

# ASX ANNOUNCEMENT

28 February 2023

## HEALTHIA ANNOUNCES HALF-YEAR 2023 RESULTS AND INTERIM DIVIDEND

Healthia Limited (**Healthia** or the **Company**) is pleased to announce its results and key highlights for the half-year period ended 31 December 2022 (**H123**) as follows:

### HIGHLIGHTS

- Underlying Revenue growth during H123 increased to \$124.9 million, or by 34.3% on prior period (H122: \$93.0 million).
- Organic Revenue for the period grew by 5.4% within Healthia's target range of 3%-6% per annum.
- EBITDA(u) increased to \$18.1 million, or by 48.2% on prior period (H122: \$12.2 million).
- \$8.3 million of capital deployed to acquire 10 physiotherapy clinics and 2 hand therapy clinics.
- \$1.9 million of capital deployed to expand service offerings within 8 of the Company's existing locations.
- In October 2022, Healthia ran its biannual integrated allied health conference, Inspired 2022. The conference is a key staff retention strategy for the group and was attended by over 1,000 of Healthia's clinicians and administration staff.
- 120 new graduate clinicians and therapists (FY21:154) were recruited during the period and subsequently commenced their structured graduate induction training on 3 February 2023.

### H123 FINANCIAL PERFORMANCE

Healthia has delivered strong revenue growth, including organic revenue and strong underlying earnings growth over the prior period. Healthia reports the following underlying results:

*This table has not been audited*

	<b>H123</b> \$'000's	<b>H122</b> \$'000's	<b>Change</b> \$'000	<b>Change</b> %
	<b>Underlying<sup>2</sup></b>	<b>Underlying<sup>2</sup></b>		
Underlying Revenue <sup>1</sup>	124,970	93,019	31,951	34.3%
EBITDA(u) <sup>3,4</sup>	18,084	12,206	5,878	48.2%
Underlying NPATA <sup>5</sup>	9,204	6,206	2,997	48.3%
Non-controlling interest (NCI)	2,375	1,916	459	23.9%
Net post-tax P&L impact of AASB16 adoption <sup>6</sup>	554	338	216	63.9%
<b>Underlying NPATA attributable to the owners of Healthia Limited (removing impact of AASB16) <sup>5</sup></b>	<b>7,383</b>	<b>4,629</b>	<b>2,755</b>	<b>59.5%</b>
Underlying EBITDA margin (removing impact of AASB16) <sup>3,4</sup>	14.47%	13.12%	1.35%	135 bps
Underlying NPATA margin (removing impact AASB16) <sup>5</sup>	5.91%	4.98%	0.93%	93 bps
Underlying Basic EPS (cents, removing impact AASB16) <sup>7</sup>	5.53	4.27	1.26	29.5%
NCI / Underlying NPATA <sup>8</sup>	24.34%	29.28%	-4.94%	-494 bps

1. For the purposes of underlying results, Healthia has included \$0.62 million NSW JobSaver revenue subsidies received in H122 (H123: nil);

2. Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Healthia, in accordance with AICD/FINSIA principles of recording underlying profit. Underlying profit has not been audited;

3. Underlying EBITDA has been adjusted for the impacts of AASB16. Lease payments of \$9.7 million (H122: \$7.8 million) have been included to reverse the impacts of AASB16 on EBITDA;

4. Underlying NPATA is a non-IFRS measure and equals underlying net profit after income tax expense plus amortisation of customer list intangibles. Underlying NPATA has not been audited;

5. The net post-tax P&L impact of the new leasing standard, AASB16, has been added back to NPATA. The pre-tax impact of AASB 16 'Leases' in the current period is comprised of the following: occupancy costs decreased by \$9.7 million (H122: \$7.8 million), depreciation expense increased by \$9.2 million (H122: \$6.9 million), and finance costs increased by \$1.2 million (H122: \$1.3 million). 6. The net post-tax P&L impact has not been audited;

7. Underlying Basic 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 being 133.5 million (H122: 108.2 million). Underlying Basic EPS has not been audited;

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

A full reconciliation between statutory performance and underlying performance can be found on page 5 of Healthia's Half Year Report.

Wes Coote, Healthia CEO and Managing Director, said:

*“While we continued to experience disruptions from COVID-19 during the start of this financial year, I’m extremely pleased with the results we have achieved for H123, and the efforts of the Healthia team.”*

*“It was pleasing to see the impacts from COVID-19 ease as we moved into the second quarter of the financial year. Post the Inspired 2022 conference, we have seen revenue return closely to pre-pandemic levels and experienced strong organic revenue growth as a group. Organic Revenue for the period 1 November 2022 to 31 January 2023 is up 7.6% on the prior corresponding period. We expect to continue to see this level of trading for the remainder of FY23.”*

## OUTLOOK

Healthia reconfirms its expectation to deliver EBITDA(u) in FY23 of greater than \$40.0 million. The Company’s strategic focus for the remainder of FY23 is on the following:

### *Continued organic growth*

Several organic growth strategies will drive growth and remain the focus. These include, but are not limited to, the following:

- Continued training and induction of the 120 (H122: 154) new graduates who started on 3 February 2023.
- Identify and execute the co-location of complementary allied health services inside of existing clinic and store footprints.
- Identify and introduce new services into existing clinics where patient demand exists.
- Continued upskilling of existing workforce through professional development and education activities.
- Driving strong cultural engagement with the measurement of success via the external survey from Best Practice Australia to be conducted in June 2023.
- Overlaying buying power including utilising our vertically integrated businesses to drive margin improvement.
- Continued restructure of the centralised support function of Healthia to ensure it is effective, cost efficient and driving margin improvement; and
- Continue to develop marketing activities which provide a competitive advantage within industries in which the Company operates.

### *Execution of the technology roadmap*

Healthia has developed its “Healthia Technology Roadmap” which is aimed to:

- Enable team members to provide products and services to patients and customers in an efficient, timely and cost-effective way;
- Link patients to a wide range of allied health products and services offered across the 3 divisions of the Company; and
- Provide Healthia with a competitive advantage.

Healthia is well progressed on the implementation of its Technology Roadmap with the next key milestones being the finalisation of the data warehouse which will enable the Company to “cross promote” its various allied health products and services. Testing of marketing initiatives focused on the cross promotion of products and services to existing patients and customers is expected to occur during the fourth quarter of FY23.

### *Acquisitive growth*

The Company deployed \$8.3 million towards acquisitions to 31 December 2022 and announced a further \$14.0 million to be deployed on acquisitions before 30 April 2023. This totals \$22.3 million of capital deployed, or to be deployed, during FY23 and exceeds Company’s target of \$20.0 million of capital per annum. See table below for more detail:

	Pro-forma Financials		Consideration	Multiple
	Revenue	EBITDA(u)	Total Consideration	EBITDA Multiple
Settled H123	\$8.86 million	\$1.86 million	\$8.29 million	4.5x
Settled or announced after H123	\$10.46 million	\$2.94 million	\$13.97 million	4.7x
<b>Total FY23 YTD</b>	<b>\$19.32 million</b>	<b>\$4.79 million</b>	<b>\$22.25 million</b>	<b>4.6x</b>

With less than 3.0% market share of the addressable industry revenue, and with 100+ allied health businesses being reviewed as part of an active acquisition pipeline, the Company will continue to deploy capital on accretive acquisitions. Future acquisitions are expected to be funded from cash and existing bank facilities.

## INTERIM 2023 DIVIDEND

The Directors of Healthia have recommended the payment of an interim fully franked dividend of 2.0 cents per share to the ordinary shareholders of the Company.

A fully underwritten Dividend Reinvestment Plan (DRP) will be put in place for the interim dividend to preserve cash reserves.

Dates for the 2023 interim dividend declared are as follows:

- Ex-Date: Friday, 3 March 2023;
- Record date: Monday, 6 March 2023;
- DRP Election Date: Tuesday, 7 March 2023; and
- Payment date: Monday 27 March 2023.

A fully underwritten Dividend Reinvestment Plan will operate for the 2023 Interim Dividend. A 2.5% discount will apply to the Dividend Reinvestment Plan for the interim 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>.

## SHAREHOLDER BRIEFING

CEO and Managing Director, Wesley Coote, will hold an online briefing as following:

Date: Wednesday 1 March 2023

Time: 11.00am AEDT (Melb, Syd) / 10:00am AEST (Bris)

To receive a link to access the live event, please register at: <https://www.healthia.com.au/webcast/>

The presentation will be available for download prior to the briefing through the ASX website and Healthia Investor Centre.

## 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:

Company	Company
Wesley Coote Group CEO & MD Tel: 07 3180 4900 E: <a href="mailto:wes.coote@healthia.com.au">wes.coote@healthia.com.au</a>	Julia Murfitt Company Secretary Tel: 07 3180 4900 E: <a href="mailto:julia.murfitt@healthia.com.au">julia.murfitt@healthia.com.au</a>

## DEFINITIONS

Term	Definition
<b>EBITDA(u)</b>	Underlying EBITDA, or underlying earnings before interest tax and amortisation, 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. The net post-tax P&L impact of the new leasing standard, AASB16, has been added back to EBITDA(u)
<b>FY23</b>	Financial year ended 30 June 2023
<b>H122</b>	Half year period ended 31 December 2021.
<b>H123</b>	Half year period ended 31 December 2022.
<b>Organic Revenue</b>	Organic revenue, or like for like sales growth, reflects revenue which has been calculated by excluding any closed businesses and businesses not held during the period. An adjustment has also been made so that trading days are consistent in the period.

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