

ASX ANNOUNCEMENT

6 June 2022

HEALTHIA PROVIDES FY22 FORECAST FINANCIAL PERFORMANCE, MAINTAINS FY23 EARNINGS GUIDANCE AND ACQUISITION UPDATE

FY22 FORECAST FINANCIAL PERFORMANCE (UNAUDITED)

Healthia Limited (**Healthia** or the **Company**) provides the below unaudited forecast financial performance for the 12-month period ended 30 June 2022 (**FY22**):

Table 1: Forecast Financial Performance for FY22 (unaudited)

\$ million	FY22 Forecast Range	FY21 Actual
Revenue	\$195.0 - \$200.0	\$140.4
EBITDA(s)	\$30.0 - \$32.5	\$30.4
EBITDA(u) (pre-AASB16)	\$22.5 - \$25.0	\$21.5
EBITDA(u) (pre-AASB16) margin (%)	11.5% - 12.5%	15.3%

Refer to Definition Table on page 3

Healthia notes the following in relation to the forecast financial performance for FY22:

- Since reporting financial results for the 6-month period ended 31 December 2021 (**H122**), Healthia has experienced varying COVID impacts on a month-by-month basis which has driven increased patient appointment cancellations and significant team member absenteeism due to illness and isolations resulting from COVID. This is in addition to the circa 6,869 clinic trading days previously reported as being impacted during H122 as a result of Government imposed lockdowns and restrictions.
- During H222, Healthia has seen continued impacts to its trading conditions and financial performance largely due to increased patient cancellations, abnormally high staff absenteeism, labour market challenges and isolated flooding events. These impacts have been seen across each of the Bodies and Minds, Feet and Ankles and Eyes and Ears divisions in Healthia including the Back In Motion clinics and other recent acquisitions. Notwithstanding some ongoing COVID related impacts, Healthia believes trading conditions and financial performance over the past several weeks are now at a level that provides greater certainty enabling Healthia to provide this forecast.
- FY22 has been a significant year for Healthia, during which it positioned itself as one of Australia's largest providers of allied health services with over 300 allied health businesses across Australia and New Zealand. During FY22, Healthia successfully completed the acquisition of the 63 Back In Motion group clinics and has committed and deployed a total of \$112.5m capital on acquisitions, as set out in Table 2 below.

Healthia will announce its final FY22 audited results on or before the 31st of August 2022.

EARNINGS OUTLOOK

Healthia refers to its announcement on 28 February 2022 and maintains its previous earnings guidance that it is expecting to commence FY23 with an annualised portfolio of greater than \$40.0 million of EBITDA(u) (pre-AASB-16). To provide some clarity to shareholders on how the earnings guidance has been determined, Healthia has made the following assumptions:

- That the past several weeks of trading conditions and financial performance have provided greater certainty to Healthia notwithstanding ongoing COVID related impacts.

- That there will be no unforeseen material change to the trading impacts as a result of COVID from those currently being experienced.
- That the ongoing impacts from patient cancellations and staff absenteeism will continue to improve compared to H222 to date.
- While some staff movements have been considered, the earnings guidance assumes that there will be no material changes to Healthia's clinician retention rates compared to those already experienced in H222.
- Whilst Healthia has deployed \$112.5m capital on new acquisitions and acquired \$16.8m of EBITDA(u) (pre-AASB-16) during FY22 (refer Table 2 below), earnings from each acquisition are included in FY22 from the date of settlement (i.e. only a part period of acquisitions performance is recognised in FY22). Therefore, FY23 earnings guidance includes a full 12-months financial contribution from the acquisitions settled in FY22.
- Healthia notes that the earnings guidance does not include any acquisitions which are yet to reach completion and any expectations around acquisitions to be made by Healthia during FY23 in line with its acquisitive growth forecast as set out below.

ACQUISITION UPDATE FY22 – NEW ACQUISITIONS

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

- Bay Hand Therapy, a hand therapy business located in Beaumaris, Victoria (1 clinic); and
- Sunshine Coast Hand Therapy, a hand therapy business located on the Sunshine Coast, Queensland (2 clinics).

The Acquisitions are expected to contribute the following annualised earnings¹ to Healthia:

Revenue	\$1.58 million
EBITDA(u) ¹	\$0.43 million

Total consideration for the Acquisitions (subject to completion adjustments²) is as follows:

Upfront cash consideration	\$1.26 million
Issue of Clinic Class Shares	<u>\$0.44 million</u>
Total upfront consideration	\$1.70 million

The Acquisitions will be funded through existing cash reserves and the Company's finance facility with ANZ, NAB and BOQ.

ACQUISITION SUMMARY – FY22 YEAR TO DATE

Completion of the Acquisitions takes the total capital that Healthia has committed and deployed on new acquisitions during FY22 to \$112.5 million. This is further detailed in Table 2 below.

Table 2: Summary of acquisitions settled and/or announced during FY22

	Revenue	EBITDA(u)	Total Consideration	EBITDA Multiple
	\$ million	\$ million	\$ million	x Multiple
Back In Motion	\$62.3	\$12.2	\$91.7	7.5x
Settled H122	\$13.4	\$2.4	\$10.5	4.5x
Settled or announced in H222	\$11.4	\$2.2	\$10.3	4.6x
Total	\$87.1	\$16.8	\$112.5	6.7x

During FY22, Healthia will only recognise the financial contribution of the above acquisitions from the date of settlement (i.e. only a part period of acquisitions performance is recognised in FY22). Therefore, during FY23, Healthia will realise a full 12-month financial contribution from the acquisitions settled in FY22 as detailed in Table 2.

During FY22, \$10.5 million was deployed on acquisitions in H122 (excluding the acquisition of Back In Motion) and a further \$10.3 million in binding agreements has since been settled or announced in H222, taking the total capital deployed on acquisitions (excluding Back In Motion) to \$20.8 million.

¹ EBITDA(u) includes the approximate 25% economic interest continued to be owned by Clinic Class Shareholders.

² 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.

Based on the above, Healthia is pleased to announce that it has exceeded its previously disclosed target of deploying \$20m capital during FY22.

ACQUISITIVE GROWTH FORECAST FY23

With a focus on becoming Australia's leading diversified allied health company, Healthia will continue to focus on growth through strategic acquisitions while also focusing on integrating its newly acquired businesses and executing on organic growth activities. Given the large current pipeline of potential acquisition opportunities, Healthia remains confident of deploying the stated capital target of greater than \$20.0 million on new acquisitions in FY23.

It is expected that future acquisitions will be funded through a combination of existing cash reserves, Clinic Class Shares and Healthia's finance facility with ANZ, NAB and BOQ.

CONTACT

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

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DEFINITIONS

Term	Definition
AASB-16	Accounting standard AASB16 Leases.
Clinic Class Shares	Clinic Class Shares are non-voting shares issuable by certain subsidiaries of Healthia. 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.
EBITDA(s)	EBITDA equals earnings before interest, tax, depreciation and amortisation and is a non-IFRS measure. Statutory EBITDA or EBITDA(s) accounts for AASB16.
EBITDA(u)	EBITDA equals earnings before interest, tax, depreciation and amortisation and is a non-IFRS measure. Underlying EBITDA or EBITDA(u) reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of Healthia, in accordance with AICD/Finsia principles of recording underlying profit. It includes the approximate 25% economic interest continued to be owned by Clinic Class Shareholders. EBITDA(u) is presented on a pre-AASB16 basis including property lease payments as an expense and excludes material one-off expenses, including COVID related expenses and acquisitions, integration and restructure costs from the recent Back In Motion acquisition.
FY21	12-month financial year ended 30 June 2021.
FY22	12-month financial year ended 30 June 2022.
FY23	12-month financial year ended 30 June 2023.
H122	Half year period from 1 July 2021 to 31 December 2021.
H222	Half year period from 1 January 2022 to 30 June 2022.
Pre-AASB-16	Presented on a pre-AASB16 basis including property lease payments as an expense.

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