

REGIS HEALTHCARE LIMITED

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COVID-19 Cost Impacts and Status of Government Grants

Regis Healthcare Limited (ASX:REG) ("**Regis**") provides the following update in relation to the FY22 cost impact of COVID-19 outbreaks and the status of Government grants to recover these costs.

- Regis has continued to be impacted by COVID-19 including the ongoing Omicron outbreak from mid-December 2021. Regis has implemented Outbreak Management Plans across impacted homes.
- High levels of vaccination rates have provided additional protection to residents and staff against the outbreaks. Regis has mandated a COVID-19 vaccination policy for the workforce, which includes the booster dose.
- Approved Providers are eligible for Australian Government COVID-19 grants to recover the majority of outbreak related costs. There is no Government funding available for COVID-19 preventative costs.
- As previously reported, Regis incurred COVID-19 related costs of \$4.5 million during the first half of the current financial year including incremental staff expenses, personal protective equipment, infection prevention and control, and employee welfare. Of this amount, \$3.3 million was eligible for the Australian Government COVID-19 outbreak grant and has been subsequently approved for payment by the Department of Health (DoH).
- Due to the significant impact of the Omicron variant, Regis has incurred approximately \$14 million of COVID-19 related costs in outbreak homes for the period 1 January 2022 to 30 April 2022, and is in the process of preparing DoH claims. In addition, it is anticipated that further COVID-19 related outbreak costs will be incurred in both May and June.
- Regis has been advised by the DoH that due to the significant impact of the COVID-19 Omicron variant, large volumes of COVID-19 related grant reimbursements/agreements are being processed and this is causing significant delays in approving submitted claims. As a result, Regis does not expect to receive approval from the DoH by 30 June 2022 for costs incurred (and claims submitted) in the second half of the current financial year (refer below for accounting for Government grants).

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Based on previous COVID-19 outbreak claims experience, including internal processes undertaken to ensure compliance with grant guidelines, Regis expects to be substantially or fully reimbursed for COVID-19 related outbreak costs incurred. In accordance with COVID-19 outbreak grant guidelines, the majority of claims have, or will be audited by Regis' external auditors, Ernst & Young.

Accounting for Government Grants

AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* states that Government grants are not to be recognised as income until there is reasonable assurance that an entity will comply with the conditions attaching to the grant and that the grant will be received. Accordingly, should the DoH not approve submitted outbreak claims by 30 June 2022, Regis expects to receive and recognise a substantial/full reimbursement of the outbreak costs incurred in the second half of FY22 during the first half of FY23.

Occupancy Update

As mentioned above, COVID-19 continues to impact a number of Regis' residential aged care homes. There has been a consequential impact on occupancy levels in a number of homes, particularly in New South Wales.

As previously reported, average occupancy for the six-month period 31 December 2021 was 89.3%. Importantly, notwithstanding the ongoing impact of COVID-19, average occupancy for the 4 months ended 30 April 2022 was 90.2%.

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