

ASX ANNOUNCEMENT

7 August 2023

HEALTHIA UPDATE ON FY23 FINANCIAL PERFORMANCE

Healthia Limited provides the following update in relation to its financial performance for the 12-month period ended 30 June 2023 (FY23):

- Healthia expects to achieve an EBITDA(u)¹(pre AASB16)² in the range of \$38.0m to \$39.0m, an increase of between 55.5% and 59.6% on FY22's EBITDA(u)¹(pre AASB16)² of \$24.5m but below previous guidance of EBITDA(u)¹(pre AASB16)² of >\$40m⁴. See unaudited forecast performance in *Table 1*, below.

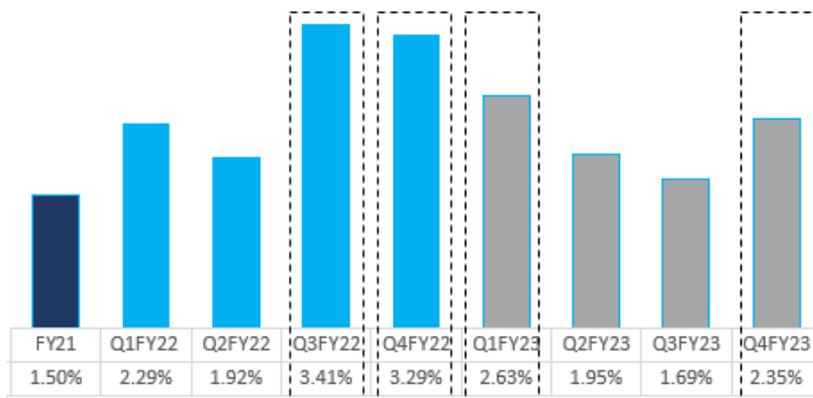
Table 1: Forecast Financial Performance for FY23 (unaudited)

\$ million	FY23 Forecast Range	FY22 Actual	Change %
Revenue(u) ³	\$253.0m-\$254.0m	\$202.8m	24.8%-25.2%
EBITDA(u) ¹ (pre-AASB16) ²	\$38.0m - \$39.0m	\$24.5m	55.1%-59.2%
EBITDA(u) ¹ (pre-AASB16) ² margin (%)	14.9% - 15.4%	12.1%	2.8-3.2bp

- Wes Coote, Healthia CEO and Managing Director, said “we provided the market with guidance on 28 February 2022⁴, nearly 18 months ago, of underlying EBITDA for FY23 of greater than \$40m. While it is now apparent that Healthia will not meet that guidance, as a result of the impacts of excessive team member absenteeism in Financial Quarter 4 of FY23 (Q4FY23), the Board and I are extremely pleased with the results achieved by the team in what has been another challenging year.”

- During FY23, Healthia experienced high levels of team member absenteeism in Financial Quarter 1 of FY23 due to illness and isolations resulting from COVID. Furthermore, in Q4FY23, Healthia again experienced higher than expected team member absenteeism due to spikes in COVID and influenza. This saw impacts on trading as team members were unable to present to work to service the Company's patients. See *Chart 1 Sick Leave as % of Wages by financial quarter*, demonstrating these periods of abnormal staff absenteeism:

Chart 1: Sick Leave as a % of Wages by financial quarter



- Healthia's trading performance was further impacted during FY23 by the Queens' Memorial Day public holiday (c.\$0.96m margin).

¹ 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.

² 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.

³ Revenue(u) reflects statutory revenue as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of Healthia.

⁴ On 28 February 2022 Healthia noted “Healthia expects to commence FY23 with an annualised portfolio of greater than \$40.0 million of underlying EBITDA”. This was reconfirmed on 6 June 2022, 31 August 2022 and 28 February 2023.

- While trading performance was impacted by a number of factors including those detailed above, Healthia achieved strong organic like for like revenue growth during the year, when compared to FY22 which was also impacted by the effects of staff absenteeism and patient cancellations due to COVID. *Table 2 Quarterly Organic Revenue Growth FY23* shows organic like for like revenue⁵ growth percentage per quarter for FY23. While organic revenue growth was strong in H2FY23, it was impacted in Q4FY23 from the higher levels of staff absenteeism demonstrated in *Chart 1*.

Table 2: Quarterly Organic Revenue Growth FY23

	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Organic Revenue Growth %	8.8%	0.4%	12.6%	6.8%

- Healthia achieved organic revenue growth of 6.2% for the month of July 2023 and continues to target organic revenue growth of 3.0% to 6.0% per annum.
- Healthia deployed approximately \$22.25m on acquisitions, with the majority (c.\$14m) completed in the Financial Quarter 3 of FY23 and total acquired annualised Revenue(u) and EBITDA(u)¹(pre AASB16)² of \$19.3m and \$4.8m respectively for the period. On a post support basis, acquisitions made during FY23 are expected to contribute EBITDA(u)¹(pre AASB16)² of approximately \$1.9m to \$2.2m for FY23. The full year benefits of these acquisitions will flow through in FY24. Healthia expects to continue to pursue value accretive acquisition opportunities in line with its stated strategy.
- Healthia's net debt as at 30 June 2023 was c.\$92.0m with a total available debt facility of \$120m.
- Healthia expects to release its FY23 result on or before 31 August 2023.

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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⁵ Like for like revenue has been calculated by excluding any closed businesses and businesses not held during the prior corresponding period.