health clinics. Given the fragmented nature of the targeted allied health industries, acquisitions will continue to be a central pillar of the Consolidated Entity's growth strategy.

Note 6. Business combinations (continued)

Details of the acquisitions are as follows:

	Feet & Ankles Division	Bodies and Minds Division			Eyes & Ears Division		
	Others Fair value $'000	Physio Works Fair value $'000	BIM Fair value $'000	Others Fair value $'000	LensPro Fair value $'000	Others Fair value $'000	Total $'000
Trade receivables	-	-	821	-	-	-	821
Inventories	1	49	764	146	291	103	1,354
Other assets	-	6	407	61	22	-	496
Plant and equipment	8	123	2,811	508	947	255	4,652
Right-of-use assets	18	432	13,146	2,813	2,529	466	19,404
Brands	-	-	4,600	-	-	-	4,600
Customer lists	-	109	3,400	396	300	80	4,285
Deferred tax asset	5	154	5,008	952	843	162	7,124
Deferred tax liability	(5)	(162)	(4,680)	(963)	(849)	(164)	(6,823)
Employee benefits	-	(82)	(3,525)	(362)	(282)	(74)	(4,325)
Lease liability	(18)	(215)	(3,354)	(541)	(756)	(114)	(4,998)
Lease liability - non-current	-	(217)	(9,792)	(2,272)	(1,773)	(352)	(14,406)
Other liabilities	(11)	(56)	(2,109)	(179)	(107)	(53)	(2,515)
Net assets/(liabilities) acquired	(2)	141	7,497	559	1,165	309	9,669
Goodwill	18	2,073	84,160	9,268	5,656	421	101,596
Acquisition-date fair value of the total consideration transferred	16	2,214	91,657	9,827	6,821	730	111,265
Representing:							
Cash paid or payable to vendor	16	1,807	64,515	6,062	6,492	564	79,456
Healthia Limited shares issued to vendor	-	-	5,771	-	-	-	5,771
Contingent consideration	-	-	4,010	1,055	329	128	5,522
Deferred consideration	-	-	1,700	-	-	-	1,700
Clinic Class Shares issued to vendor(s)	-	407	15,661	2,710	-	38	18,816
	16	2,214	91,657	9,827	6,821	730	111,265
Cash used to acquire business, net of cash acquired:							
Acquisition-date fair value of the total consideration transferred	16	2,214	91,657	9,827	6,821	730	111,265
Less: contingent consideration	-	-	(4,010)	(1,055)	(329)	(128)	(5,522)
Less: deferred consideration	-	-	(1,700)	-	-	-	(1,700)
Less: shares issued by Company as part of consideration	-	-	(5,771)	-	-	-	(5,771)
Less: Clinic Class Shares issued to vendor(s)	-	(407)	(15,661)	(2,710)	-	(38)	(18,816)
Net cash used	16	1,807	64,515	6,062	6,492	564	79,456

Note 6. Business combinations (continued)

Goodwill arising from business combinations is attributed to the reputation of the business in their local market, the benefit of marginal profit and synergies expected to be received by integrating into the Consolidated Entity's systems, expected revenue growth, future market development, the assembled workforce and knowledge of the local markets. These benefits are not able to be individually identified or recognised separately from goodwill.

Accounting policy for business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 7. Earnings per share

	Consolidated	
	Unaudited 2022 $'000	2021 $'000
Profit after income tax	343	9,177
Non-controlling interest	(3,672)	(4,020)
Profit/(loss) after income tax attributable to the owners of Healthia Limited	(3,329)	5,157

Note 7. Earnings per share (continued)

	Number '000	Number '000
Weighted average number of ordinary shares used in calculating basic earnings per share	117,892	79,627
Adjustments for calculation of diluted earnings per share:		
Performance rights*	-	3,204
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,892	82,831

	Cents	Cents
Basic earnings per share	(2.82)	6.48
Diluted earnings per share	(2.82)	6.23

* 3,943,000 performance rights have been excluded from the above calculation of diluted earnings per share for the current year as the Consolidated Entity has incurred losses meaning their inclusion would be anti-dilutive.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Healthia Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 8. Other Significant Information

There is no other significant information in addition to the information that has been included in this report in relation to the company’s financial performance or financial position.

Note 9. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 10. Audit Status

These financial statements are preliminary and are in the process of being audited.