

ASX ANNOUNCEMENT

28 August 2020

ACQUISITION OF 3 PHYSIOTHERAPY CLINICS

On the 26th August 2020, Healthia Limited (ASX: HLA) (Healthia or the Company) announced that it had entered into agreements to acquire 3 physiotherapy clinics in Queensland and 1 podiatry clinic in South Australia with customary conditions precedent.

The Company considers the acquisition of the 3 physiotherapy clinics in Queensland to be material due to the earnings contribution and purchase price set out below.

The clinics are expected to contribute the following¹:

Revenue	\$5.400m
EBITDA ² <i>(less lease payments or pre-AASB16)</i>	\$1.110m

Total consideration for the acquisition is as follows:

Cash consideration	\$3.960m
Issue of Clinic Class Shares ³	<u>\$0.990m</u>
Total consideration	\$4.950m

In compliance with ASX Listing Rule 3.1, the Company wishes to advise that the physiotherapy business being acquired is CQ Physio Group. CQ Physio Group is the leading physiotherapy business in Rockhampton and surrounding regions.

Settlement of the acquisition is conditional upon board and financier approval, assignment of property leases to Healthia and other customary conditions precedent. It is expected that all conditions will be met, and the acquisition is expected to be completed on or around 15 October 2020.

The acquisition, and future acquisitions, are expected to be funded by the Company utilising the undrawn debt available under the syndicated finance facility with ANZ and BOQ, free cash flow and the Clinic Retention Program.

NOTIFICATION OF RELEASE OF RESTRICTED SECURITIES FROM VOLUNTARY ESCROW

In accordance with ASX Listing Rule 3.10A, notice is hereby given that 31,140,752 fully paid ordinary shares will be released from voluntary escrow on 11 September 2020.

The shares are to be released from voluntary escrow due to the expiry of the agreed restriction period.

¹ Revenue and EBITDA numbers are based on a historical 12 months of trading in FY20, normalised in accordance with Healthia's acquisition and accounting policies.

² EBITDA includes the approximate 20.0% economic interest continued to be owned by Clinic Class Shareholders.

³ Clinic Class Shares are non-voting shares issuable by certain subsidiaries of Healthia Limited. These shares enable the holder to participate in dividends declared, calculated on the performance of the clinic in which the Clinic Class Shares are issued. The Clinic Class Shares are designed to create alignment between the interests of clinicians and shareholders.

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