Healthia Limited and its Controlled Entities

ACN 626 087 223

Annual Report - 30 June 2023

Contents

Healthia Limited and its Controlled Entities
Corporate directory
30 June 2023

Directors	Dr Glen Richards Paul Wilson Lisa Dalton Wesley Coote Darren Stewart Colin Kangisser Lisa Roach
Company Secretary	Julia Murfitt Chris Banks (Resigned 7 February 2023)
Registered office	Level 4, East Tower 25 Montpelier Road Bowen Hills QLD 4006
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 www.linkmarketservices.com.au
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 www.bdo.com.au
Solicitors	Clayton Utz Level 28, Riparian Plaza 71 Eagle Street Brisbane QLD 4000 www.claytonutz.com.au
	Colin Biggers & Paisley Level 35, 1 Eagle Street Brisbane QLD 4000 www.cbp.com.au
Website	www.healthia.com.au
Corporate Governance Statement	The Consolidated Entity's directors and management are committed to conducting the company's business in an ethical manner and in accordance with the highest standards of corporate governance. The Consolidated Entity has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (4th Edition) to the extent appropriate to the size and nature of the company's operations. The Consolidated Entity's policies can be found on its website: https://www.healthia.com.au/corporate-governance/

Dear Fellow Shareholders,

The 2022/2023 financial year has proven to be one in which Healthia has made great progress in its mission to connect our patients and customers with allied health products and services, assisting them to live happier and healthier lives.

Financial and Operational Performance

In FY23, Healthia continued to deliver solid financial performance with underlying revenues up 26.2% to $255.9m, despite challenging market conditions.

Statutory net profit after tax (NPAT) recovered from FY22's COVID-impacted result (FY22: $0.3m) to a record $10.3m result, despite facing continuing absenteeism from COVID and flu, and one-off non-recurring costs relating to acquisitions, integrations and restructuring.

Underlying EBITDA increased by 52.7% to $37.5m, a credible result given that guidance of greater than $40m was issued approximately 18 months earlier.

In FY23, Healthia continued to grow organically and via acquisitive activity, the latter seeing the addition of 29 clinics and stores to take the overall size of the group to 332 clinics and stores.

The Board remains committed to Healthia's portfolio expansion through disciplined acquisition of complementary businesses which support long-term value accretion. Our acquisition pipeline continues to be very robust, with numerous allied health businesses being reviewed as part of our active pipeline.

People and Culture

During FY23, we continued our focus on the culture and engagement of our teams through education, training and leadership programs, the positive impact of which was reflected in the findings of our national employee engagement survey which found that Healthia was "above the norm" when compared against benchmarking norms for (among other things) our culture, our people, our workplaces and our values.

Our culture engagement score remained steady (FY23: 59% v FY22: 60%), a pleasing result given we have experienced our toughest period of trading since listing, amid rapid growth and multiple changes on our teams as we further integrate the network.

We are proud to acknowledge our recent graduate program as the most frequently cited reason as to why our 152 new and recent graduates chose Healthia as their preferred employer. Furthermore, Healthia's recent graduate program featured in two publications in scientific peer reviewed international journals with Healthia's Chief of Education and Research, Dr Kerrie Evans, being invited to speak at the Australian Physiotherapy Association's National Conference in October 2022 and the World Conference of Physiotherapy in July 2023.

FY23 also saw Healthia run its biannual integrated allied health conference, Inspired 2022 on the Gold Coast. This conference is a key staff retention strategy for Healthia and was attended by over 1,000 of Healthia's clinicians and administration staff as well as internationally renowned presenters.

Professional Development and R&D

New professional development offerings this year included the Early Career Mentoring Program, Accelerated Mentoring Workshops, the Integrated Leadership Program and a specialised online stream for hand and upper limb therapists.

These programs have been added to our regular suite of online sessions, leadership programs and practical workshops. Professional development remains a key focus of our business strategy, not only to provide career progression for our team members but to ensure we are delivering excellence in care to our patients and for our communities.

Healthia is also committed to fostering research and development particularly where the project focuses on clinically meaningful outcomes, technology-enabled health care or innovative methods of service delivery.

Notably, Healthia's growing relationship with Australian Universities and other national funding bodies can be seen through an expanding number of successful grant applications, student placements, and attendances at Open Days and graduation events.

In addition to Professional Development and Research and Development, the execution of an enhanced Technology Roadmap has been cited as one our key strategic pillars.

The Roadmap is intended to support Healthia's team members in an increasingly complex healthcare landscape via the use of integrated national practice management software and data-driven decision making tools.

Scheme Implementation Deed

As announced on 31 August 2023, Healthia entered into a Scheme Implementation Deed with Harold BidCo Pty Ltd, an entity owned by funds advised by Pacific Equity Partners (PEP), to acquire 100% of the fully diluted share capital in Healthia by way of a scheme of arrangement.

Under the terms of the Scheme, Healthia shareholders will have the option to receive either $1.80 cash per Healthia share, unlisted scrip consideration or a combination of cash and unlisted scrip consideration. The unlisted scrip consideration alternative provides Healthia shareholders with the potential to participate in the future of Healthia, subject to rounding and scale back mechanisms.

For clarity, the cash consideration of $1.80 per Healthia share represents a significant premium of 84.6% to the last closing price of $0.975 per share prior to the announcement and 73.5% to the 3-month volume weighted average price up to and including 30 August 2023.

As such, Healthia’s Board has taken a position to unanimously recommend the Scheme, subject to no Superior Proposal emerging and the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Healthia shareholders.

While the Scheme is subject to certain conditions - which must be satisfied or waived before the Scheme can be implemented – the opportunity to partner with PEP is seen by the Board as one which will enable Healthia to fully deliver value as Australia and New Zealand’s leading diversified allied healthcare provider.

Dividend

The Directors of Healthia Limited have not yet determined whether to declare a final dividend for FY23 given the terms of the proposed acquisition of Healthia by way of the aforementioned Scheme Implementation Deed.

Thank You

My thanks extend, once again, to all Healthia staff for their ongoing dedication and commitment - your hard work is reflected in what has been an outstanding year of service, innovation and growth.

To our shareholders, I would also like to say thank you for your continued belief and support in our vision and mission.

On behalf of the Healthia Board,

Dr Glen Frank Richards

Chairperson

Commentary

The statutory financial performance of the Consolidated Entity was impacted by staff absenteeism, patient / customer cancellations (due to spikes in COVID and other illness) and, more recently, uncertain economic conditions, and one-off non-recurring costs relating to acquisitions and restructuring. The Consolidated Entity's Underlying Net Profit After Tax and Amortisation (NPATA)[1] amounted to $18.3 million (30 June 2022: profit of $9.2 million), or an increase of 99.5%.

A reconciliation between statutory and underlying financial performance is provided below at Table 4.

1. Significant changes in the state of affairs

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

i. Acquisitions

The Consolidated Entity deployed $23.4 million (FY22: $111.3 million) of capital on 29 new allied health clinics and stores during the Financial Year as set out in Note 35: Business Combinations included in this Annual Report.

ii. Capital Raising

During the first half of FY23, the Consolidated Entity successfully undertook a capital raising of $11.0 million, providing funds to support working capital and provide flexibility for further acquisitions.

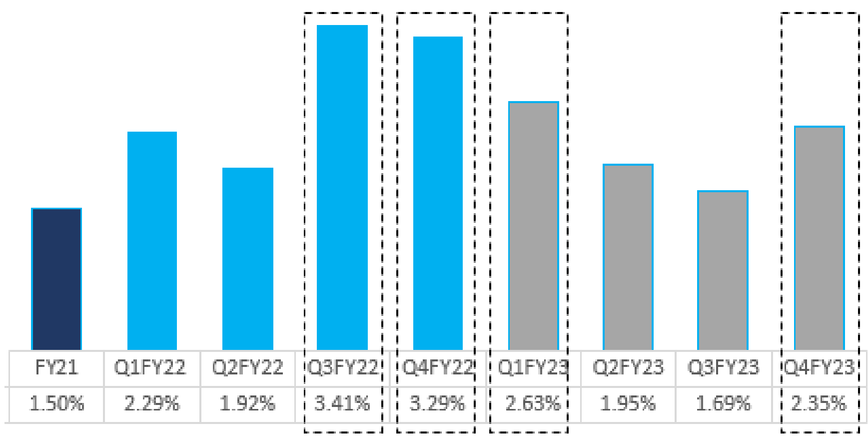
iii. Long Term Incentive Performance Rights & Retention Performance Rights

On 29 November 2022, the Consolidated Entity's shareholders approved the grant of 1,114,594 unlisted performance rights to Executive Directors with a nil grant and exercise price. The performance rights will vest on 30 June 2025 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2025. The vesting conditions include a number of performance and service conditions. The performance rights were issued on 27 March 2023.

iv. Impacts from Absenteeism

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 other illness. This saw impacts on trading as team members were unable to present to work to service the Company's patients. *Chart 1 Sick Leave as % of Wages by financial quarter* depicts these periods of abnormal staff absenteeism:

Chart 1: Sick Leave as a % of Wages by Financial Quarter



[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.*

v. Queens Memorial Day

Healthia's trading performance was further impacted (by c.$1.0 million) during FY23 by the unanticipated special public holiday (National Day of Mourning for the Queen).

vi. Organic Revenue Growth

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 1 Quarterly Organic Revenue Growth FY23 shows organic like for like revenue 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 as highlighted in Chart 1.

Table 1: Quarterly Organic Revenue Growth FY23

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

2. Financial Overview - Statutory Performance

The Consolidated Entity's audited statutory performance is provided in Table 2 below.

Table 2: Statutory Financial Performance

	FY23 $m	FY22 $m	Change $m	Change %
Revenue	252.6	200.3	52.3	26.1%
Other Income	4.5	4.1	0.4	9.7%
Net profit/(loss) after income tax expense	10.3	0.3	10.0	2917.9%
Non-controlling interest	4.9	3.7	1.2	32.6%
NPAT attributable to the owners of Healthia Limited[1]	**5.5**	**(3.3)**	**8.8**	**NA**

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

3. Financial Overview – Underlying Performance

To assist users of this report, information about the underlying performance of the Consolidated Entity is presented in Table 3 below which excludes the impact of acquisition and integration costs of the 29 (FY22: 95) allied health businesses acquired during the period and is adjusted for other one-off non-recurring items of income and expense. 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 3 and a reconciliation between statutory and underlying performance is provided further below in Table 4.

Table 3: Underlying Financial Performance

Unaudited	**FY23 $m**	**FY22 $m**	**Change $m**	**Change %**
Underlying Revenue[1]	255.9	202.8	53.1	26.2%
Underlying EBITDA[3,4] (removing impact of AASB16)	37.5	24.5	12.9	52.7%
Underlying NPATA[2]	22.3	12.0	10.3	86.2%
Non-controlling interest (NCI)	4.9	3.7	1.2	32.6%
Net post-tax P&L impact of AASB16 adoption[6]	0.9	0.9	0.0	3.1%
Underlying NPATA attributable to the owners of Healthia Limited (removing impact of AASB16)[5]	**18.3**	**9.2**	**9.1**	**99.49%**
Underlying EBITDA margin (removing impact of AASB16)[3,4]	14.6%	12.1%	2.5%	21.0%
Underlying NPATA margin (removing impact AASB16)[5]	7.2%	4.5%	2.6%	58.1%
Underlying Basic EPS (cents, removing impact AASB16)[7]	13.5ps	7.8cps	5.7cps	72.6%
NCI / Underlying NPATA[8]	21.0%	28.5%	(7.6%)	(26.5%)

[1] For the purposes of underlying performance, the Consolidated Entity calculates underlying revenue as revenue from contracts with customers and other income. The Consolidated Entity also included $0.6 million NSW JobSaver revenue subsidies received in FY22 only, nil in FY23.

[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.

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

[4] Underlying EBITDA has been adjusted for the impacts of AASB16. Lease payments of $20.7 million (FY22: $17.8 million) have been included to provide users with a like-for-like comparison with PCP.

[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.

[6] The net post-tax P&L impact of the 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 increased by $20.0 million (FY22: $17.8 million), depreciation expense increased by $19.0 million (FY22: $16.0 million), and finance costs increased by $3.1 million (FY22: $3.1 million). The net post-tax P&L impact has not been audited.

[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 (FY23: 136.3 million, FY22: 117.9 million). Underlying EPS has not been audited.

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

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

A reconciliation of underlying NPATA to statutory NPAT performance is detailed in Table 4 below.

Table 4: Reconciliation of Underlying EBITDA to Statutory NPAT

Unaudited	FY23 $m	FY22 $m
Underlying EBITDA (pre-AASB16)	**37.5**	**24.5**
Less: Finance costs (pre-AASB16)	(6.3)	(2.8)
Less: Tax expense (underlying)	(3.9)	(5.5)
Less: Depreciation (pre-AASB16)	(4.0)	(3.3)
Less: NCI (underlying)	(4.9)	(3.7)
Underlying NPATA attributable to the owners of Healthia Limited[1]	**18.3**	**9.2**
Less: COVID-19 related expenses[2]	(1.0)	(3.4)
Less: Acquisition costs[3]	(3.5)	(6.9)
Less: Integration costs[4]	(0.8)	(1.5)
Less: Restructuring costs and discontinued operations[5]	(3.9)	(2.2)
Less: Share-based payments expense and associated costs[6]	(1.0)	(1.4)
Less: Doubtful debts[10]	(0.5)	(0.0)
Less: Amortisation[7]	(1.9)	(1.7)
Less: Net impact of AASB16[8]	(0.9)	(0.9)
Add: Fair Value movements of contingent consideration[9]	1.1	1.6
Net taxation impact	(0.4)	3.9
Statutory NPAT attributable to the owners of Healthia Limited[1]	**5.5**	**(3.3)**

[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. Underlying NPATA has not been audited.

[2] The Consolidated Entity incurred $1.0 million (FY22: $3.4 million) of costs directly related to excess staff absenteeism related to illness and COVID.

[3] The Consolidated Entity incurred one-off acquisition costs of $3.4 million (FY22: $6.9 million) in relation to the acquisition of the 27 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 (FY23: $23.4 million; FY22: $111.3 million), acquisition costs represent approximately 14.6% (FY22: 6.2%), which is in line with prior periods (FY21: 5.9%, FY20: 14.8%, FY19: 13.0%).

[4] The Consolidated Entity incurred costs of $0.8 million for the integration of new businesses during the period.

[5] Restructuring costs of $3.9 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.

[6] 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.

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

[8] AASB 16 'Leases' had a significant impact on the current period financial performance. This impact is comprised of the following changes due the application of AASB 16: occupancy costs increased by $20.7 million (FY22: $17.8 million), depreciation expense increased by $19.0 million (FY22: $16.0 million), and finance costs increased by $3.1 million (FY22: $3.1 million).

[9] Fair value adjustment associated with the reversal of contingent consideration which is no longer expected to be achieved due to lower than expected trading.

[10] Doubtful debts relate to a revision in recoverability of trade debtors.

5. Financial Overview – Underlying Cash Flow

The Consolidated Entity has historically delivered strong cash flow conversion. As shown in Table 5 below, the underlying cash flow conversion continues to be strong but FY23's conversion percentage reflects a strategic push into footwear and footwear accessories by the Feet and Ankles division in preparation for spring and summer of calendar 2023.

Table 5: Underlying Cash Flow

Unaudited	FY23 $m	FY22 $m
EBITDA(u)(pre-AASB16)[1,2]	**37.5**	**24.5**
Less: Changes in underlying working capital	(7.4)	(1.0)
Underlying operating cash flow (pre-tax, ungeared)[3]	**30.1**	**23.5**
Cash Conversion %[4]	80.2%	*95.9%*
Financing Costs (pre-AASB16)[5]	(6.3)	(3.0)
Tax Paid	(4.8)	(3.8)
Underlying operating cash flow (pre-tax, ungeared)[6]	**19.0**	**16.7**
Dividends paid to non-controlling interests	(4.5)	(3.4)
Capital Expenditure	(7.0)	(4.1)
Underlying free cash flow[7]	**7.5**	**9.2**

[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.

[2] Underlying EBITDA excludes the impact from the adoption of AASB16 on lease payments of $20.7 million (FY21: $17.8 million).

[3] Underlying operating cash flows (pre-tax, ungeared) reflects statutory operating cash flows less lease payments of $20.7 million and before finance costs and tax and excludes the impact non-recurring income and costs, such as acquisition costs ($3.4 million), integration costs ($0.8 million), restructuring costs ($3.0 million) and COVID related expenses ($1.0 million).

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

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

[6] Underlying cash flows (post tax, geared) reflects statutory operating cash flows lease payments of $20.7 million and before finance costs and tax and excludes the impact non-recurring income and costs, such as acquisition costs ($3.4 million), integration costs ($0.8 million), restructuring costs ($3.0 million) and COVID related expenses ($1.0 million).

[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.

6. Risk Management

The Consolidated Entity is committed to identifying and mitigating risks that it faces in relation to its operations, business strategy and financial prospects to maintain a sustainable business and protect the interests of its shareholders. The Consolidated Entity has an established Audit and Risk Committee which is responsible for, among other things, identifying and monitoring significant business risk factors within the Consolidated Entity. More information on how the Consolidated Entity identifies and manages risks can be found in The Consolidated Entity's Corporate Governance Statement and under the Corporate Governance section of our website. A non-exhaustive list of material risks and the mitigation strategies implemented by the Consolidated Entity are set out below in Table 6.

The Consolidated Entity is not subject to any significant environmental regulations within the areas it operates. All key material social and governance risks are identified in Table 6.

Table 6: Material Business Risks

Risk Area	***Potential Impact***	***Consolidated Entity's Response***
Pandemic Risk	The economic consequences of the COVID-19 pandemic could become more severe and may impact revenue and operations resulting from increased patient appointment cancellations and staff absenteeism. Further, some of the Consolidated Entity's assets and liabilities comprise financial instruments that are carried at fair value, with changes in fair value recognised in the Consolidated Entity's income statement. Market declines or weakened trading conditions could negatively impact the value of such financial instruments (including the impairment of goodwill).	Comprehensive internal policies and procedures have been developed to minimise the risk of patient and staff member illness. Targeted recall programs in place to re-book patients that have cancelled appointments due to COVID. The scale and geographic diversification of operations provides a level of risk mitigation with respect to localised outbreaks and/or restrictions.
Acquisition Risk	The Consolidated Entity may be unable to identify and/or execute suitable acquisition opportunities and a failure to do so could have an adverse impact on the Consolidated Entity. Further, new businesses may not perform in line with expectations and could be impacted if sufficient due diligence is not performed and/or if the acquired businesses are not integrated effectively.	Extensive internal processes and procedures to ensure sufficient due diligence is undertaken prior to completion. Comprehensive integration plans are put in place for all acquisitions and are managed by an experienced internal integrations team. The Consolidated Entity will continue to be disciplined in executing its growth strategy taking into consideration current trading conditions.
Staff Retention	The Consolidated Entity relies on clinicians to provide allied health services to patients and a high turnover or the inability to retain experienced staff, specifically clinicians, could impact the quality and/or availability of clinical services.	The Consolidated Group has developed a Clinician Retention Program which allows clinicians to have an ownership interest in clinics (via Clinic Class Shares). A structured learning and education program is also in place to provide world class learning and education to position the Consolidated Entity as an employer of choice. The yearly graduate clinician intake is expected to cover any outstanding vacancies.
Funding Risk	The availability of debt funding or an inability to secure funding or refinance current debt facilities may adversely impact the financial position of the Consolidated Entity. In addition, failure to meet financial covenants under the Consolidated Entity's finance facilities, and the occurrence of other specified events (including goodwill being impaired by 5% or more or certain changes in key personnel occurring) may lead to an event of default or review event under the finance facility. From time to time the Consolidated Entity seeks waivers of various aspects of its facility agreements including financial covenants. There is no guarantee that waivers sought will be granted by the banking syndicate in which case there is a risk that the Consolidated Entity will breach its finance facilities. If an event of default or a review event applicable to any given facility occurs, there may be a requirement to make repayments in advance of the relevant maturity dates and/or termination of the facility which may impact on the financial performance and position of the Consolidated Entity and its ability to operate in the ordinary course of business.	The Consolidated Entity actively manages its leverage position and maintains a close and transparent relationship with its financiers to ensure ongoing support.
Interest Rate Risk	Changes in interest rates will impact the costs of the Consolidated Entity's debt funding with a majority of its bank borrowings at variable interest rates.	The Consolidated Entity has received waivers from its financiers with respect to entering into interest rate swap contracts. The waivers expire 30 September 2023 after which the Consolidated Entity may look to enter into further interest rate swap contracts to hedge against potential exposure to fluctuations in interest rates.
Cyber Security	Risk of the Consolidated Entity's IT systems being accessed which could result in a failure of or interruption to IT systems and the business or a breach of patient privacy. Any such failures or breaches could cause reputational damage, regulatory impositions and financial loss.	The Consolidated Entity has comprehensive policies and procedures in place regarding the use and storage of confidential information as well as controls in place to minimise technology related business interruption. Cyber security insurance is also in place to mitigate potential financial losses.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Healthia Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of Healthia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Glen Frank Richards
Paul David Wilson
Lisa Jane Dalton
Wesley James Coote
Darren Lindsey Stewart
Colin Jonathan Kangisser
Lisa Michelle Roach

Principal activities

During the financial year the principal activities of the Consolidated Entity consisted of the following:

- the operation of podiatry and retail footwear businesses throughout Australia through the Feet and Ankles division;
- the operation of physiotherapy, occupational therapy, hand therapy, exercise physiology and speech pathology businesses throughout Australia and New Zealand through the Bodies and Minds division; and
- the operation of optometry and audiology businesses throughout Australia through the Eyes and Ears division.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2023 $'000	**2022 $'000**
Interim dividend for the year ended 30 June 2023 of 2.0 cents per ordinary share	2,760	-
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 2022 of 2.0 cents per ordinary share	-	2,537
	2,760	4,792

As at the date of signing the financial report, the Directors of Healthia Limited have not yet determined whether to declare a final dividend for FY23 given the terms of the proposed acquisition of Healthia by way of a scheme of arrangement.

Review of operations

Please refer to section titled Operating and financial review, immediately before this Directors' report.

Significant changes in the state of affairs

Acquisition of Corio Bay Health Group (Bodies and Minds Division)

On 1 December 2022, the Consolidated Entity acquired the businesses trading under the name Corio Bay Health Group being a group of nine physiotherapy businesses located in Victoria. Initial consideration paid for the acquisition was $5.4 million including $4.3 million in cash consideration and $1.1 million in Clinic Class Shares consideration, with a fair valued additional $0.4 million in contingent consideration.

For the 12 month period ended 30 June 2023, Corio Bay Health Group contributed revenue of $3.1 million and EBITDA of $0.8 million (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $5.3 million and EBITDA of $1.1 million (pre-AASB 16) to the Consolidated Entity.

Acquisition of Melbourne Hand Rehab (Bodies & Minds Division)

On 2 March 2023, the Consolidated Entity acquired the businesses trading under the name Melbourne Hand Rehab being a group of 8 hand therapy businesses located in Victoria. Initial consideration paid for the acquisition was $4.4 million including $3.3 million in cash consideration and $1.1 million in Clinic Class Shares consideration, with a fair valued additional $0.5 million in contingent consideration.

For the 12 month period ended 30 June 2023, Melbourne Hand Rehab contributed revenue of $1.6 million and EBITDA of $0.8m (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $4.7 million and EBITDA of $2.2 million (pre-AASB 16) to the Consolidated Entity.

Acquisition of other Bodies and Minds clinics
The Consolidated Entity acquired an additional 3 hand therapy clinics and 1 physiotherapy clinic during the current period. Initial consideration paid for the acquisitions was $3.1 million including $2.4 million in cash consideration and $0.7 million in Clinic Class Share consideration, with a fair value additional $0.1 million in contingent consideration.

For the 12 month period ended 30 June 2023, the acquired businesses contributed revenue of $2.0 million and EBITDA of $0.4 million (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $3.1 million and EBITDA of $0.6 million (pre-AASB 16) to the Consolidated Entity.

Acquisition of Kosmac & Clemens (Eyes & Ears Division)
On 20 March 2023, the Consolidated Entity acquired the businesses trading under the name Kosmac & Clemens being a group of 6 Optometry businesses located in Victoria. Initial consideration paid for the acquisition was $7.5 million in cash consideration and an additional $1.9 million in deferred consideration.

For the 12 month period ended 30 June 2023, Kosmac & Clemens contributed revenue of $0.6 million and EBITDA of $0.3 million (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $4.8 million and EBITDA of $2.0 million (pre-AASB 16) to the Consolidated Entity.

Acquisition of Other Eyes & Ears stores
The Consolidated Entity acquired an additional 2 optometry stores during the current period. Initial consideration paid for the acquisitions was $0.2 million in cash consideration.

For the 12 month period ended 30 June 2023, the acquired businesses contributed revenue of $0.3 million and EBITDA of $0.03 million (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $1.1 million and EBITDA of $0.1 million (pre-AASB 16) to the Consolidated Entity.

Long Term Incentive Performance rights
On 29 November 2022, the Consolidated Entity's shareholders approved the grant of 1,114,594 unlisted performance rights to Executive Directors with a nil grant and exercise price. The performance rights will vest on 30 June 2025 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2025. The vesting conditions include a number of performance and service conditions. The performance rights were issued on 27 March 2023.

Retention performance rights
On 29 November 2022, the Consolidated Entity's shareholders approved the grant of 432,996 unlisted retention performance rights to Executive Directors with a nil grant and exercise price. The retention performance rights will vest on 30 June 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions. The performance rights were issued on 27 March 2023.

Finance Facility
On 22 February 2023, the Consolidated Entity signed a variation to its current finance facility agreement with its financiers, namely ANZ, NAB and BOQ. The change increased its total finance facility from $100.0 million to $120.0 million, with a term (remaining maturity) of 2.5 years. The increased facility size and term provides further capacity to continue the stated strategy of pursuing value accretive acquisition opportunities.

Resignation and Appointment of Chief Financial Officer
The Group Chief Financial Officer and Joint Company Secretary, Christopher Banks, gave notice of this resignation from his position with the Consolidated Entity effective from 7 February 2023.

Julia Murfitt, General Counsel and Joint Company Secretary, takes up the duties of Company Secretary of the Consolidated Entity effective from 7 February 2023.

The Consolidated Entity appointed Damien Peters as the Group Chief Financial Officer on 20 March 2023.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

New Acquisitions
After Reporting Date, the Consolidated Entity entered into binding agreements to acquire and has reached settlement the following businesses:

- Walk Without Pain Podiatry Clinics (3 podiatry clinics located in Queensland); and,
- Melbourne Hand Therapy (4 hand therapy clinics and an additional 9 sessional locations located in Victoria).

Total upfront consideration of $3.6 million for the acquisitions (plus stock, less employee entitlements) is as follows:

- Upfront cash consideration: $2.8 million; and,
- Issue of Clinic Class Shares: $0.8 million.

In addition to the upfront consideration, contingent consideration of up to $0.7million may become payable in cash, subject to the achievement of pre-defined earnings targets.

Scheme Implementation Deed
On 31 August 2023, the Consolidated Entity entered into a Scheme Implementation Deed (the "Scheme") with Harold BidCo Pty Ltd ("Harold BidCo") ACN 670 606 827, an entity owned by funds advised by Pacific Equity Partners under which it is proposed that Harold BidCo will acquire 100% of the fully diluted share capital in Healthia by way of a scheme of arrangement.

Under the Scheme, Healthia shareholders will have the option to receive either $1.80 cash per Healthia share or unlisted scrip consideration, or a mix of cash and unlisted scrip consideration (subject to certain conditions).

The Scheme is subject to certain conditions, which must be satisfied or waived before the Scheme can be implemented, including obtaining Healthia shareholder approval following receipt of an Independent Expert's Report concluding (and continuing to conclude) that the Scheme is in the best interest of the Healthia shareholders.

In the event that the Scheme proceeds, Healthia Shareholders who participate in obtaining script consideration as part of the transaction may be subject to alternative risks and uncertainties from those as set out in Table 6: Material Business Risks of the Review of Operations in this report, and general market risks.

In the event the Scheme does not proceed, Healthia Shareholders will continue to be subject to the risks and uncertainties associated with Healthia's business and general market risks. Furthermore, if the Scheme does not proceed, and no comparable proposal or superior proposal is received by the Healthia Board, then Healthia's share price is likely to be impacted.

Details of the proposed acquisition are contained in a separate announcement released to the ASX on 31 August 2023.

Impact of Scheme Implementation Deed on Performance Rights
On 30 August 2023, the Healthia Board, using the ability to retrospectively amend the performance rights, determined that should the Scheme Implementation Deed become Effective, then all vesting conditions on all unvested Performance Rights, excluding the service condition, will be waived, with such resulting vested Performance Rights being automatically exercised, and issued, prior to the Scheme Record Date with each holder domiciled in Australia entitled to be issued one Healthia Share for each vested Performance Right (as applicable) held (that is, on a one for one basis). Such Healthia Shares will be captured by the Scheme.

No other matter or circumstance has arisen since 30 June 2023 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.

Environmental regulation

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Dr Glen Frank Richards
Title:	Chairman and Non-Executive Director
Appointed:	10 May 2018
Experience and expertise:	Glen is a veterinary surgeon and the founder and former CEO of Greencross Limited, Australia's largest pet care company. Glen has spent over 20 years building a multi-million-dollar integrated pet care empire, which now operates more than 180 veterinary hospitals and 230 pet care retail stores in Australia and Animates in New Zealand.
Other current directorships:	Chairman and Non-Executive Director of People Infrastructure Ltd (ASX code: PPE).
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and the Nomination and Remuneration Committee.
Interests in shares:	7,966,777 ordinary shares held at 22 September 2023
Interests in rights:	None

Name:	Paul David Wilson
Title:	Independent Non-Executive Director
Appointed:	10 May 2018
Experience and expertise:	Paul was a co-founder, director and shareholder of Mammoth Pet Holdings Pty Ltd (Pet Barn) prior to the merger with Greencross Limited. Prior to founding Mammoth, Paul was the Chief Operating Officer of ShopFast, Australia's largest online grocery retailer (sold to Coles in 2003). Paul has worked in the retail industry for 26 years with roles including General Manager of Caltex/Boral JV, Vitalgas.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee.
Interests in shares:	1,983,459 ordinary shares held at 22 September 2023
Interests in rights:	None

Name:	Lisa Jane Dalton
Title:	Independent Non-Executive Director
Appointed:	10 May 2018
Experience and expertise:	Lisa is an experienced director, senior executive and company secretary with expertise in the healthcare, medical, utilities, manufacturing, childcare, energy, mining and construction sectors. She has experience in leading teams responsible for strategy, governance, risk management, human resources, communication, stakeholder relations and program management. In recent times, Lisa has participated in 4 successful ASX listings. Lisa has strong practical experience in fit for purpose governance, risk management, strategic planning and motivating teams to find solutions to complex issues.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee.
Interests in shares:	47,478 ordinary shares held at 22 September 2023
Interests in rights:	None

Name:	Wesley James Coote
Title:	Group Managing Director and Group Chief Executive Officer
Appointed:	29 April 2019
Experience and expertise:	Wesley is the former Chief Financial Officer and Company Secretary of Greencross Ltd. Prior to Greencross, Wesley worked in Chartered Accounting where he provided business advice within the health sector, property sector and financial services industry. Wesley holds a Bachelor of Commerce from the University of Queensland and is a member of the Institute of Chartered Accountants, as well as a member of the Governance Institute of Australia. Wesley joined the Group in December 2015 as Chief Financial Officer and Company Secretary and was appointed Group Managing Director and Chief Executive Officer on 29 April 2019.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,899,120 ordinary shares held at 22 September 2023
Interests in rights:	1,270,000 performance rights held at 22 September 2023

Name:	Darren Lindsey Stewart
Title:	Executive Director
Appointed:	10 May 2018
Experience and expertise:	Darren is a registered podiatrist and in 2004 co-founded the My FootDr Business with Greg Dower. The two had grown the group to 13 clinics by December 2015. In 2015, Darren and Greg saw the opportunity to grow their network of clinics through the acquisition of well-established podiatry clinics. Before merging with Balance Podiatry Group in December 2016, they had grown the network to 19 clinics. Today, Darren provides strategic leadership and direction to the Feet & Ankles business division.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	8,021,333 ordinary shares held at 22 September 2023
Interests in rights:	None

Name:	Colin Jonathan Kangisser
Title:	Executive Director and Chief Executive Officer, Eyes & Ears Division
Appointed:	30 November 2020
Experience and expertise:	Colin is a registered optometrist with over 30 years optical experience. He founded and grew multiple retail chains including Optic Express and Kays Optical prior to holding executive leadership positions with the OPSM Group and founding TOC in 2005.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	5,134,628 ordinary shares held at 22 September 2023
Interests in rights:	406,268 performance rights held at 22 September 2023

Name:	Lisa Michelle Roach
Title:	Executive Director and Chief Partnerships Officer
Appointed:	22 April 2022
Experience and expertise:	Lisa was a founding partner in several of the Allsports Clinics and has over 29 years' experience in the allied health industry. Lisa was also a qualified and practicing physiotherapist for 10 years. Lisa has held an executive role and has been heavily involved and influential within Healthia since its IPO. Her current role is Chief Partnership Officer. Lisa holds a Bachelor of Physiotherapy, is a member of the Institute of Company Directors and has held board positions on Healthia's subsidiary since IPO.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,007,889 ordinary shares held at 22 September 2023
Interests in rights:	452,322 performance rights held at 22 September 2023

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

Company secretary

Christopher Banks - Christopher was the Chief Financial Officer and Joint Company Secretary and resigned on 7 February 2023.

Julia Murfitt - Julia was appointed Company Secretary on 23 February 2022. Julia is a qualified and practicing solicitor with over 14 years' experience across Australia and New Zealand. Julia joined Healthia as General Counsel in August 2020 and has been instrumental in Healthia's growth since this time.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr Glen Frank Richards	13	13	6	6	5	5
Paul David Wilson	13	13	6	6	5	5
Lisa Jane Dalton	12	13	6	6	5	5
Wesley James Coote	13	13	-	-	-	-
Darren Lindsey Stewart	13	13	-	-	-	-
Colin Jonathan Kangisser	13	13	-	-	-	-
Lisa Michelle Roach	13	13	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The Board of Directors of the Consolidated Entity present the Remuneration Report (the **Report**) for the reporting period of 1 July 2022 to 30 June 2023. The Report forms part of the Directors' Report and has been prepared and audited in accordance with the *Corporations Act 2001*.

The Report details the key management personnel remuneration arrangements for the Consolidated Entity. Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, including all directors.

The KMP of the Consolidated Entity covered in this report are:

Name	Position held	Appointed
Non-Executive Directors:		
Glen Richards	Chairman and Non-Executive Director	10 May 2018
Paul Wilson	Non-Executive Director	10 May 2018
Lisa Dalton	Non-Executive Director	10 May 2018
Executive Directors:		
Wesley Coote	Group Managing Director and Group Chief Executive Officer	10 May 2018
Darren Stewart	Executive Director	10 May 2018
Colin Kangisser	Executive Director and Chief Executive Officer, Eyes & Ears Division	20 November 2020
Lisa Roach	Executive Director and Chief Operations and People Officer, Bodies & Minds and Feet & Ankles Divisions	21 April 2022
Other KMP:		
Roy Walker**	Chief Executive Officer, Bodies & Minds and Feet & Ankles Divisions	6 March 2023
Damien Peters**	Chief Financial Officer	20 March 2023
Katherine Baker*	Chief Executive Officer, Bodies & Minds and Feet & Ankles Divisions	1 December 2020 (Resigned 12 December 2022)
Christopher Banks*	Chief Financial Officer and Joint Company Secretary	10 May 2018 (Resigned 7 February 2023)

* Katherine Baker and Christopher Banks both resigned during the current financial period and any remuneration information is to date of resignation.

** Roy Walker and Damien Peters were appointed during the financial period and any remuneration information is from date of appointment.

Role of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (the Committee) assists and makes recommendations to the Board in relation to the remuneration and incentive framework for its directors and KMP. The Committee's responsibilities include, among other things:

- Reviewing and advising the Board on the process for overseeing performance accountability and effective monitoring of KMP including setting and evaluating performance against goals and targets;
- Reviewing and advising the Board on the Consolidated Entity's remuneration structure including short term incentive (STI) and long term incentive (LTI) arrangements and participation;
- Reviewing the incentives and behaviours arising from the Consolidated Entity's remuneration structure;
- Reviewing the succession plans for the Board, Group CEO and other senior executives;
- Assisting the Board by co-ordinating a Board performance review annually and to ensure that this review includes an assessment of a Board skills matrix which sets out the skills, knowledge, experience and diversity that the Board currently has or is looking to achieve;
- Assisting the Board in adopting measurable objectives for having diversity throughout the Consolidated Entity and assessing progress towards achieving those objectives.

Under its charter, the Nomination and Remuneration Committee must consist of at least three members, a majority of whom, including the Committee Chair, are independent non-executive directors. A copy of the charter of the Committee is available on the Consolidated Entity's website in the Corporate Governance section. During FY23, the members of the Committee were:

- Lisa Dalton – Independent Non-Executive Director (Chair)
- Dr Glen Richards – Non-Executive Director
- Paul Wilson – Independent Non-Executive Director

The Nomination and Remuneration Committee may from time to time engage external remuneration consultants or access benchmarking information to ensure the KMP remuneration framework is market competitive and complementary to the remuneration strategy of the Consolidated Entity.

Remuneration overview and strategy
The performance of the Consolidated Entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The objective of the Consolidated Entity's executive remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for all stakeholders, and it is considered to conform to the market best practice for the delivery of reward.

The Board ensures that executive rewards satisfy the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The reward framework is designed to align executive reward to stakeholder, including shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

The Consolidated Entity utilises both short and long term incentives in addition to fixed remuneration to incentivise executives and reward performance. Fixed remuneration reflects executives' qualifications, capabilities and experience and is aimed to attract and retain high performing and high quality experienced executives to ensure shareholder interests are managed in a responsible and effective manner. The STI's are to award achievement of specific and challenging targets and key performance indicators during the financial year.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Consolidated Entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are linked to job specific key performance indicators and at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that the continued financial performance of the Consolidated Entity can be attributed in part to the adoption of performance based compensation and is satisfied that this will continue to increase shareholder wealth if maintained over the coming years.

Performance rights plan
On 27 March 2023, following shareholder approval at the 2022 Annual General Meeting (AGM), 1,114,594 unlisted performance rights were granted to Executive Directors (667,500 - Wesley Coote, 245,625 - Colin Kangisser and 201,469 Lisa Roach), with a nil grant and exercise price. The performance rights will vest on 30 June 2025 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2025. The vesting conditions include a number of performance and service conditions.

Retention performance rights plan
On 27 March 2023, following shareholder approval at the AGM, 432,996 unlisted retention performance rights were granted to Executive Directors (222,500 - Wesley Coote, 115,643 - Colin Kangisser and 94,853 Lisa Roach), with a nil grant and exercise price. The retention performance rights will vest on 30 June 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions.

The fair value of performance rights (equity settled) with the relative TSR condition is calculated at the date of grant using the Monte-Carlo simulation model, taking into account the impact of the TSR condition and dividends during the vesting period. The value disclosed is the portion of fair value of the performance rights recognised in each reporting period.

Refer to 'Share-based compensation' section of this remuneration report for the vesting conditions of the performance rights.

The performance rights do not rank equally with existing ordinary shares quoted. Prior to vesting, the performance rights do not carry a right to vote or receive dividends.

Where shares are issued upon the vesting and exercise of the performance rights (within the periods detailed below), those shares will rank equally with existing ordinary shares of Healthia Limited. To participate in a dividend, the ordinary shares must be issued prior to the record date for the dividend.

Use of remuneration consultants
During the financial year ended 30 June 2023, the Consolidated Entity engaged a remuneration consultant, Godfrey Remuneration Group Pty Ltd (GRG), to review its existing remuneration policies for the Chief Executive Office and Managing Directors remuneration and structure of the performance rights plans. GRG was paid $16,000 plus GST for this advice.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from the Chief Executive Officer and Managing Director. These protocols include requiring that the consultant not communicate with the Chief Executive Officer and Managing Director without a member of the Nomination and Remuneration Committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the Chief Executive Officer and Managing Director. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')
At the AGM, 95.45% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Details of the remuneration of KMP of the Consolidated Entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2023	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Other Cash ^ $	Total $
Non-Executive Directors:								
Glen Richards	130,000	-	-	-	-	-	-	130,000
Paul Wilson	80,000	-	-	-	-	-	-	80,000
Lisa Dalton	80,000	-	-	-	-	-	-	80,000
Executive Directors:								
Wesley Coote	397,980	-	-	34,438	7,619	220,562	-	660,599
Darren Stewart	103,779	-	-	10,695	867	-	-	115,341
Colin Kangisser	299,923	-	-	29,392	5,475	34,126	-	368,916
Lisa Roach	245,000	31,357	-	26,917	4,471	84,099	-	391,844
Other KMP:								
Roy Walker**	89,904	-	-	8,794	1,755	20,490	-	120,943
Damien Peters**	80,769	-	-	8,481	1,545	20,490	-	111,285
Katherine Baker*	132,722	39,196	-	18,008	-	-	249,000	438,926
Christopher Banks*	183,846	-	-	18,092	-	-	-	201,938
	1,823,923	70,553	-	154,817	21,732	379,767	249,000	2,699,792

* Remuneration to date of resignation as KMP

** Remuneration from appointment as KMP

^ Other cash benefits include termination benefits paid to Katherine Baker.

Details of incentives (LTIs) are disclosed in the Additional information section within this remuneration report.

Other than as set out in the above table, no other STI's were paid to KMP during FY23 as a result of them not meeting the target performance criteria.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Glen Richards	100,000	-	-	-	-	-	100,000
Paul Wilson	60,000	-	-	-	-	-	60,000
Lisa Dalton	60,000	-	-	-	-	-	60,000
Executive Directors:							
Wesley Coote	345,000	-	-	27,500	6,753	137,037	516,290
Darren Stewart	122,370	-	-	12,153	730	-	135,253
Colin Kangisser	295,005	-	-	26,393	5,840	12,420	339,658
Lisa Roach	213,077	34,650	-	19,269	4,380	56,290	327,666
Anthony Ganter*	202,740	-	-	27,860	3,979	58,696	293,275
Other KMP:							
Christopher Banks	220,769	-	-	20,077	4,882	55,075	300,803
Katherine Baker	232,500	43,312	-	27,250	4,882	61,043	368,987
	1,851,461	77,962	-	160,502	31,446	380,561	2,501,932

* Remuneration is to date of cessation as a director.

The proportion of remuneration linked to performance and the fixed proportion was as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2023	2022	2023	2022	2023	2022
Non-Executive Directors:						
Glen Richards	100.0%	100.0%	-	-	-	-
Paul Wilson	100.0%	100.0%	-	-	-	-
Lisa Dalton	100.0%	100.0%	-	-	-	-
Executive Directors:						
Wesley Coote	66.6%	73.5%	-	-	33.4%	26.5%
Darren Stewart	100.0%	100.0%	-	-	-	-
Colin Kangisser	90.7%	96.3%	-	-	9.3%	3.7%
Lisa Roach	68.7%	72.2%	8.0%	10.8%	23.3%	17.0%
Other KMP:						
Roy Walker	83.1%	-	-	-	16.9%	-
Damien Peters	81.6%	-	-	-	18.4%	-
Katherine Baker	34.3%	71.8%	65.7%	11.7%	-	16.5%
Christopher Banks	100.0%	81.7%	-	-	-	18.3%

The proportion of the cash bonus paid/payable or forfeited was as follows:

Name	Cash bonus paid/payable 2023	Cash bonus paid/payable 2022	Cash bonus forfeited 2023	Cash bonus forfeited 2022
Executive Directors:				
Wesley Coote	-	-	100%	100%
Colin Kangisser	-	-	100%	100%
Lisa Roach	26%	42%	74%	58%
Other KMP:				
Roy Walker	-	-	100%	-
Damien Peters	-	-	100%	-
Katherine Baker	26%	53%	74%	47%
Christopher Banks	-	-	100%	100%

Executive remuneration overview
The Consolidated Entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components:
- Base pay and non-monetary benefits
- Short-term performance incentives
- Share-based payments
- Other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives receive their fixed remuneration in the form of cash.

Short-Term Incentives
The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of Executives. STI payments are granted to Executives based on specific and challenging annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management. Performance hurdles are linked to key performance indicators of the Executive personnel, key non-financial targets aligned to Healthia’s strategic objectives and Board approval.

Executives are eligible for an annual STIs with an opportunity to earn up to 35% of their annual base fixed remuneration.

Ongoing participation by executives in the STI plan is at the discretion of the Board. With reference to recommendations from the Nomination and Remuneration Committee, the Board will approve all executive STI payments, and may use its discretion to adjust STI remuneration up or down, to avoid unattended outcomes.

Long Term Incentives
The long-term incentives ('LTI') take the form of an equity incentive (Performance Rights). Performance Rights are awarded to executives and subject to performance hurdles over a three year period. Performance hurdles consist of indexed Total Shareholders Return and growth in Earnings Per Share of the Consolidated Entity. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for Executives during the year ended 2023.

Ongoing participation by executives in the LTI plan is at the discretion of the Board. With reference to recommendations from the Nomination and Remuneration Committee, the Board will approve all executive LTI payments, and may use its discretion to adjust the LTIs, to prevent any inappropriate reward outcomes.

Contractual arrangements with executive KMPs

Group Chief Executive Officer

Fixed remuneration	$445,000 (effective from 1 October 2022)
Contract duration	Ongoing
Notice by the individual / company	6 months
Termination of employment (with cause) or by the individual	STI is not awarded and all unvested LTIs are forfeited
Termination of employment (without cause)	Entitlement to pro-rata STI for the year, subject to meeting specified performance criteria during the relevant period. All unvested LTI will lapse, unless the Board determines otherwise in its absolute discretion.
Restrictive covenants	Post-employment restraint for 18 months preventing the Group CEO from being employed or involved in a competing business.

Other Senior Executives

Fixed remuneration	Range between $241,000 and $329,400 (effective from 1 July 2022)
Contract duration	Ongoing contract
Notice by the individual / company	6 months
Termination of employment (with cause) or by the individual	STI is not awarded and all unvested LTIs are forfeited
Termination of employment (without cause)	All unvested LTI will lapse, unless the Board determines otherwise in its absolute discretion.
Restrictive covenants	Post-employment restraints between 12 and 18 months

Non-executive director arrangements

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Non-Executive Directors do not receive share options or other performance based pay or incentives.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 4 July 2018, where the shareholders approved a maximum annual aggregate remuneration of $500,000 per annum.

All non-executive directors are appointed under a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

The current base fees, detailed below, were reviewed with effect from 1 September 2022. Directors may also be reimbursed for all travel and other expenses they incur in connection with the Consolidated Entity.

Non-executive directors	Per annum director fees (from 1 September 2022)
Non-executive directors	$70,000 (FY22: $50,000)
Additional allowances:	
Chair of Board	$60,000 (FY22: $50,000)
Remuneration & Nomination Committee Chair	$10,000 (FY22: $10,000)
Audit & Risk Committee Chair	$10,000 (FY22: $10,000)

Share-based compensation

Unlisted long term incentive performance rights

On 29 November 2022, the Consolidated Entity's shareholders approved the grant of 1,551,260 unlisted performance rights to Executive Directors and KMP with a nil grant and exercise price. The performance rights will vest on 30 June 2025 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2025. The vesting conditions include a number of performance and service conditions. The performance rights were issued on 27 March 2023.

Unlisted retention performance rights

On 29 November 2022, the Consolidated Entity's shareholders approved the grant of 432,996 unlisted retention performance rights (RPR) to Executive Directors with a nil grant and exercise price. The retention performance rights will vest on 30 June 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions. The retention performance rights were issued on 27 March 2023.

	2022 Grant - Performance Rights
Grant date:	27 March 2023
Grant price:	$nil
Exercise price:	$nil
Vesting date:	30 June 2025
Expiry date:	31 October 2025
Restriction on shares issued on exercise:	Can only be traded in accordance with Securities Trading Policy and insider trading laws

The fair value of performance rights (equity settled) with the relative TSR condition is calculated at the date of grant using the Monte-Carlo simulation model, taking into account the impact of the TSR condition and dividends during the vesting period. The value disclosed is the portion of fair value of the rights recognised in each reporting period.

Vesting conditions for long term incentive performance rights granted 27 March 2023 for all Key Management Personnel

Service condition	The performance rights will be exercisable upon satisfaction of the Service condition, being continuous employment with the Company from Grant Date until the Vesting Date.
EPS Growth condition	The Company's compounding annual growth in underlying Earnings Per Share (underlying EPS) for the period from 1 July 2022 to 30 June 2025 based on the following vesting scale: - Below threshold and target being less than 4% - Nil Vesting - Threshold and target being between 4% and 10% - Pro rata vesting - Stretch being over 10% - 100% vesting The underlying EPS results to be used will be the Basic EPS recorded in the Company's audited financial statements in the relevant years, adjusted for one-off and non-recurring items and the amortisation of customer lists, as determined by the Board in its discretion. Up to 50% of the Performance Rights will be exercisable if this condition is achieved.
Indexed TSR (iTSR)	Satisfaction of the iTSR performance condition against the S&P/ ASX Small Industrials Index, based on the following vesting scale: - Stretch being index movement of greater than 10% - 100% vesting - Between target and stretch being index movement of between 5% and 10% - pro rata vesting - Target being index movement of 5% - 50% vesting - Between threshold and target being index movement of between 0% and 5% - pro rata vesting - Threshold being equal to index movement - 25% vesting - Below threshold being less than the index movement - Nil vesting TSR is the sum of the change in share price and dividends (assumed to be reinvested in shares) during the Vesting Period. It is annualised for the purpose of the above vesting scale. The TSR of the Company will be calculated and converted to a compound annual growth rate (**CAGR**) value for the purpose of assessment against this scale. During periods of nil dividends being declared, TSR is equal to the change in share price. Up to 50% of the performance rights will be exercisable if this condition is achieved.

	2022 Grant - Retention Performance Rights
Grant date:	27 March 2023
Grant price:	$nil
Exercise price:	$nil
Vesting date:	30 June 2023
Expiry date:	31 October 2023
Restriction on shares issued on exercise:	Can only be traded in accordance with Securities Trading Policy and insider trading laws

Vesting conditions retention performance rights granted 27 March 2023 for all Key Management Personnel

Service condition	The performance rights will be exercisable upon satisfaction of the Service condition, being continuous employment with the Company from Grant Date until the Vesting Date.
FY23 EBITDA(u)	Achievement by the Company of EBITDA(u) of greater than $40 million for the financial year ended 30 June 2023. This reflects the Company's guidance on 31 August 2022 that it expects to deliver EBITDA(u) in FY23 of greater than $40 million. EBITDA(u) or Underlying EBITDA is statutory earnings before interest, tax, depreciation and amortisation (EBITDA) 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. EBITDA(u) is presented on a pre-AASB16 basis. Underlying EBITDA is a non-IFRS measure and will be determined by the Directors having regard to those principles and is not audited.

The performance rights do not rank equally with existing ordinary shares quoted. Prior to vesting, the performance rights do not carry a right to vote or receive dividends.

Where shares are issued upon the vesting and exercise of the performance rights (within the periods detailed above), those shares will rank equally with existing ordinary shares of Healthia Limited.

To participate in a dividend, the ordinary shares must be issued prior to the record date for the dividend.

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
Wesley Coote	333,750	27-Mar-23	30-Jun-25	31-Oct-25	$1.130
Colin Kangisser	122,813	27-Mar-23	30-Jun-25	31-Oct-25	$1.130
Lisa Roach	100,735	27-Mar-23	30-Jun-25	31-Oct-25	$1.130
Roy Walker	109,167	27-Mar-23	30-Jun-25	31-Oct-25	$1.130
Damien Peters	109,167	27-Mar-23	30-Jun-25	31-Oct-25	$1.130
Wesley Coote	333,750	27-Mar-23	30-Jun-25	31-Oct-25	$0.500
Colin Kangisser	122,812	27-Mar-23	30-Jun-25	31-Oct-25	$0.500
Lisa Roach	100,734	27-Mar-23	30-Jun-25	31-Oct-25	$0.500
Roy Walker	109,165	27-Mar-23	30-Jun-25	31-Oct-25	$0.500
Damien Peters	109,165	27-Mar-23	30-Jun-25	31-Oct-25	$0.500
Wesley Coote	187,500	19-Nov-21	18-Nov-24	31-Dec-24	$0.420
Lisa Roach	66,000	19-Nov-21	18-Nov-24	31-Dec-24	$0.420
Colin Kangisser	45,000	19-Nov-21	18-Nov-24	31-Dec-24	$0.420
Wesley Coote (RPR)	222,500	27-Mar-23	30-Jun-23	31-Oct-23	$1.210
Lisa Roach (RPR)	94,853	27-Mar-23	30-Jun-23	31-Oct-23	$1.210
Colin Kangisser (RPR)	115,643	27-Mar-23	30-Jun-23	31-Oct-23	$1.210
Wesley Coote	96,250	1-Dec-20	31-Aug-23	31-Oct-23	$0.910
Wesley Coote	96,250	1-Dec-20	31-Aug-23	31-Oct-23	$0.140
Lisa Roach	45,000	30-Oct-20	31-Aug-23	31-Oct-23	$0.910
Lisa Roach	45,000	30-Oct-20	31-Aug-23	31-Oct-23	$0.140

Performance rights granted carry no dividend or voting rights.

Additional disclosures relating to KMP

Shareholding
The number of shares in the Company held during the financial year by each Director and other KMP of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration*	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Glen Richards	7,456,572	-	510,205	-	7,966,777
Paul Wilson	1,738,082	-	245,377	-	1,983,459
Lisa Dalton	43,267	-	4,211	-	47,478
Wesley Coote	1,681,510	161,253	56,357	-	1,899,120
Darren Stewart	8,000,924	-	20,409	-	8,021,333
Colin Kangisser	5,066,600	-	68,028	-	5,134,628
Lisa Roach	855,019	101,675	51,195	-	1,007,889
Roy Walker	-	-	-	-	-
Damien Peters	-	-	-	-	-
Katherine Baker	12,857	-	-	(12,857)	-
Christopher Banks	192,270	-	-	(192,270)	-
	25,047,101	262,928	955,782	(205,127)	26,060,684

* *Shares issued as a result of performance rights vesting during the year.*

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Glen Richards	-	-	-	-	-
Paul Wilson	-	-	-	-	-
Lisa Dalton	-	-	-	-	-
Wesley Coote	552,463	890,000	(172,463)	-	1,270,000
Darren Stewart	-	-	-	-	-
Colin Kangisser	45,000	361,268	-	-	406,268
Lisa Roach	264,840	296,322	(108,840)	-	452,322
Roy Walker	-	218,333	-	-	218,333
Damien Peters	-	218,333	-	-	218,333
Katherine Baker	236,750	-	-	(236,750)	-
Christopher Banks	253,600	-	(81,906)	(171,694)	-
	1,352,653	1,984,256	(363,209)	(408,444)	2,565,256

	Maximum value yet to vest* $
Performance rights over ordinary shares	
Wesley Coote	1,028,662
Colin Kangisser	359,012
Lisa Roach	353,939
Roy Walker	177,941
Damien Peters	177,941
Katherine Baker	-
Chris Banks	-
	2,097,495

** The maximum value of the deferred shares yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed.*

Loans to KMP and their related parties
There were no loans to KMP and their related parties at 30 June 2023.

Other transactions with KMP and their related parties
The following transactions occurred with related parties:

	Consolidated 2023 $	Consolidated 2022 $
Consideration relating to the acquisition of businesses at the time of acquisition of The Optical Company:		
Deferred cash payment for the acquisition of businesses associated with director Colin Kangisser	-	1,065,044
Rent and outgoings paid to entities controlled by Darren Stewart	309,965	311,652
Rent and outgoings paid to entities controlled by Lisa Roach	220,401	235,907
Payment for bookkeeping services to an entity associated with Wesley Coote	556,208	380,470
Payment for orthotics and prosthetics to an entity associated with Darren Stewart	-	72,556
	1,086,574	1,000,585

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Shares under performance rights
Unissued ordinary shares of Healthia Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
30 October 2020	31 October 2023	180,000
1 December 2020	31 October 2023	282,500
19 November 2021	31 December 2024	819,000
27 March 2023*	31 October 2025	2,244,060
27 March 2023**	31 October 2023	730,842
		4,256,402

* Performance Rights
** Retention Performance Rights

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights
The following ordinary shares of Healthia Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
26 October 2022	$0.00	2,190,837

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Consolidated Entity for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Post the end of the financial year, the Consolidated Entity paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Consolidated Entity who are former partners of BDO Audit Pty Ltd

There are no officers of the Consolidated Entity who are former partners of BDO Audit Pty Ltd.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Glen F Richards

Dr Glen Frank Richards
Director

29 September 2023

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY MICHAEL CUTRI TO THE DIRECTORS OF HEALTHIA LIMITED

As lead auditor of Healthia Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Healthia Limited and the entities it controlled during the period.

Michael Cutri

Director

BDO Audit Pty Ltd

Brisbane, 29 September 2023

Healthia Limited and its Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Revenue from contracts with customers	5	252,556	200,264
Other income	6	3,358	2,520
Fair value movement of contingent consideration	29	1,106	1,550
Expenses			
Changes in inventories		3,685	2,527
Raw materials and consumables used		(24,293)	(20,785)
Employee benefits expense		(155,196)	(129,189)
Occupancy costs		(6,816)	(4,758)
Marketing costs		(3,470)	(3,218)
Other expenses		(13,447)	(11,335)
Impairment of receivables		(625)	(268)
Acquisition costs		(3,505)	(5,219)
Integration and restructuring costs		(3,790)	(2,183)
Share-based payments expense	39	(1,000)	(1,395)
Depreciation expense	7	(23,019)	(19,341)
Amortisation expense	7	(1,946)	(1,685)
Finance costs	7	(9,336)	(5,895)
Profit before income tax expense		14,262	1,590
Income tax expense	8	(3,926)	(1,247)
Profit after income tax expense for the year		10,336	343
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		10,336	343
Profit for the year is attributable to:			
Non-controlling interest		4,869	3,672
Owners of Healthia Limited		5,467	(3,329)
		10,336	343
Total comprehensive income for the year is attributable to:			
Non-controlling interest		4,869	3,672
Owners of Healthia Limited		5,467	(3,329)
		10,336	343
		Cents	Cents
Basic earnings per share	38	4.01	(2.82)
Diluted earnings per share	38	3.92	(2.82)

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 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Assets			
Current assets			
Cash and cash equivalents	9	5,589	5,666
Trade and other receivables	10	12,972	8,204
Inventories	11	14,217	10,532
Income tax refund due	8	221	97
Other assets	12	3,833	3,199
Total current assets		36,832	27,698
Non-current assets			
Investments accounted for using the equity method	13	21	19
Property, plant and equipment	14	21,451	17,075
Right-of-use assets	15	63,539	59,073
Intangibles	16	267,334	246,326
Deferred tax	8	6,761	7,845
Total non-current assets		359,106	330,338
Total assets		395,938	358,036
Liabilities			
Current liabilities			
Trade and other payables	17	15,534	19,089
Borrowings	18	2,000	1,954
Lease liabilities	19	19,165	17,116
Employee benefit obligations	21	10,331	11,318
Provisions	22	1,087	357
Other liabilities	23	4,203	2,914
Total current liabilities		52,320	52,748
Non-current liabilities			
Borrowings	18	95,425	77,117
Lease liabilities	19	50,434	46,853
Derivative financial instruments	20	-	14
Employee benefit obligations	21	968	904
Provisions	22	2,618	2,975
Other liabilities	23	1,939	4,961
Total non-current liabilities		151,384	132,824
Total liabilities		203,704	185,572
Net assets		192,234	172,464
Equity			
Issued capital	24	159,312	146,213
Reserves	25	(1,124)	(2,124)
Accumulated losses		(5,094)	(7,801)
Equity attributable to the owners of Healthia Limited		153,094	136,288
Non-controlling interest	26	39,140	36,176
Total equity		192,234	172,464

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 2023

Consolidated	Issued capital $'000	Reserves $'000	Retained profits/ (accumulated losses) $'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	58,128	-	-	-	58,128
Issue of performance rights	-	1,395	-	-	1,395
Issue of ordinary shares as consideration for business combinations (note 35)	5,771	-	-	-	5,771
Issue of ordinary shares as part of Dividend Reinvestment Plan	2,736	-	-	-	2,736
Contributions of clinic class shares	-	-	-	1,154	1,154
Issue of clinic class shares as consideration for business combinations (note 35)	-	-	-	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 27)	-	-	(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 changes in equity
For the year ended 30 June 2023

Consolidated	Issued capital $'000	Reserves $'000	Retained profits/ (accumulated losses) $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	146,213	(2,124)	(7,801)	36,176	172,464
Profit after income tax expense for the year	-	-	5,467	4,869	10,336
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	5,467	4,869	10,336
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 24)	10,339	-	-	-	10,339
Issue of ordinary shares in iOrthotics USA LLC	-	-	-	268	268
Issue of performance rights	-	1,000	-	-	1,000
Issue of ordinary shares as part of Dividend Reinvestment Plan (note 24)	2,760	-	-	-	2,760
Contributions of clinic class shares	-	-	-	1,271	1,271
Issue of clinic class shares as consideration for business combinations (note 35)	-	-	-	2,869	2,869
Buy-back of clinic class shares	-	-	-	(1,637)	(1,637)
Distributions paid to non-controlling interest	-	-	-	(4,676)	(4,676)
Dividends paid (note 27)	-	-	(2,760)	-	(2,760)
Balance at 30 June 2023	159,312	(1,124)	(5,094)	39,140	192,234

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 2023

	Note	Consolidated 2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		251,774	198,056
Payments to suppliers (inclusive of GST)		(217,032)	(171,818)
		34,742	26,238
Interest received		46	1
Government grants (Covid-19)		-	622
Interest and other finance costs paid		(9,336)	(5,895)
Income taxes paid		(2,861)	(3,770)
Net cash from operating activities	37	22,591	17,196
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	35	(17,641)	(79,456)
Payments of contingent and deferred business purchases consideration		(3,358)	(1,554)
Payments for property, plant and equipment	14	(7,420)	(3,495)
Payments for intangibles	16	(141)	-
Proceeds from disposal of property, plant and equipment		-	50
Net cash used in investing activities		(28,560)	(84,455)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	24	13,742	62,570
Share issue transaction costs	24	(643)	(2,677)
Proceeds from issue of clinic class shares		1,271	1,154
Buy-back of clinic class shares		(1,637)	(220)
Proceeds from borrowings	37	18,308	29,065
Repayment of lease liabilities	37	(17,759)	(14,877)
Dividends paid to non-controlling interest		(4,676)	(3,394)
Dividends paid	27	(2,760)	(4,792)
Net cash from financing activities		5,846	66,829
Net decrease in cash and cash equivalents		(123)	(430)
Cash and cash equivalents at the beginning of the financial year		3,712	4,142
Cash and cash equivalents at the end of the financial year	9	3,589	3,712

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

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2023.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

Working capital deficiency and compliance with banking covenants

As presented in the financial statements, the Consolidated Entity generated a profit after tax of $10.3 million (FY22: $0.34 million) and had net cash inflows from operating activities of $22.6 million (FY22: $17.2 million) for the year ended 30 June 2023. As at that date the entity had net current liabilities of $15.5 million (FY22: $25.1 million). Within these current liabilities, the Directors further note:

- $19.2 million included in current liabilities relates to property leases (under AASB16) where the associated right-of-use assets are recognised as non-current assets. Cash flow from customers will be generated from the Consolidated Entity's business sites/clinics and a portion of these cash flows will be used to pay the respective lease liability repayments (property rents); and
- Other current liabilities of $3.3 million includes contingent consideration for business acquisitions (earn-outs), which will only be achieved if cash flow generation remains as forecast.

The directors also believe that the preparation of the financial statements using the going concern basis of accounting is appropriate based on cash flow forecasts prepared, which show the Consolidated Entity is expected to be able to pay its debts as and when they fall due for the next 12 months and to realise the value of its assets and discharge its liabilities in the ordinary course of business. Therefore, the directors believe that the preparation of the financial statements using the going concern basis of accounting is appropriate.

Note 2. Significant accounting policies (continued)

Key to the forecasts are relevant assumptions regarding the business, and about financing and shareholder support; in particular:

- Revenue and cash flow targets – the Consolidated Entity has prepared a cash flow forecast based on reasonable assumptions that the directors believe are achievable;
- Future business combinations – the cash flow forecasts do not incorporate any future business combinations, with the assumption that future acquisitions will be funded through a combination of the bank loan facility and shares;
- Capital raising – during the year the Consolidated Entity successfully undertaken a capital raising providing funds to support working capital and provide flexibility for further acquisitions;
- Bank support – in February 2023, the Consolidated Entity has obtained from its financiers:
  1. An increase in the allowable cap for adjustments / addbacks during any 12-month period from $3 million to $5 million when calculating Adjusted EBITDA for the purposes of its bank covenants, in particular for the Leverage Covenant (Debt Adjusted EBITDA);
  2. Waivers in relation to the requirement to enter into a new Hedge Agreement until the end of September 2023; and
  3. An increase in the total facility limit from $100.0m to $120.0m.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity, Healthia Limited, is disclosed in note 34.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 2. Significant accounting policies (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Associates
Associates are entities over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Consolidated Entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Note 2. Significant accounting policies (continued)

Impairment of financial assets
The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2023. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Allowance for expected credit losses for trade receivables
The allowance for expected credit losses assessment for trade receivables requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Goodwill and other indefinite life intangible assets
The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

For the purpose of impairment testing, goodwill has been allocated to the Cash-Generating Units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management will monitor and manage the goodwill. The Consolidated Entity has identified three CGUs, being the Bodies & Minds, Feet & Ankles, Eyes & Ears divisions. Refer to Note 16 for details on impairment testing.

Classification of Clinic Class Shares: Equity vs Financial liability
Clinic Class Shares were issued to (1) the sellers on acquisition of various podiatry and physiotherapy clinics and (2) clinicians who wish to (i) 'buy-in' to existing clinics, or (ii) 'buy-in' to a new podiatry or physiotherapy clinic.

The Clinic Class Shares were historically classified as a financial liability based on the fact that My FootDr (Aust) Limited previously had a contractual obligation to deliver cash in the form of preferential dividends payable to the holders each quarter by reference to profits derived from the Clinics. The Clinic Class Shares have been reclassified to equity in 2019 Financial year following amendments to the terms and conditions that result in the instruments having the characteristics of equity.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Consolidated Entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Consolidated Entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Consolidated Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Contingent consideration
The contingent consideration liability relates to business combinations and is valued at fair value at the acquisition date as part of the business combination. At each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost. Refer to Note 29 for the fair value measurement of contingent consideration.

Business combinations
As discussed in note 35, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated Entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Segment Information

Identification of reportable segments
For management purposes, the Consolidated Entity is organised into business units based on its products and services and has three reportable segments, as follows: : Feet & Ankles, Bodies & Minds and Eyes & Ears.

These reportable 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.

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 reportable 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.

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.

Note 4. Segment Information (continued)

Reportable segment information

Consolidated - 2023	Feet & Ankles $'000	Bodies & Minds $'000	Eyes & Ears $'000	Other* $'000	Total $'000
Revenue					
Sales to external customers	61,039	148,284	43,233	-	252,556
Total revenue	61,039	148,284	43,233	-	252,556
EBITDA - underlying	13,269	28,782	8,327	(12,912)	37,466
Addback property lease costs (**)	5,173	11,020	4,555	-	20,748
Depreciation and amortisation expense	(6,145)	(13,250)	(5,570)	-	(24,965)
Share-based payments expense	-	-	-	(1,000)	(1,000)
Finance costs	-	-	-	(9,336)	(9,336)
Excess sick leave (flu/COVID)	-	-	-	(1,035)	(1,035)
Acquisition costs	-	-	-	(3,505)	(3,505)
Integration and restructuring costs	-	-	-	(4,690)	(4,690)
Doubtful debts	-	-	-	(527)	(527)
Fair value movement of contingent consideration	-	-	-	1,106	1,106
Profit/(loss) before income tax expense	12,297	26,552	7,312	(31,899)	14,262
Income tax expense					(3,926)
Profit after income tax expense					10,336

* *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 leases costs are therefore added back in this reconciliation between underlying EBITDA and statutory profit/(loss).*

Consolidated - 2022	Feet & Ankles $'000	Bodies & Minds $'000	Eyes & Ears $'000	Other* $'000	Total $'000
Revenue					
Sales to external customers	53,183	109,825	37,256	-	200,264
Total revenue	53,183	109,825	37,256	-	200,264
EBITDA	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 leases costs are therefore added back in this reconciliation between underlying EBITDA and statutory profit/(loss).*

Note 4. Segment Information (continued)

Accounting policy for reportable segments
Reportable 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 segments and assessing their performance.

Note 5. Revenue from contracts with customers

	Consolidated	
	2023 $'000	2022 $'000
Rendering of services	196,379	154,898
Sale of goods	56,177	45,366
Revenue from contracts with customers	252,556	200,264

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2023 $'000	2022 $'000
Segment Revenue		
Feet & Ankles	61,039	53,183
Bodies & Minds	148,284	109,825
Eyes & Ears	43,233	37,256
	252,556	200,264
Geographical regions		
Australia	246,608	197,306
United States	1,854	1,252
New Zealand	4,094	1,706
	252,556	200,264
Timing of revenue recognition		
Goods and services transferred at a point in time	252,556	200,264

Accounting policy for revenue recognition
The Consolidated Entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of goods
Revenue from the sale of goods is recognised at a point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 5. Revenue from contracts with customers (continued)

Revenue from the sale of goods from the orthotics laboratory and podiatry wholesale business goods is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the goods have been shipped to the specific location, and the risks of obsolescence and loss have been transferred to the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional.

Rendering of services
Revenue from a contract to provide services is recognised as the services are rendered based on either a fixed price or an hourly rate.

Note 6. Other income

	Consolidated	
	2023 $'000	2022 $'000
Government grants (COVID-19)	-	622
Interest	46	1
Sub-tenant rent	2,321	1,284
Dividend income	-	24
Other income	991	589
Other income	3,358	2,520

Government grants (COVID-19)
During the Coronavirus ('Covid-19') pandemic, the Consolidated Entity received JobSaver support payments from the NSW State Government. These are recognised as government grants in the financial statements as other income when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. It is recognised as other income on a systematic basis over the periods that the related employee benefits expense, for which it is intended to compensate, are expensed.

Accounting policy for government grants
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Accounting policy for interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Accounting policy for rent
Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Note 7. Expenses

	Consolidated 2023 $'000	2022 $'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	20,608	18,258
Depreciation		
Leasehold improvements	1,909	648
Plant and equipment	2,190	2,695
Land and buildings - right-of-use assets	18,920	15,755
Plant and equipment - right-of-use assets	-	243
Total depreciation	23,019	19,341
Amortisation		
Customer lists	1,834	1,578
Software	112	107
Total amortisation	1,946	1,685
Total depreciation and amortisation	24,965	21,026
Finance costs		
Interest expense - bank	6,259	2,813
Interest expense - lease liabilities	3,077	3,082
Finance costs expensed	9,336	5,895
Superannuation expense		
Defined contribution superannuation expense	13,585	10,686
Share-based payments expense		
Share-based payments expense	1,000	1,395

Note 8. Income tax

	Consolidated 2023 $'000	Consolidated 2022 $'000
Income tax expense		
Current tax	3,674	4,331
Deferred tax - origination and reversal of temporary differences	347	(2,681)
Adjustment recognised for prior periods	(95)	(107)
Derecognition of DT balance	-	(296)
Aggregate income tax expense	3,926	1,247
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	347	(2,681)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	14,262	1,590
Tax at the statutory tax rate of 30%	4,279	477
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Capital costs expensed	270	1,405
Reversal of contingent consideration	(373)	(394)
Derecognition of DT balance	-	(296)
Other	(648)	(51)
Under/over	493	213
	4,021	1,354
Adjustment recognised for prior periods	(95)	(107)
Income tax expense	3,926	1,247

	Consolidated 2023 $'000	Consolidated 2022 $'000
Amounts credited directly to equity		
Deferred tax assets	-	(803)

Note 8. Income tax (continued)

	Consolidated	
	2023 $'000	2022 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Right-of-use asset	(19,133)	(17,722)
Customer lists	(1,441)	(1,772)
Employee benefits	4,238	5,562
Leases	20,953	19,191
Accrued expenses	371	303
Blackhole expenses	697	956
Other	940	68
Losses - Revenue & Capital	136	1,259
Deferred tax asset	6,761	7,845
Movements:		
Opening balance	7,845	4,525
Credited/(charged) to profit or loss	(347)	2,681
Credited to equity	-	803
Additions through business combinations	378	(301)
Derecognition	-	(296)
Other	-	143
Under/over	(1,115)	290
Closing balance	6,761	7,845

	Consolidated	
	2023 $'000	2022 $'000
Income tax refund due		
Income tax refund due	221	97

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 8. Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 9. Cash and cash equivalents

	Consolidated	
	2023 $'000	2022 $'000
Current assets		
Cash on hand	252	225
Cash at bank	5,337	5,441
	5,589	5,666

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2023 $'000	2022 $'000
Balances as above	5,589	5,666
Bank overdraft (note 18)	(2,000)	(1,954)
Balance as per statement of cash flows	3,589	3,712

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also include bank overdrafts, which are shown within borrowings in current liabilities on the Statement of Financial Position.

Note 10. Trade and other receivables

	Consolidated	
	2023 $'000	2022 $'000
Current assets		
Trade receivables	11,062	8,562
Less: Allowance for expected credit losses	(930)	(549)
	10,132	8,013
Other receivables	2,807	-
GST recoverable	33	191
	12,972	8,204

Allowance for expected credit losses
The Consolidated Entity has recognised a loss of $625,000 (30 June 2022: $268,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

Note 10. Trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
Consolidated	%	%	$'000	$'000	$'000	$'000
Current	-	-	4,956	4,900	-	-
0 to 3 months overdue	-	-	1,455	1,172	-	-
Over 3 months overdue	20%	22%	4,651	2,490	930	549
			11,062	8,562	930	549

The calculation of expected credit losses has been revised as at 30 June 2023 and rates have decreased in the Over 3 months overdue category to 20% (30 June 2022: 22%).

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Consolidated Entity has identified the following to be the most relevant factors in determining expected loss rates:

- unemployment rate
- inflation, and
- Reserve Bank of Australia cash rate

Aged debtors greater than 90 days require investigation. Management uses judgment in determining which debtors are unlikely to be recovered and require write-off

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 11. Inventories

	Consolidated	
	2023	2022
	$'000	$'000
Current assets		
Consumables at cost	1,388	951
Finished goods at cost	12,829	9,581
	14,217	10,532

Accounting policy for inventories
Consumables and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 12. Other assets

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Prepayments	3,369	2,166
Other current assets	464	1,033
	3,833	3,199

Note 13. Investments accounted for using the equity method

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Investment in associate - Fracture Holdco Pty Ltd	21	19

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	2023 $'000	2022 $'000
Opening carrying amount	19	19
Profit after income tax	2	-
Closing carrying amount	21	19

Interests in associates
Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Consolidated Entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Fracture Holdco Pty Ltd	Australia	25.00%	40.00%

Note 14. Property, plant and equipment

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Leasehold improvements - at cost	14,648	10,368
Less: Accumulated depreciation	(6,940)	(5,032)
	7,708	5,336
Plant and equipment - at cost	30,460	26,266
Less: Accumulated depreciation	(16,717)	(14,527)
	13,743	11,739
	21,451	17,075

Note 14. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2022	5,336	11,739	17,075
Additions	3,964	3,456	7,420
Additions through business combinations (note 35)	317	738	1,055
Depreciation expense	(1,909)	(2,190)	(4,099)
Balance at 30 June 2023	7,708	13,743	21,451

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a reducing balance basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 15. Right-of-use assets

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Land and buildings - right-of-use	115,129	91,668
Less: Accumulated depreciation	(51,590)	(32,595)
	63,539	59,073
Plant and equipment - right-of-use	622	622
Less: Accumulated depreciation	(622)	(622)
	-	-
	63,539	59,073

Note 15. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land and buildings - right-of-use $'000	Plant and equipment - right-of-use $'000	Total $'000
Balance at 1 July 2022	59,073	-	59,073
Additions	18,582	-	18,582
Additions through business combinations (note 35)	4,804	-	4,804
Depreciation expense	(18,920)	-	(18,920)
Balance at 30 June 2023	63,539	-	63,539

For other lease disclosures, refer to:
- note 7 for depreciation on right-of-use assets and interest on lease liabilities;
- note 19 for lease liabilities at the reporting date;
- note 28 for maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 16. Intangibles

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Goodwill - at cost	257,353	235,242
Trademarks and brands	4,855	4,855
Customer lists	10,346	9,646
Less: Accumulated amortisation	(5,543)	(3,711)
	4,803	5,935
Software - at cost	840	699
Less: Accumulated amortisation	(517)	(405)
	323	294
	267,334	246,326

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Goodwill $'000	Trademarks and brands $'000	Customer lists $'000	Software $'000	Total $'000
Balance at 1 July 2022	235,242	4,855	5,935	294	246,326
Additions	-	-	-	141	141
Additions through business combinations (note 35)	22,111	-	700	-	22,811
Amortisation expense	-	-	(1,832)	(112)	(1,944)
Balance at 30 June 2023	257,353	4,855	4,803	323	267,334

A Cash-Generating Unit ('CGU') level summary of the goodwill allocation is presented below:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Feet & Ankles	43,323	43,323
Bodies & Minds	155,755	142,571
Eyes & Ears	58,275	49,348
Total goodwill	257,353	235,242

Impairment testing
The Consolidated Entity has tested goodwill, trademarks and brands for impairment, in accordance with the accounting policy stated in note 2. The recoverable amount has been determined based on value-in-use calculations using cash flow projections based on Board approved financial budgets and cover a five-year period. Cash flows beyond the 5-year period to the end of the assets useful life are estimated by extrapolating the management projections using a steady growth rate based on long term industry expectations.

For the purpose of impairment testing, goodwill, trademarks and brands have been allocated to the CGU, or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management will monitor and manage the goodwill, trademarks and brands. The Consolidated Entity has identified three CGUs, being the Bodies and Minds, Feet and Ankles and Eyes and Ears divisions.

Note 16. Intangibles (continued)

Key assumptions used for the value-in-use calculations are those to which the recoverable amount of an asset or CGUs is most sensitive.

The following key assumptions were used in the discounted cash flow model for both the Bodies & Minds, Feet & Ankles and Eyes & Ears divisions:
- The Consolidated Entity tests for impairment of goodwill, trademarks and brands on an annual basis. The recoverable amount of a CGU is determined based on a value-in-use calculation which require the use of assumptions.
- The calculations use cash flow projections over a five-year period, the first being 2024, based on the financial budget approved by the Board. Cash flow projections for periods beyond the 2024 period are extrapolated using the estimated growth rates below.
- Goodwill, trademarks and brands have been allocated to the three groupings of CGUs representing Bodies & Minds ('B&M'), Feet & Ankles ('F&A') and Eyes & Ears ('E&E').
- Corporate overheads have been apportioned to the CGUs based on the following percentages:
  B&M Division: 58%
  F&A Division: 24%
  E&E Division: 18%
- Sensitivity analyses on growth and discount rates has been performed to assess the impact on the outcome of the model.

Significant assumptions for the purposes of the value-in-use calculation include:
- Period of cash flows: 5 years
- 3.0% (2022: 3.0%) per annum projected revenue growth
- 3.0% (2022: 3.0%) per annum increase in operating costs and overheads
- Maintenance capital expenditures of 1.0% (2022: 1.0%) of revenue per annum
- 13.9% (2022: 13.0%) pre-tax discount rate
- 3.0% (2022: 3.0%) terminal value growth rate

The Consolidated Entity believes that the assumptions adopted in the value-in-use calculations are appropriate.

Management has determined the projected growth rates for revenue, operating costs and overheads over the five-year forecast period based on past performance and management's expectation of market development.

The maintenance capital expenditure rate has been determined based on the historical experience of management, and the planned capital expenditure.

The discount rate of 13.9% (2022: 13.0%) pre-tax reflects management’s estimate of the time value of money and the Consolidated Entity’s weighted average cost of capital, the long-term risk-free rate and the volatility of the share price relative to market movements.

The terminal value growth rate is consistent with forecasts included within industry reports.

Based on the above assumptions, the recoverable amount of the Bodies & Minds CGU exceeds the carrying amount by $88,508,083.

Based on the above assumptions, the recoverable amount of the Feet & Ankles CGU exceeds the carrying amount by $62,590,073.

Based on the above assumptions, the recoverable amount of the Eyes & Ears CGU exceeds the carrying amount by $20,383,803.

Sensitivity
As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease.

Note 16. Intangibles (continued)

Bodies & Minds division analysis:

- Growth rates for revenue, costs and terminal value would need to decrease by more than 341 basis points before goodwill would need to be impaired with all other assumptions remaining constant.
- The pre-tax discount rate would be required to increase by 479 basis points before goodwill would need to be impaired, with all other assumptions remain constant.
- FY24 EBITDA would need to decrease by more than 24.7% before goodwill would need to be impaired with all other assumptions remaining constant.

Feet & Ankles division analysis:

- Growth rates for revenue, costs and terminal value would need to decrease by more than 800 basis points before goodwill would need to be impaired with all other assumptions remaining constant.
- The pre-tax discount rate would be required to increase by 1,100 basis points before goodwill would need to be impaired, with all other assumptions remain constant.
- FY24 EBITDA would need to decrease by more than 41.0% before goodwill would need to be impaired with all other assumptions remaining constant.

Eyes & Ears division analysis:

- Growth rates for revenue, costs and terminal value would need to decrease by more than 210 basis points before goodwill would need to be impaired with all other assumptions remaining constant.
- The pre-tax discount rate would be required to increase by 286 basis points before goodwill would need to be impaired, with all other assumptions remain constant.
- FY23 EBITDA would need to decrease by more than 17.8% before goodwill would need to be impaired with all other assumptions remaining constant.

As a result of the value-in-use calculation, it was determined no impairment was identified.

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Trademarks and Brands
Trademarks and brands are tested annually for impairment.

Customer list
Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their estimated useful life of 5 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 17. Trade and other payables

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Trade payables	5,702	4,340
Accruals	1,422	3,267
PAYG tax payable	2,379	8,092
Superannuation payable	3,439	2,957
Other payables	2,592	433
	15,534	19,089

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. They are measured at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 18. Borrowings

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Bank overdraft	2,000	1,954
Non-current liabilities		
Bank loans	95,425	77,117
	97,425	79,071

Refer to note 28 for further information on financial instruments.

Assets pledged as security
The bank overdraft and loan are secured by a General Security Agreement over the Consolidated Entity.

Note 18. Borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2023 $'000	2022 $'000
Total facilities		
Bank overdraft	2,000	2,000
Bank loans	120,000	100,000
	122,000	102,000
Used at the reporting date		
Bank overdraft	2,000	1,954
Bank loans	95,425	77,117
	97,425	79,071
Unused at the reporting date		
Bank overdraft	-	46
Bank loans	24,575	22,883
	24,575	22,929

During FY23, the Consolidated Entity increased its total finance facility from $100.00 million to $120.00 million with its financiers, namely ANZ, NAB and BOQ. At period end, the Consolidated Entity has undrawn facilities of approximately $24.6 million available with a tenor (remaining maturity) of 2.5 years.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 19. Lease liabilities

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Lease liability	19,165	17,116
Non-current liabilities		
Lease liability	50,434	46,853
	69,599	63,969

Refer to note 28 for further information on financial instruments.

The Consolidated Entity's leasing activities
The Consolidated Entity leases various clinics, retail stores, offices and warehouses. Rental contracts are typically made for a fixed period of 3 to 5 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Lease assets may not be used as security for borrowing purposes.

Note 19. Lease liabilities (continued)

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Consolidated Entity. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Consolidated Entity and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most extension options in clinics, retail stores, offices and warehouses have not been included in the lease liability because the Consolidated Entity replaces the assets without significant cost or business disruption.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Note 20. Derivative financial instruments

	Consolidated	
	2023 $'000	2022 $'000
Non-current liabilities		
Interest rate swap derivative liabilities	-	14

Refer to note 28 for further information on financial instruments.

Refer to note 29 for further information on fair value measurement.

Accounting policy for derivative financial instruments
The Consolidated Entity uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Note 21. Employee benefit obligations

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Annual leave	6,869	8,151
Long service leave	3,462	3,167
	10,331	11,318
Non-current liabilities		
Long service leave	968	904
	11,299	12,222

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 22. Provisions

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Lease make good provision	1,087	357
Non-current liabilities		
Lease make good provision	2,618	2,975
	3,705	3,332

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Consolidated Entity at the end of the respective lease terms.

Note 22. Provisions (continued)

Accounting policy for provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 23. Other liabilities

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Contingent consideration	3,297	1,214
Deferred consideration	950	1,700
Other current liabilities	(44)	-
	4,203	2,914
Non-current liabilities		
Contingent consideration	989	4,961
Deferred consideration	950	-
	1,939	4,961
	6,142	7,875

Accounting policy for contingent consideration

The contingent consideration liability relates to business combinations and is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Note 24. Issued capital

	Consolidated			
	2023 Shares '000	2022 Shares '000	2023 $'000	2022 $'000
Ordinary shares - fully paid	140,192	128,316	159,312	146,213

Note 24. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares '000	Issue price	$'000
Balance	1 July 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
Issue of ordinary shares - Retail Entitlement Offer	12 September 2022	6,719	$1.47	9,877
Issue of ordinary shares - Retail Entitlement Offer	5 October 2022	752	$1.47	1,105
Issue of ordinary shares - Exercise of Performance Rights	27 October 2022	2,191	$0.00	-
Issue of ordinary shares - Dividend Reinvestment Plan	27 March 2023	2,214	$1.25	2,760
Share issue transaction costs (net of tax)				(643)
Balance	30 June 2023	140,192		159,312

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.

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 current 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 2022 Annual Report.

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

Note 24. Issued capital (continued)

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 25. Reserves

	Consolidated 2023 $'000	Consolidated 2022 $'000
Share-based payments reserve	4,230	3,230
Transactions with non-controlling interest reserve	(2,860)	(2,860)
Pre-IPO distributions reserve	(2,494)	(2,494)
	(1,124)	(2,124)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Transactions with non-controlling interest reserve
The transactions with non-controlling interest reserve are used to record differences which may arise as a result of increases or decreases in non-controlling interests that do not result in a loss of control.

Pre-IPO distribution reserve
The reserve records any differences between the acquired net assets and the consideration under continuation accounting. The transaction relevant to the understanding of this reserve account is detailed below:

Healthia Limited was incorporated on 10 May 2018 as a holding company to acquire the podiatry and physiotherapy service business as part of the Initial Public Offer of Healthia Limited. In this respect, Healthia Limited acquired all of the ordinary shares in My FootDr (Aust) Ltd (the MFDA Group) on 30 July 2018. In accordance with AASB3 Business Combinations, the acquisition of MFDA Group by Healthia Limited did not meet the definition of a business combination. Therefore, Healthia Limited's first issued financial statements applied the continuation method of accounting for the combination of the MFDA Group.

Under continuation accounting, the Consolidated Entity effectively adopted book value accounting whereby the assets and liabilities of the legal acquiree (MFDA Group) were recognised at their previous carrying amounts. No adjustments were made to reflect fair values and no new assets (including goodwill) and liabilities of the legal acquiree were recognised at the date of the business combination. Any difference between the acquired net assets and the consideration were recognised through the pre-IPO distribution reserve account in equity.

Movements in reserves
Movements in each class of reserve during the current financial year are set out below:

Consolidated	Share-based payments $'000	Transactions with non-controlling interest $'000	Pre-IPO distributions $'000	Total $'000
Balance at 1 July 2022	3,230	(2,860)	(2,494)	(2,124)
Issue of performance rights	1,000	-	-	1,000
Balance at 30 June 2023	4,230	(2,860)	(2,494)	(1,124)

Note 26. Non-controlling interest

	Consolidated	
	2023	2022
	$'000	$'000
Issued equity - Clinic Class shares	37,850	35,079
Retained profits	1,290	1,097
	39,140	36,176

Classification of Clinic Class Shares: Equity
Clinic Class Shares were issued to (1) the sellers on acquisition of various podiatry clinics and (2) clinicians who wish to (i) 'buy-in' to existing clinics, or (ii) 'buy-in' to a new podiatry, physiotherapy, and optical clinic. In accordance with the substance of the contractual arrangements and the definition of an equity instrument, the Clinic Class Shares are classified as equity instruments.

Refer to note 3 for details of the key judgements regarding the accounting treatment.

Note 27. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2023	2022
	$'000	$'000
Interim dividend for the year ended 30 June 2023 of 2.0 cents per ordinary share	2,760	-
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
	2,760	4,792

As at the date of signing the financial report, the Directors of Healthia Limited have not yet determined whether to declare a final dividend for FY23 given the terms of the proposed acquisition of Healthia by way of a scheme of arrangement.

Franking credits

	Consolidated	
	2023	2022
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	9,577	10,388

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 28. Financial instruments

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Market risk
Interest rate risk
The Consolidated Entity's main interest rate risk arises from long-term borrowings and interest rate swap contracts. Borrowings obtained at variable rates expose the Consolidated Entity to interest rate risk. Borrowings obtained at fixed rates expose the Consolidated Entity to fair value interest rate risk.

At the reporting date, the Consolidated Entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	Consolidated	
	2023 $'000	2022 $'000
Bank loans	95,425	77,117
Interest rate swaps (notional principal amount)	-	(20,000)
Net exposure to cash flow interest rate risk	95,425	57,117

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the Consolidated Entity the bank loans outstanding, totalling $95,425,000 (30 June 2022: $77,117,000), are interest only loans. At the reporting date, $nil (30 June 2022: $20,000,000) of debt was hedged by floating to fixed interest rate swaps.

An official increase in interest rates of 100 (30 June 2022: 100) basis points would have an adverse effect on profit before tax of $954,250 (30 June 2022: $571,170) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 28. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Bank overdraft	-	46
Bank loans	24,575	22,883
	24,575	22,929

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 2.50 years (30 June 2022: 2.25 years).

Remaining contractual maturities
The following tables detail the Consolidated Entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the Statement of Financial Position.

Consolidated - 2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Remaining contractual maturities $'000
Non-derivatives							
Non-interest bearing							
Trade and other payables		-	-	-	-	15,534	15,534
Other liabilities		-	-	-	-	6,142	6,142
Interest-bearing - variable							
Bank overdraft	8.97%	2,000	-	-	-	-	2,000
Bank loans	6.76%	6,383	6,383	97,617	-	-	110,383
Interest-bearing - fixed rate							
Lease liability	5.00%	22,594	19,959	31,934	4,258	-	78,745
Total non-derivatives		30,977	26,342	129,551	4,258	21,676	212,804
Derivatives							
Interest rate swaps inflow	-	-	-	-	-	-	-
Interest rate swaps outflow	-	-	-	-	-	-	-
Total derivatives		-	-	-	-	-	-

Note 28. Financial instruments (continued)

Consolidated - 2022	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Remaining contractual maturities $'000
Non-derivatives							
Non-interest bearing							
Trade and other payables		-	-	-	-	19,089	19,089
Other liabilities		-	-	-	-	7,875	7,875
Interest-bearing - variable							
Bank overdraft	7.00%	1,954	-	-	-	-	1,954
Bank loans	5.00%	3,856	3,856	80,971	-	-	88,683
Interest-bearing - fixed rate							
Lease liability	5.00%	17,826	18,310	30,964	4,309	-	71,409
Total non-derivatives		23,636	22,166	111,935	4,309	26,964	189,010
Derivatives							
Interest rate swaps inflow	1.19%	(60)	-	-	-	-	(60)
Interest rate swaps outflow	1.26%	63	-	-	-	-	63
Total derivatives		3	-	-	-	-	3

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 29. Fair value measurement

Fair value hierarchy
The following tables detail the Consolidated Entity's assets and liabilities measured or disclosed at fair value using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Interest rate swap	-	-	-	-
Contingent consideration	-	-	4,286	4,286
Total liabilities	-	-	4,286	4,286

Consolidated - 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Interest rate swap	-	14	-	14
Contingent consideration	-	-	6,175	6,175
Total liabilities	-	14	6,175	6,189

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 29. Fair value measurement (continued)

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Contingent consideration has been valued based on expected EBITDA of the clinics, based on the knowledge of the business and how the current economic environment is likely to impact it. Contingent consideration of between $0 and $19,211,000 may become payable subject to the EBITDA achieved by the various acquired businesses.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Contingent consideration $'000
Balance at 1 July 2021	2,662
Additions - new business combinations	5,552
Settlement of contingent consideration	(489)
Fair value movements - through profit or loss	(1,550)
Balance at 30 June 2022	6,175
Additions - new business combinations	956
Settlement of contingent consideration	(1,739)
Fair value movements - through profit or loss	(1,106)
Balance at 30 June 2023	4,286

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Contingent consideration	Expected EBITDA (pre-AASB 16) of acquired clinics	$30,000 - $815,000	Contingent consideration of between $0 and $19,211,000 may become payable subject to the EBITDA achieved by the various acquired businesses.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 29. Fair value measurement (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 30. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	2023 $	2022 $
Short-term employee benefits	1,894,476	1,929,423
Post-employment benefits	154,817	160,502
Long-term benefits	21,732	31,446
Share-based payments	379,767	380,561
Other cash benefits	249,000	-
	2,699,792	2,501,932

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the Company:

	Consolidated	
	2023 $	2022 $
Audit and other assurance services - BDO Audit Pty Ltd		
Audit and review of the Group financial statements	532,577	378,249
Non-audit services - BDO Services Pty Ltd		
Taxation and business advisory services	332,501	532,562
Total remuneration of BDO	865,078	910,812

Note 32. Contingent liabilities

The Consolidated Entity has given bank guarantees as at 30 June 2023 of $5,497,360 (30 June 2022: $4,857,945) to various landlords.

Note 33. Related party transactions

Parent entity
Healthia Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 36.

Associates
Interests in associates are set out in note 13.

Note 33. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the Directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2023 $	Consolidated 2022 $
Consideration relating to the acquisition of businesses at the time of acquisition of The Optical Company:		
Deferred cash payment for the acquisition of businesses associated with director Colin Kangisser	-	1,065,044
Other transactions:		
Rent and outgoings paid to entities controlled by director Darren Stewart	309,965	311,652
Rent and outgoings paid to entities controlled by director and key management personnel Lisa Roach	220,401	235,907
Payment for bookkeeping services to an entity associated with Wesley Coote	556,208	380,470
Payment for orthotics and prosthetics to an entity associated with Darren Stewart	-	72,556
Rent and outgoings paid to entities controlled by former director Anthony Ganter*	-	304,127

Note:
* Anthony Ganter was classified as Key Management Personnel in 2022 only.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2023 $'000	Parent 2022 $'000
Profit/(loss) after income tax	1,413	4,333
Total comprehensive income	1,413	4,333

Note 34. Parent entity information (continued)

Statement of financial position

	Parent 2023 $'000	Parent 2022 $'000
Total current assets	3,943	38
Total assets	241,906	210,181
Total current liabilities	2,167	1,492
Total liabilities	97,592	78,622
Equity		
Issued capital	114,401	101,302
Share-based payments reserve	4,117	3,115
Accumulated losses	25,796	27,143
Total equity	144,314	131,559

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2 and within the different notes to the financial statement, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 35. Business combinations

2023
Acquisition of Corio Bay Health Group (Bodies & Minds Division)
On 1 December 2022, the Consolidated Entity acquired the businesses trading under the name Corio Bay Health Group being a group of nine physiotherapy businesses located in Victoria. Initial consideration paid for the acquisition was $5.4 million including $4.3 million in cash consideration and $1.1 million in Clinic Class Shares consideration, with a fair valued additional $0.4 million in contingent consideration.

For the 12 month period ended 30 June 2023, Corio Bay Health Group contributed revenue of $3.1 million and EBITDA of $0.8 million (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $5.3 million and EBITDA of $1.1 million (pre-AASB 16) to the Consolidated Entity.

Acquisition of Melbourne Hand Rehab (Bodies & Minds Division)
On 2 March 2023, the Consolidated Entity acquired the businesses trading under the name Melbourne Hand Rehab being a group of 8 hand therapy businesses located in Victoria. Initial consideration paid for the acquisition was $4.4 million including $3.3 million in cash consideration and $1.1 million in Clinic Class Shares consideration, with a fair valued additional $0.5 million in contingent consideration.

Note 35. Business combinations (continued)

For the 12 month period ended 30 June 2023, Melbourne Hand Rehab contributed revenue of $1.6 million and EBITDA of $0.8m (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $4.7 million and EBITDA of $2.2 million (pre-AASB 16) to the Consolidated Entity.

Acquisition of Other Bodies and Minds Clinics
The Consolidated Entity acquired an additional 3 hand therapy clinics and 1 physiotherapy clinic during the current period. Initial consideration paid for the acquisitions was $3.1 million including $2.4 million in cash consideration and $0.7 million in Clinic Class Share consideration, with a fair valued additional $0.1 million in contingent consideration.

For the 12 month period ended 30 June 2023, the acquired businesses contributed revenue of $2.0 million and EBITDA of $0.4 million (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $3.1 million and EBITDA of $0.6 million (pre-AASB 16) to the Consolidated Entity.

Acquisition of Kosmac & Clemens (Eyes & Ears Division)
On 20 March 2023, the Consolidated Entity acquired the businesses trading under the name Kosmac & Clemens being a group of 6 Optometry businesses located in Victoria. Initial consideration paid for the acquisition was $7.5 million in cash consideration and up to an additional $1.9 million in deferred consideration.

For the 12 month period ended 30 June 2023, Kosmac & Clemens contributed revenue of $0.6 million and EBITDA of $0.3 million (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $4.8 million and EBITDA of $2.0 million (pre-AASB 16) to the Consolidated Entity.

Acquisition of Other Eyes & Ears stores
The Consolidated Entity acquired an additional 2 optometry stores during the current period. Initial consideration paid for the acquisitions was $0.2 million in cash consideration.

For the 12 month period ended 30 June 2023, the acquired businesses contributed revenue of $0.3 million and EBITDA of $0.03 million (pre-AASB 16) to the Consolidated Entity. If these acquisitions had been held for the full 12 month period (by extrapolating the actual performance) the acquired businesses would have contributed revenue of $1.1 million and EBITDA of $0.1 million (pre-AASB 16) to the Consolidated Entity.

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 35. Business combinations (continued)

Details of the acquisitions are as follows:

	Bodies and Minds Division			Eyes & Ears Division		
	CorioBay Fair value $'000	Melbourne Hand Therapy Fair value $'000	Others Fair value $'000	Kosmac & Clemens Fair value $'000	Others Fair value $'000	Total $'000
Inventories	-	121	100	200	53	474
Plant and equipment	241	235	141	401	37	1,055
Right-of-use assets	2,524	831	867	329	253	4,804
Customer lists	226	161	83	190	40	700
Deferred tax asset	923	303	316	148	101	1,791
Other assets	29	79	8	22	10	148
Deferred tax liability	(825)	(298)	(285)	(156)	(88)	(1,652)
Employee benefits	(394)	(177)	(145)	(164)	(85)	(965)
Lease liability	(2,524)	(834)	(867)	(329)	(253)	(4,807)
Other liabilities	(160)	(11)	(53)	(50)	(19)	(293)
Net assets acquired	40	410	165	591	49	1,255
Goodwill	5,684	4,495	3,005	8,773	154	22,111
Acquisition-date fair value of the total consideration transferred	5,724	4,905	3,170	9,364	203	23,366
Representing:						
Cash paid or payable to vendor	4,265	3,319	2,390	7,464	203	17,641
Contingent consideration	359	492	105	-	-	956
Deferred consideration	-	-	-	1,900	-	1,900
Clinic Class Shares issued to vendor(s)	1,100	1,094	675	-	-	2,869
	5,724	4,905	3,170	9,364	203	23,366
Cash used to acquire business, net of cash acquired:						
Acquisition-date fair value of the total consideration transferred	5,724	4,905	3,170	9,364	203	23,366
Less: contingent consideration	(359)	(492)	(105)	-	-	(956)
Less: deferred consideration	-	-	-	(1,900)	-	(1,900)
Less: Clinic Class Shares issued to vendor(s)	(1,100)	(1,094)	(675)	-	-	(2,869)
Net cash used	4,265	3,319	2,390	7,464	203	17,641

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.

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.

Note 35. Business combinations (continued)

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.

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

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.

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.

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 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.

Acquisition of Other Eyes and Ears Clinics
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.

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 35. Business combinations (continued)

Details of the acquisitions are as follows:

	Eyes & Ears Division		Bodies and Minds Division			Feet & Ankles Division	
	LensPro Fair value $'000	Others Fair value $'000	PhysioWorks Fair value $'000	BIM Fair value $'000	Other Fair value $'000	Others Fair value $'000	Total $'000
Trade receivables	-	-	-	821	-	-	821
Inventories	291	103	49	764	146	1	1,354
Other current assets	22	-	6	407	61	-	496
Plant and equipment	947	255	123	2,811	508	8	4,652
Right-of-use assets	2,529	466	432	13,146	2,813	18	19,404
Brand	-	-	-	4,600	-	-	4,600
Customer lists	300	80	109	3,400	396	-	4,285
Deferred tax asset	843	162	154	5,008	952	5	7,124
Deferred tax liability	(849)	(164)	(162)	(4,680)	(963)	(5)	(6,823)
Employee benefits	(282)	(74)	(82)	(3,525)	(362)	-	(4,325)
Lease liability	(2,529)	(466)	(432)	(13,146)	(2,813)	(18)	(19,404)
Other liabilities	(107)	(53)	(56)	(2,109)	(175)	(11)	(2,511)
Net assets/(liabilities) acquired	1,165	309	141	7,497	563	(2)	9,673
Goodwill	5,656	421	2,073	84,160	9,264	18	101,592
Acquisition-date fair value of the total consideration transferred	6,821	730	2,214	91,657	9,827	16	111,265
Representing:							
Cash paid or payable to vendor	6,492	564	1,807	64,515	6,062	16	79,456
Healthia Limited shares issued to vendor	-	-	-	5,771	-	-	5,771
Contingent consideration	329	128	-	4,010	1,055	-	5,522
Deferred consideration	-	-	-	1,700	-	-	1,700
Clinic Class Shares issued to vendor	-	38	407	15,661	2,710	-	18,816
	6,821	730	2,214	91,657	9,827	16	111,265
Cash used to acquire business, net of cash acquired:							
Acquisition-date fair value of the total consideration transferred	6,821	730	2,214	91,657	9,827	16	111,265
Less: deferred consideration	-	-	-	(1,700)	-	-	(1,700)
Less: contingent consideration	(329)	(128)	-	(4,010)	(1,055)	-	(5,522)
Less: Healthia Limited shares issued to vendor	-	-	-	(5,771)	-	-	(5,771)
Less: Clinic Class Shares issued to vendor	-	(38)	(407)	(15,661)	(2,710)	-	(18,816)
Net cash used	6,492	564	1,807	64,515	6,062	16	79,456

Note 35. 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.

Valuation techniques
The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Asset acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	The fair value of an intangible asset will reflect market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity. There are three approaches to valuing intangible assets that correspond to the valuation approaches: - Market approaches; - Income approaches; and - Cost approaches.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The trade receivables comprise gross contractual amounts due of $nil (30 June 2022: $0.8m), which are expected to be collectable.

Acquisition and integration related costs of $7.3m (30 June 2022: $7.4m) are included in the consolidated statement of profit or loss and other comprehensive income.

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.

Note 35. Business combinations (continued)

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 36. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
My FootDr (Aust) Limited	Australia	100%	100%
Allsports (Aust) Limited	Australia	100%	100%
Extend Rehab Pty Ltd	Australia	100%	100%
iOrthotics Pty Ltd	Australia	100%	100%
D.B.S. AUSTRALIA PTY. LTD.	Australia	75%	75%
Allsports Physiotherapy Forest Lake Pty Ltd	Australia	100%	100%
Allsports Pilates Sherwood Pty Ltd	Australia	100%	100%
Southside Manipulative Physiotherapy Centre Pty Ltd	Australia	100%	100%
Allsports Physiotherapy The Gap Pty Ltd	Australia	100%	100%
Allsports Physiotherapy Toowong Pty Ltd	Australia	100%	100%
My FootDr (Brookwater) Pty Ltd	Australia	100%	100%
My FootDr (Camp Hill) Pty Ltd	Australia	100%	100%
My FootDr Granda Pty Ltd	Australia	100%	100%
My FootDr (Fortitude Valley) Pty Ltd	Australia	100%	100%
My FootDr (Indooroopilly) Pty Ltd	Australia	100%	100%
BIM Physiotherapy Group Holding Ltd (formerly My FootDr (Mackay) Pty Ltd)	Australia	100%	100%
My FootDr (Newmarket) Pty Ltd	Australia	100%	100%
My FootDr (Oxenford) Pty Ltd	Australia	100%	100%
My FootDr (Redcliffe) Pty Ltd	Australia	100%	100%
My FootDr (Shailer Park) Pty Ltd	Australia	100%	100%
MyFootDr Administration Pty Ltd	Australia	100%	100%
Orthema Australasia Pty Ltd	Australia	100%	100%
Footwear Enterprises Pty Ltd	Australia	100%	100%
PinPointe FootLaser Australia Pty Ltd	Australia	100%	100%
MFD IP Pty Ltd	Australia	100%	100%
Mackay Foot Centre Pty Ltd as trustee for the Mackay Foot Centre Unit Trust	Australia	100%	100%
Balpod Holdings Pty Ltd	Australia	100%	100%
Healthia (Services) Pty Ltd (formally My FootDr (Cleveland) Pty Ltd)	Australia	100%	100%
Foot Care Solutions Australia Pty Ltd	Australia	75%	75%
Trepar Pty Ltd	Australia	100%	100%
Brisbane Podiatry & Footwear Pty Ltd as trustee for Brisbane Podiatry & Footwear Unit Trust	Australia	100%	100%

Note 36. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Foot Focus (Aust) Pty Ltd	Australia	100%	100%
Foot Focus (NSW) Pty Ltd	Australia	100%	100%
Foot Focus 4 Kids Pty Ltd	Australia	100%	100%
Foot Focus Narellan Pty Ltd	Australia	100%	100%
Healthia USA INC	United States	100%	100%
iOrthotics USA LLC	United States	58%	58%
Australian Eyewear Distributors Pty Ltd	Australia	100%	100%
TOC Hearing Pty Ltd	Australia	100%	100%
Blink Optical Gordon Pty Ltd	Australia	100%	100%
Blink Optical Pty Ltd	Australia	100%	100%
Blink Optical Robina Pty Ltd	Australia	100%	100%
Blink Optical St Ives Pty Ltd	Australia	100%	100%
Easer Pref Pty Ltd	Australia	100%	100%
Eyewear Australia (S.E. Regional) Pty Ltd	Australia	100%	100%
Glasses Galore Pty Ltd	Australia	100%	100%
Kpfe - Malop St Pty Ltd	Australia	100%	100%
Kpfe - Packington Street Pty Ltd	Australia	100%	100%
Leopold Optical Pty Ltd	Australia	100%	100%
Level 28 Pty Ltd	Australia	100%	100%
Mount Gambier Optical Pty Ltd	Australia	100%	100%
Point Cook Optical Pty Limited	Australia	100%	100%
Stacey & Stacey Pty Ltd	Australia	100%	100%
The Optical Company (International) Pty Ltd	Australia	100%	100%
The Optical Company (NSW) Pty Ltd	Australia	100%	100%
The Optical Company (Pacific) Pty Ltd	Australia	100%	100%
The Optical Company Pty Ltd	Australia	100%	100%
The Optical Company (Aust) Pty Ltd	Australia	100%	100%
Motion Health Group Holding Ltd	New Zealand	100%	100%
BIM IP Pty Ltd	Australia	100%	100%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 2:

		Parent		Non-controlling interest	
Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Ownership interest 2023 %	Ownership interest 2022 %
D.B.S, Australia Pty Ltd	Australia	75%	75%	25%	25%
Foot Care Solutions Australia Pty Ltd	Australia	75%	75%	25%	25%
iOrthotics USA LLC	United States	58%	58%	42%	42%

Note 37. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2023 $'000	Consolidated 2022 $'000
Profit after income tax expense for the year	10,336	343
Adjustments for:		
Depreciation and amortisation	24,965	21,026
Share-based payments	1,000	1,395
Fair value movement of contingent consideration	(1,106)	(1,550)
Change in operating assets and liabilities:		
Decrease/(increase) in deferred tax assets	1,223	(3,019)
(Increase)/Decrease in trade and other receivables	(4,768)	(2,604)
(Increase)/Decrease in inventories	(3,211)	(1,173)
Decrease/(Increase) in prepayments	(1,204)	(1,038)
Decrease/(Increase) in other operating assets	718	535
Increase/(decrease) in trade and other payables	(3,723)	3,097
Increase/(decrease) in provision for income tax	(124)	3,765
Decrease in employee benefits	(1,888)	(507)
(Decrease)/Increase in other liabilities and provisions	373	(3,074)
Net cash from operating activities	22,591	17,196

Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2021	48,330	44,119	92,449
Net cash from/(used in) financing activities	29,065	(14,877)	14,188
Acquisition/ modification of leases	-	15,322	15,322
Changes through business combinations (note 35)	-	19,404	19,404
Other changes	(278)	1	(277)
Balance at 30 June 2022	77,117	63,969	141,086
Net cash from/(used in) financing activities	18,308	(17,759)	549
Acquisition/ modification of leases	-	18,582	18,582
Changes through business combinations (note 35)	-	4,807	4,807
Balance at 30 June 2023	95,425	69,599	165,024

Note 38. Earnings per share

	Consolidated 2023 $'000	Consolidated 2022 $'000
Profit after income tax	10,336	343
Non-controlling interest	(4,869)	(3,672)
Profit/(loss) after income tax attributable to the owners of Healthia Limited	5,467	(3,329)

Note 38. Earnings per share (continued)

	Number '000	Number '000
Weighted average number of ordinary shares used in calculating basic earnings per share	136,278	117,892
Adjustments for calculation of diluted earnings per share:		
Performance rights*	3,358	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	139,636	117,892

	Cents	Cents
Basic earnings per share	4.01	(2.82)
Diluted earnings per share	3.92	(2.82)

* 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.

Capital Raising
On 8 September 2022, the Consolidated Entity announced it would raise up to $15.0 million via an accelerated non-renounceable pro-rata entitlement offer. The offer comprised an Institutional Entitlement Offer to raise approximately $10 million and a Retail Entitlement Offer to raise approximately $5 million.

On 12 September 2022, the Consolidated Entity announced the completion of the Institutional Entitlement Offer and 6,718,785 new ordinary shares were issued at $1.47 per share, raising a total of approximately $9.9 million.

5 October 2022, the Consolidated Entity announced the completion of the Retail Entitlement Offer and 752,657 new ordinary shares were issued at $1.47 per share, raising a total of approximately $1.1 million. The Retail Entitlement Offer was not underwritten.

Note 39. Share-based payments

Performance rights

Unlisted long term incentive performance rights
On 29 November 2022, the Consolidated Entity's shareholders approved the grant of 2,244,060 unlisted performance rights to Executive Directors, KMP and other staff with a nil grant and exercise price. The performance rights will vest on 30 June 2025 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2025. The vesting conditions include a number of performance and service conditions. The performance rights were issued on 27 March 2023.

Unlisted retention performance rights
On 29 November 2022, the Consolidated Entity's shareholders approved the grant of 730,842 unlisted retention performance rights to Executive Directors, KMP and other staff with a nil grant and exercise price. The retention performance rights will vest on 30 June 2023 (subject to satisfaction of the relevant vesting conditions) and expire on 31 October 2023. The vesting conditions include a number of performance and service conditions. The retention performance rights were issued on 27 March 2023.

Note 39. Share-based payments (continued)

Details of the performance rights are as follows:

	2022 Grant - Performance Rights
Grant date:	27 March 2023
Grant price:	$nil
Exercise price:	$nil
Vesting date:	30 June 2025
Expiry date:	31 October 2025
Restriction on shares issued on exercise:	Can only be traded in accordance with Securities Trading Policy and insider trading laws

The fair value of performance rights (equity settled) with the indexed TSR condition is calculated at the date of grant using the Monte-Carlo simulation model, taking into account the impact of the TSR condition and dividends during the vesting period. The value disclosed is the portion of fair value of the rights recognised in each reporting period.

Vesting conditions performance rights granted 27 March 2023

2,244,060 of the 2022 Performance Rights which will vest in accordance with the Performance Rights Plan Rules is dependent on, and subject to, satisfaction of the following conditions

Service condition	The performance rights will be exercisable upon satisfaction of the Service condition, being continuous employment with the Company from Grant Date until the Vesting Date.
EPS Growth condition	The Company's compounding annual growth in underlying Earnings Per Share (underlying EPS) for the period from 1 July 2022 to 30 June 2025 based on the following vesting scale: - Below threshold and target being less than 4% - Nil Vesting - Threshold and target being between 4% and 10% - Pro rata vesting - Stretch being over 10% - 100% vesting The underlying EPS results to be used will be the Basic EPS recorded in the Company's audited financial statements in the relevant years, adjusted for one-off and non-recurring items and the amortisation of customer lists, as determined by the Board in its discretion. 50% of the Performance Rights will be exercisable if this condition is achieved.
Indexed TSR (iTSR)	Satisfaction of the iTSR performance condition against the S&P/ ASX Small Industrials Index, based on the following vesting scale: - Stretch being index movement of greater than 10% - 100% vesting - Between target and stretch being index movement of between 5% and 10% - pro rata vesting - Target being index movement of 5% - 50% vesting - Between threshold and target being index movement of between 0% and 5% - pro rata vesting - Threshold being equal to index movement - 25% vesting - Below threshold being less than the index movement - Nil vesting TSR is the sum of the change in share price and dividends (assumed to be reinvested in shares) during the Vesting Period. It is annualised for the purpose of the above vesting scale. The TSR of the Company will be calculated and converted to a compound annual growth rate (**CAGR**) value for the purpose of assessment against this scale. During periods of nil dividends being declared, TSR is equal to the change in share price. 50% of the performance rights will be exercisable if this condition is achieved.

Note 39. Share-based payments (continued)

	2022 Grant - Retention Performance Rights
Grant date:	27 March 2023
Grant price:	$nil
Exercise price:	$nil
Vesting date:	30 June 2023
Expiry date:	31 October 2023
Restriction on shares issued on exercise:	Can only be traded in accordance with Securities Trading Policy and insider trading laws

730,842 of the 2022 Retention Performance Rights which will vest in accordance with the Performance Rights Plan Rules is dependent on, and subject to, satisfaction of the following conditions

Service condition	The performance rights will be exercisable upon satisfaction of the Service condition, being continuous employment with the Company from Grant Date until the Vesting Date. Performance Rights will be exercisable if this condition is achieved.
FY23 EBITDA(u)	Achievement by the Company of EBITDA(u) of greater than $40 million for the financial year ended 30 June 2023. This reflects the Company's guidance on 31 August 2022 that it expects to deliver EBITDA(u) in FY23 of greater than $40 million. EBITDA(u) or Underlying EBITDA is statutory earnings before interest, tax, depreciation and amortisation (EBITDA) 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. EBITDA(u) is presented on a pre-AASB16 basis. Underlying EBITDA is a non-IFRS measure and will be determined by the Directors having regard to those principles and is not audited.

The performance rights do not rank equally with existing ordinary shares quoted. Prior to vesting, the performance rights do not carry a right to vote or receive dividends.

Where shares are issued upon the vesting and exercise of the performance rights (within the periods detailed above), those shares will rank equally with existing ordinary shares of Healthia Limited.

To participate in a dividend, the ordinary shares must be issued prior to the record date for the dividend.

Set out below are summaries of performance rights granted under the plan:

2023

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
27/11/2019	31/10/2022	2,543,358	-	(2,190,837)	(352,521)	-
30/10/2020	31/10/2023	378,500	-	-	(198,500)	180,000
01/12/2020	31/10/2023	282,500	-	-	-	282,500
19/11/2021	31/12/2024	1,203,500	-	-	(384,500)	819,000
27/03/2023	31/10/2023	-	730,842	-	-	730,842
27/03/2023	31/10/2025	-	2,244,060	-	-	2,244,060
		4,407,858	2,974,902	(2,190,837)	(935,521)	4,256,402

As at 30 June 2023, no rights had vested as the conditions of vesting had not been satisfied. Refer to note 40 for the impact on performance rights of the Scheme Implementation Deed entered into by the Consolidated Entity on 31 August 2023.

Note 39. Share-based payments (continued)

2022

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
27/11/2019	31/10/2022	2,543,358	-	-	-	2,543,358
30/10/2020	31/10/2023	378,500	-	-	-	378,500
01/12/2020	31/10/2023	282,500	-	-	-	282,500
19/11/2021	31/12/2024	-	1,203,500	-	-	1,203,500
		3,204,358	1,203,500	-	-	4,407,858

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.08 years (30 June 2022: 1.54 years).

Set out below are equity settled payments made during the year:

	Consolidated 2023 $	Consolidated 2022 $
Equity settled payments		
Equity settled payments other	1,000,000	1,395,000

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 39. Share-based payments (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 40. Events after the reporting period

Acquisitions
After Reporting Date, the Consolidated Entity entered into binding agreements to acquire and has reached settlement the following businesses:
- Walk Without Pain Podiatry Clinics (3 podiatry clinics located in Queensland; and,
- Melbourne Hand Therapy (4 hand therapy clinics and an additional 9 sessional locations located in Victoria).

Total upfront consideration of $3.6 million for the acquisitions (plus stock, less employee entitlements) is as follows:
- Upfront cash consideration: $2.8 million; and
- Issue of Clinic Class Shares: $0.8 million.

In addition to the upfront consideration, contingent consideration of up to $0.7million may become payable in cash, subject to the achievement of pre-defined earnings targets.

Scheme Implementation Deed
On 31 August 2023, the Consolidated Entity entered into a Scheme Implementation Deed (the “Scheme”) with Harold BidCo Pty Ltd (“Harold BidCo”) ACN 670 606 827, an entity owned by funds advised by Pacific Equity Partners under which it is proposed that Harold BidCo will acquire 100% of the fully diluted share capital in Healthia by way of a scheme of arrangement.

Under the Scheme, Healthia shareholders will have the option to receive either $1.80 cash per Healthia share or unlisted scrip consideration, or a mix of cash and unlisted scrip consideration (subject to certain conditions).

The Scheme is subject to certain conditions, which must be satisfied or waived before the Scheme can be implemented, including obtaining Healthia shareholder approval following receipt of an Independent Expert’s Report concluding (and continuing to conclude) that the Scheme is in the best interest of the Healthia shareholders.

In the event that the Scheme proceeds, Healthia Shareholders who participate in obtaining script consideration as part of the transaction may be subject to alternative risks and uncertainties from those as set out in Table 6: Material Business Risks of the Review of Operations in this report, and general market risks.

In the event the Scheme does not proceed, Healthia Shareholders will continue to be subject to the risks and uncertainties associated with Healthia’s business and general market risks. Furthermore, if the Scheme does not proceed, and no comparable proposal or superior proposal is received by the Healthia Board, then Healthia’s share price is likely to be impacted.

Details of the proposed acquisition are contained in a separate announcement released to the ASX on 31 August 2023.

Note 40. Events after the reporting period (continued)

Impact of Scheme Implementation Deed on Performance Rights
On 30 August 2023, the Healthia Board, using the ability to retrospectively amend the performance rights, determined that should the Scheme Implementation Deed become Effective, then all vesting conditions on all unvested Performance Rights, excluding the service condition, will be waived, with such resulting vested Performance Rights being automatically exercised, and issued, prior to the Scheme Record Date with each holder domiciled in Australia entitled to be issued one Healthia Share for each vested Performance Right (as applicable) held (that is, on a one for one basis). Such Healthia Shares will be captured by the Scheme.

No other matter or circumstance has arisen since 30 June 2023 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.

Healthia Limited and its Controlled Entities
Directors' declaration
30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Dr Glen Frank Richards
Director

29 September 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Healthia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Healthia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of Goodwill and Other Intangible Assets and determination of Cash Generating Units ("CGU's")

Key audit matter	*How the matter was addressed in our audit*
The Group's disclosures in respect to intangible assets, including the impairment assessments of goodwill and other intangible assets are included in Note 16. The carrying value of intangible assets represent a significant asset of the Group. The Group is required to annually test the amount of goodwill and indefinite useful life intangible assets for impairment and assess other intangible assets for impairment indicators. This annual impairment test was significant to our audit because the goodwill and intangible assets balance is material to the financial statements and because management's assessment process, including the determination of CGU's, is complex, highly judgmental and includes estimates and assumptions relating to expected future market or economic conditions.	Our procedures included, amongst others: • Evaluating management's determination of the Group's Cash Generating Units ("CGU's") to ensure they are appropriate, including being at a level no higher than the operating segments of the Group • Evaluating management's process regarding the valuation of the Group's goodwill and other intangible assets • Assessing the Group's assumptions and estimates relating to forecast revenue, costs, capital expenditure and discount rates used to determine the recoverable amount of its assets • Assessing the historical accuracy of forecasting of the Group by comparing the current year actual results with FY23 figures included in prior year forecasts to consider whether any forecasts included assumptions, that with hindsight, had been optimistic • Involving our internal specialists to assess the discount rates and terminal growth rates against comparable market information • Challenging key assumptions by performing sensitivity analysis on the growth rates and discount rate assumptions used.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 28 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Healthia Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

Michael Cutri
Director

Brisbane, 29 September 2023

Healthia Limited and its Controlled Entities
Shareholder information
30 June 2023

The shareholder information set out below is current as at 22 September 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	631	0.23
1,001 to 5,000	851	1.68
5,001 to 10,000	351	1.88
10,001 to 100,000	507	10.93
100,001 and over	100	85.28
	2,440	100.00
Holding less than a marketable parcel	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	20,948,911	14.94
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,024,648	12.86
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,317,234	8.07
BELAROO PTY LTD	6,963,607	4.97
BRIDELL PTY LIMITED	5,134,628	3.66
MAXIMUM (NQ) PTY LTD	4,923,299	3.51
BNP PARIBAS NOMS PTY LTD	3,812,058	2.72
DLH TRADING PTY LTD	3,495,465	2.49
UBS NOMINEES PTY LTD	3,420,296	2.44
JABEZ FUND PTY LTD	3,069,444	2.19
ROM GROUP PTY LTD	2,373,267	1.69
MAXIMUM (NQ) PTY LTD	1,815,670	1.30
MR MILTON ZEVI LEVINE	1,625,025	1.16
WILLEESE PTY LIMITED	1,547,383	1.10
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,409,627	1.01
PACIFIC CUSTODIANS PTY LIMITED	1,316,823	0.94
GF & LH RICHARDS SUPER PTY LTD	1,177,808	0.84
NATIONAL NOMINEES LIMITED	1,078,424	0.77
HGT INVESTMENTS PTY LTD	982,800	0.70
DPC INVESTMENTS PTY LTD	967,317	0.69
	95,403,734	68.05

Unquoted equity securities

	Number on issue	Number of holders
Performance rights	4,256,402	18

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares Number held	Ordinary shares % of total shares issued
MA Financial Group Limited	13,779,591	9.99
Wilson Asset Management Group	10,670,424	8.32
Regal Funds Management Pty Ltd	8,412,836	6.00
Mr Darren L Stewart	8,021,333	5.94
Glen Frank Richards	7,966,777	5.56

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
Each ordinary share carries the right to one vote.

Performance rights
The performance rights do not rank equally with existing ordinary shares quoted. Prior to vesting, the performance rights do not carry a right to vote or receive dividends.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	30 September 2023	3,069,444
Ordinary shares	13 October 2023	119,582
Ordinary shares	30 November 2023	15,579
		3,204,605

Share Registry

Securityholders who have any questions regarding their holding should contact the company's registrar:

Link Market Services Limited
P: 1300 554 474 (in Australia) or +61 1300 554 474 (from overseas)
F: +61 2 9287 0303
E: registrars@linkmarketservices.com.au
www.investorcentre.linkmarketservices.com.au