

30 August 2021

## JAPARA FY2021 RESULTS

Japara Healthcare Limited (“Japara”) (ASX: JHC) today announced its results for the year ended 30 June 2021 (“FY2021”).

During the second half of FY2021 Japara received unsolicited acquisition proposals from two groups and on 27 July 2021 announced the signing of a Scheme Implementation Deed with Little Company of Mary Health Care Ltd (“Calvary”) for the acquisition of all shares in Japara for a price of \$1.40 per share. The acquisition is proposed to be implemented via a Scheme of Arrangement with a shareholder meeting to vote on the Scheme to be held in October 2021.

The FY2021 results are provided in this context and against the background of a period of fundamental change for the aged care sector and Japara. The impact of the COVID-19 pandemic has been extreme and, with a significant presence in Victoria where 33 of its Homes are located, Japara was affected both by the COVID-19 outbreaks during Melbourne’s second wave as well as by the other Victorian lockdowns during the year. Our Homes in New South Wales, Queensland and South Australia have also been affected by multiple lockdowns.

The Final Report of the Royal Commission into Aged Care Quality and Safety was released in February 2021 making 148 recommendations. The Federal Government responded to these recommendations in May 2021 with a five-year, five pillar aged care reform plan.

The Company’s key focus has remained the care, wellbeing and safety of its residents and staff.

### Financial outcomes:

- Total revenue up 2.6% to \$438.8 million (FY2020: \$427.5 million) due to increased Government funding per resident
- EBITDA<sup>1</sup> down 39.7% to \$19.8 million (FY2020: \$32.9 million) impacted by COVID-19
- \$7.4 million of non-recurring, direct COVID-19 outbreak specific expenses incurred, offset with \$7.2 million in reimbursement via Government Grant program
- Statutory net loss after tax<sup>2</sup> of \$14.1 million (FY2020: \$292.1 million)
- No final dividend to be paid
- Net cash provided by operating activities of \$40.9 million (FY2020: \$75.2 million) includes net RAD<sup>3</sup> and ILU<sup>4</sup> inflows of \$24.9 million (FY2020: \$55.8 million)
- Capital expenditure of \$70.5 million invested in new homes, extensions and improvements
- Net bank debt of \$212.2 million at 30 June 2021 (comprising \$70.9 million core net debt and \$141.3 million development debt)
- Available liquidity of \$132.8 million

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<sup>1</sup> EBITDA is a measure consisting of earnings before interest, tax, depreciation, amortisation and impairment of non-current assets

<sup>2</sup> Loss attributable to members of the Group

<sup>3</sup> Refundable Accommodation Deposit (RAD)

<sup>4</sup> Independent Living Unit (ILU)

## **Operating highlights:**

- Dedicated workforce of ~5,900 staff provided 4,000+ residents with personalised care 24 hours a day, 7 days a week
- Average occupancy for the period was 88.6% (occupancy was 88.6% at 27 August 2021: 87.7% in Victoria and 90.4% at other Homes)
- Two new Homes were completed and opened during the year adding 220 places:
  - Trugo Place in Newport, Victoria in February 2021; and
  - Corymbia in Belrose, New South Wales in June 2021
- A further brownfield development in Albury, New South Wales opened in September 2020 adding 25 places
- Two Homes were permanently closed during the year at Wyong and Chatswood in New South Wales reflecting a reduction of 96 places
- Three Homes were significantly refurbished at Anglesea, Torquay and Geelong in Victoria, with places now ramping up, and some room reconfiguration was undertaken across the portfolio to meet the market's preference for single occupancy rooms
- Progress continued on the development program with an identified pipeline in place for over 400 net new aged care places and three co-located senior living development projects

Japara's Chief Executive Officer, Chris Price, said:

"The 2021 financial year has been the most challenging in Japara's history with the impact of COVID-19 being extreme throughout the sector and on the business. I would like to acknowledge and thank our team of 5,900 nurses, carers and other home and support office staff for their outstanding and unrelenting focus on resident care and wellbeing during this tough and ongoing period."

## **FY2022 trading update and priorities**

Completion of the ongoing Scheme of Arrangement with Calvary is an immediate focus.

Occupancy has remained steady in FY2022 as the impact of lockdowns in several states is felt. Government revenues are tracking as expected with the additional Government basic daily fee supplement of \$10 per resident per day being received from 1 July 2021. Staff and infection control costs are marginally higher due to the ongoing lockdowns, single site worker initiatives and the COVID-19 situation.

Strategies to improve occupancy in a challenging market are being pursued and a focus remains on debt reduction with minimal growth capital expenditure underway. Infection control measures are continuing and include a vaccination program with 82% of active staff having received at least one COVID-19 vaccination dose to date.

Due to the continued uncertainty created by the COVID-19 pandemic no earnings guidance is provided at this time.

## **Dividend**

The Board has determined that no final dividend will be paid in relation to FY2021.

## **Annual General Meeting**

Japara has sought relief from ASIC for an extension of time in which to hold its Annual General Meeting due to the timing of the Scheme of Arrangement with Calvary. The outcome will be announced when known.

## **Investor and analyst briefing**

As previously advised, at 10.30am (AEDT) today, Japara will conduct an investor and analyst briefing on the FY2021 results. The investor presentation has today been lodged with the ASX and is also available on Japara's Investor Centre website at: <https://investor.japara.com.au/investor-centre/>.

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This document was authorised for release by the Board of Japara.