Acquisition of The Optical Company & Equity Raising

30 October 2020

Healthia Limited
ACN 626 087 223

Not for release to US wire services or distribution in the United States

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- This investor presentation (**Presentation**) has been prepared by Healthia Ltd (ABN 85 626 087 223) (**Healthia or HLA or the Company**). This Presentation has been prepared in connection with HLA's acquisition of The Optical Company Pty Ltd (ABN 85 115 778 366) **(TOC)** (**Acquisition**) and
  - ✓ a fully underwritten[1] 1 for 4 pro rata accelerated non-renounceable entitlement of new fully paid ordinary shares in HLA (**New Shares**) to certain professional and sophisticated investors (**Institutional Entitlement Offer**); and
  - ✓ a 1 for 4 pro rata non-renounceable entitlement offer of new fully paid ordinary shares in HLA (**New Shares**) to eligible shareholders (**Retail Entitlement Offer**).

  (the Institutional Entitlement Offer and Retail Entitlement Offer are together, the **Entitlement Offer**)

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Notes: (1) Please refer to the summary of the underwriting agreement on pages 27 - 30

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Allocations

- You acknowledge and agree that your existing holding, if any, of fully paid ordinary shares in HLA will be estimated by reference to HLA's beneficial register at 7:00pm on Tuesday 3 November 2020 which shows historical holdings as at that date and is not up to date. There will be no verification or reconciliation of the holdings as shown in the historical beneficial register and accordingly this may not truly reflect your actual holding of fully paid ordinary shares in HLA. HLA and the Underwriter do not have any obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining allocations nor do they have any obligation to allocate pro rata on the basis of existing security holdings. If you do not reside in a permitted jurisdiction for the Entitlement Offer you will not be able to participate in the Entitlement Offer. HLA and the Underwriter and their respective Extended Parties disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the determination of your allocation using your assumed holdings.
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General

- Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice.

GLOSSARY

Term	Definition
Acquisition	The acquisition by HLA of 100% of the shares in The Optical Company Pty Ltd (ACN 115 778 366).
Combined Group	The financial aggregation of HLA and TOC.
Completion	Date by which ownership of TOC transfers to HLA, expected to be 30 November 2020.
EBITDA	Earnings before interest, tax, depreciation and amortisation (excluding the impacts of AASB 16).
Eligible Retail Shareholders	HLA shareholders as at 7.00pm Tuesday 3 November 2020 who have a registered address in Australia or New Zealand or who Healthia have otherwise determined are eligible to participate in the Retail Entitlement Offer, who are not in the United States or acting for the account or benefit of a person in the United States and who are not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder.
Eligible Institutional Shareholders	Certain institutional or professional investors who hold HLA shares as at 7:00pm Tuesday, 3 November 2020, as determined by the Underwriter.
EPS	Earnings per share.
Finance Facility	The syndicated finance facility agreement of $50.0 million between HLA and the Australian and New Zealand Banking Group, and the Bank of Queensland Limited.
FY20	Financial year ended 30 June 2020.
HLA	Healthia Ltd (ACN 626 087 223).
Ineligible Institutional Shareholder	An institutional investor with an address outside of Australia, New Zealand, Hong Kong, Singapore, the United Kingdom or the United States or whom the Underwriter and Company determine will be an Ineligible Institutional Shareholder for the purpose of the Institutional Entitlement Offer.
Institutional Entitlement Offer	The fully underwritten 1 for 4 pro rata accelerated non-renounceable entitlement of new fully paid ordinary shares in HLA to Eligible Institutional Shareholders as described on page 24.
New Shares	The new shares to be issued pursuant to the Entitlement Offer.
Entitlement Offer	The Institutional Entitlement Offer (fully underwritten) and the Retail Entitlement Offer to be conducted by HLA as described on page 24.
Retail Entitlement Offer	The 1 for 4 pro rata non-renounceable entitlement offer of new fully paid ordinary shares in HLA to Eligible Retail Shareholders as described on page 24.
Sale Agreement	The share sale agreement between HLA and the vendors in relation to the acquisition of shares in TOC.
TOC	The Optical Company Pty Ltd (ACN 115 778 366) and its wholly and partly owned subsidiaries and controlled entities.
Underwriter	Canaccord Genuity (Australia) Limited (ACN 075 071 466).
Underlying Revenue	Underlying Revenue reflects statutory revenue as adjusted to reflect the Directors’ assessment of the result for the ongoing business activities of the HLA, TOC and the Combined Group, in accordance with AICD/Finsia principles of recording underlying results and includes adjustments for the impacts from COVID-19 for both HLA and TOC. Underlying revenue has not been audited.
Underlying EBITDA	Underlying EBITDA reflects statutory EBITDA as adjusted to reflect the Directors’ assessment of the result for the ongoing business activities of the HLA, TOC and the Combined Group, in accordance with AICD/Finsia principles of recording underlying EBITDA. Underlying EBITDA has not been audited.
UNPATA	Underlying net profit after tax and before amortization of customer lists and reflect the Directors’ assessment of the result for the ongoing business activities of the HLA and/or TOC, in accordance with AICD/Finsia principles of recording underlying profits. Underlying profit has not been audited.
Vendor Equity	The issue of HLA shares to the vendors as part consideration of the Acquisition.
VWAP	Volume Weighted Average Price.

CONTENTS

Appendices

1. Executive Summary

EXECUTIVE SUMMARY
HEALTHIA LIMITED

Acquisition of The Optical Company	• Healthia Limited ("**Healthia**") to undertake the material acquisition of The Optical Company Pty Ltd (ACN 115 778 366) ("**TOC**"),[1] a leading optical company that has grown to a portfolio of 41 optical stores, plus the vertically integrated business of Australian Eyewear Distributors. ✓ Attractive industry metrics, with similar characteristics to Healthia's current allied health businesses [2] ✓ Strong cultural fit ✓ Aligned with Healthia's stated growth strategies ✓ Advances Healthia's long-term strategic vision and provides additional scale ✓ Increases Healthia's targeted addressable industry revenue from \$6.5 billion to \$9.8 billion [3] • The Combined Group delivered \$128.3m underlying revenue and \$18.9m Underlying EBITDA on a combined basis for FY20 [4] • The Acquisition is expected to deliver circa ~15% EPS accretion on a FY20 underlying basis, excluding transaction and integration costs
Purchase Consideration [5]	• Purchase consideration of \$43.00 million • Upfront cash consideration of approximately \$31.07 million • Issue of 9,400,000 HLA shares to the vendors expected to be valued at approximately \$8.93 million • Deferred consideration of \$3.00 million, subject to customary adjustments including completion adjustments.
Equity Raising	• Fully underwritten 1 for 4 pro rata accelerated non-renounceable entitlement of new fully paid ordinary shares in HLA to Eligible Institutional Shareholders • A 1 for 4 pro rata non-renounceable entitlement offer of new fully paid ordinary shares in HLA to Eligible Retail Shareholders. The Retail Entitlement Offer is not underwritten
FY21 Outlook	• The Combined Group (Healthia + TOC) has achieved strong organic growth of 10.9% for the 3-months ended 30 September 2020. • Both Healthia and TOC have strong acquisition pipelines and Healthia has revised its target of deployed capital on new acquisition each year from >\$15.0 million to >\$20.0 million.

Notes: (1) for an overview of the TOC business refer to pages 12 – 18 (2) for an overview of the optometry industry refer to page 12 (3) for details on the Healthia addressable industry revenue refer to page 38 (4) Financial information, including a reconciliation from underlying results to statutory results can be found on pages 21 – 23 (5) For details relating to the Acquisition refer to page 26

WHY OPTOMETRY?

STRATEGIC RATIONALE

✓ **Attractive industry metrics, with similar characteristics to podiatry and physiotherapy**

- Essential allied health service
- Fragmented industry with opportunity for consolidation
- Increasing demand from an ageing population[1]
- Medicare funded services with products supplemented by health insurance and self payments
- 13.2 million Australians suffer from long-term eye problems[1]
- The Acquisition presents the opportunity to cross-sell allied health services

✓ **Strong cultural fit with Healthia**

- TOC is run by an experienced business operator and optometrist, who will retain equity and continue to run the business
- Similar clinician / employee profile
- Focus on professional development & training for clinicians
- Targeted marketing and customer retention strategies
- Ability for Healthia's Clinician Retention Program to be introduced to enable ownership opportunities for aspiring optometrists and optical dispensers where applicable

✓ **Aligned with Healthia's business model**

- Strong margins generated through vertical integration (AED in optometry parallels iOrthotics in podiatry)
- Centralised support including benchmarking to create scale benefits and cost efficiencies
- Centralised practice software system providing greater customer/patient insight
- Ability to co-locate multiple allied health services, maximizing space from each location
- Introduction of additional services to drive standards of care and organic growth

✓ **Advances Healthia's long-term strategic vision**

- Increased diversification of allied health industries, and increased addressable market, boosting future acquisitive growth opportunities for Healthia
- Healthia's strategic imperative is to create customer/patient loyalty and a close relationship between all its allied health products and services
- Healthia's medium term goal is to use its diversified allied health portfolio, along with insight from customer/patient analytics, to deliver more personalised and meaningful products and services to its customers/patients

Healthia

Notes: (1) IBIS World – Optometry and Optical Dispensing Industry Australia (Feb 2020)

2. Overview of Optometry industry & TOC

OPTOMETRY
INDUSTRY OVERVIEW

GROWTH DRIVERS

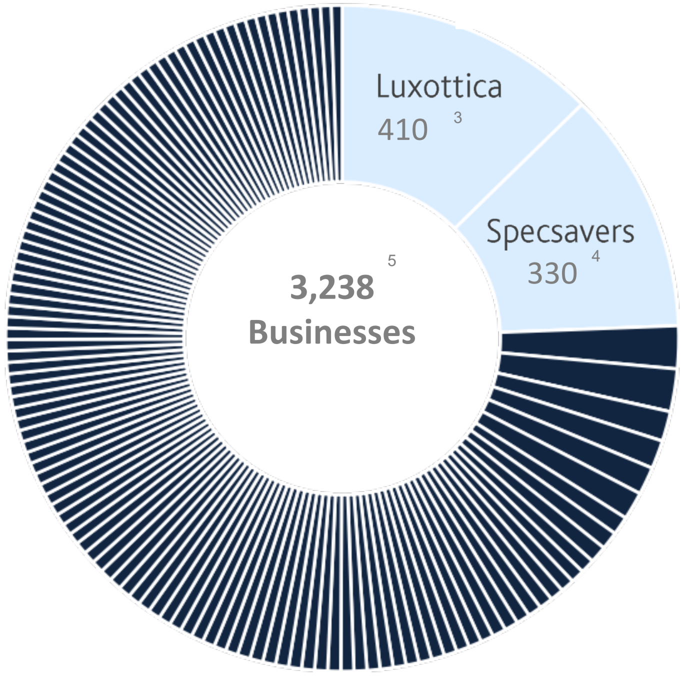
- 2.1% Annual Forecast Revenue Growth (20-25)[1]
- Growing requirement and demand for eye care services
- Reimbursement supported by Medicare and private health insurers
- Ageing population with growing need for vision correction
- Growing awareness of eye health and UV eye protection

FRAGMENTED INDUSTRY

- $3.8bn[1] industry addressable revenue, with $2.2bn[1] not held by major industry participants
- Approximately 2,700[2] independent optometrists in Australia, including single and multi-store operators
- A number of independents operate under large industry buying groups but remain independent
- Ageing subset of independent optometrists reaching retirement age and succession age

THE OPTICAL COMPANY

- TOC has the platform in place to lead independent store consolidation in Australia visits:
  - ✓ Optometry led model
  - ✓ Experienced management team with a proven track record of acquiring and integrating new stores
  - ✓ Vertically integrated business model
  - ✓ Established industry relationships



Independents	Buying Groups	Health Funds	Franchise/JV	Corporates
Single Stores / Multi stores	Optiro, EyecarePlus, Optovision, ProVision, eyebenefit	Bupa Optical, GMHBA Eye Care, HCF Eyecare, Teachers Health	Specsavers, Optical Superstore	OPSM, Laubman & Pank Optometrists, National Pharmacies

Notes: (1) IBIS World – Optometry and Optical Dispensing Industry Australia (Feb 2020) (2) IBIS World – Optometry and Optical Dispensing Industry Australia (April 2019) notes 3,500 industry outlets less Luxottica and Specsavers outlets, equals circa 2,700 outlets (3) Source: as reported on pages 28 & 29 of the Luxottica 2018 Annual Report. Includes New Zealand store numbers as these are not reported separately (4) Source: as reported on page 7 of the Specsavers 2018-2019 Annual Report (5) Source: IBIS World – Optometry and Optical Dispensing Industry Australia (April 2019) notes 3,238 on page 3.

TOC OVERVIEW

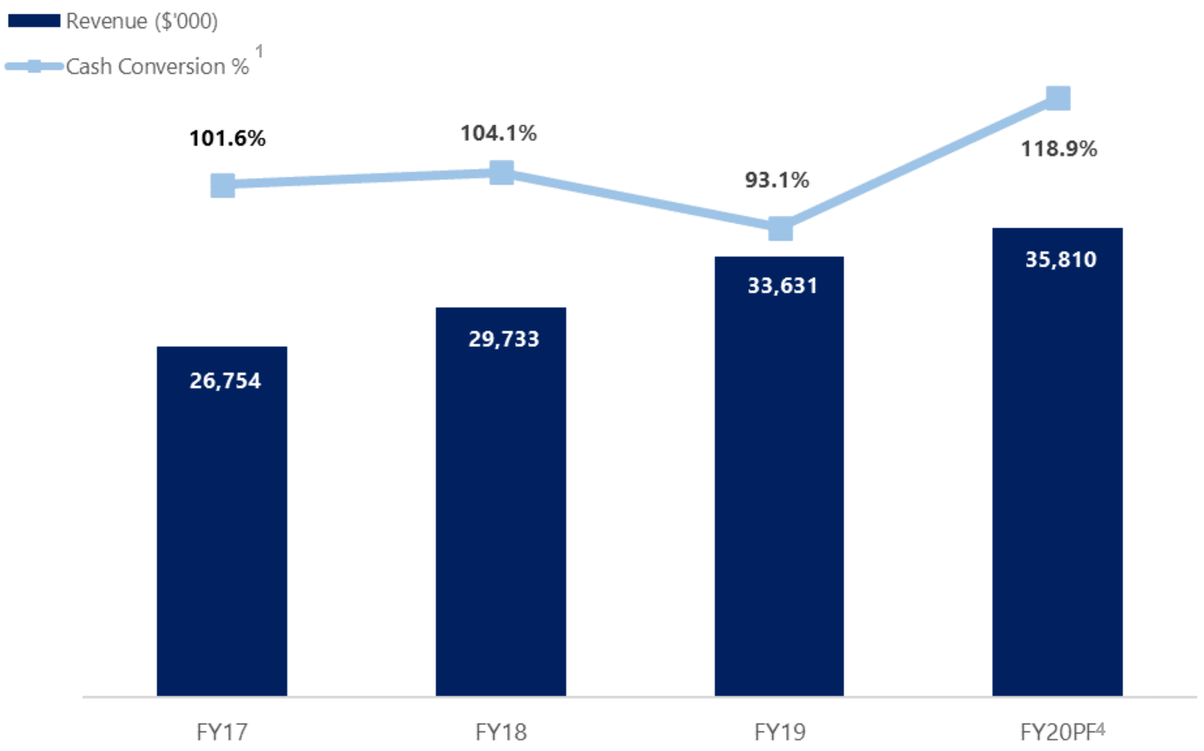
THE OPTICAL COMPANY

Overview and History

- The Optical Company ("**TOC**") was established in 2005 by registered optometrist and current CEO Colin Kangisser
- TOC has grown to a portfolio of 41 optical stores providing a full range of optometry services and products via:
  - ✓ Optometry led, customer focused and vertically integrated business model with established centralised support functions
  - ✓ Multi-brand store strategy, with 5 regional banners, each tailored to specific locations and demographics, with brand recognition in their local communities, operating under the TOC umbrella
- TOC has a record of strong revenue growth (3.4% in FY19, 2.9% in FY20[1]) and financial performance, including strong cash conversion (see Graph 1)
- TOC has created a stable platform which is set for future organic and acquisitive growth in the optical industry
- The Optical Company embraces strong core values of integrity, superior service and exceptional quality with the goal to be the leading eyecare and eyewear team

Notes: (1) FY20 organic growth excludes the months of March to May 20 to remove the impact of COVID-19.

Graph 1: Revenue and Cash Conversion % (FY17 – FY20)



Notes: (1) Cash Conversion % is calculated as the underlying operating cash flows pre-tax, ungeared divided by the Underlying EBITDA for the relevant financial year. (2) EBITDA is a non-IFRS measure and measure earnings before interest tax depreciation and amortization. EBITDA is adjusted to remove the impacts of AASB16, where applicable. (3) Underlying EBITDA is a non-IFRS measure and reflects statutory EBITDA as adjusted to reflect the result for the ongoing business activities of TOC as have been prepared in accordance with AICD/Finsia principles of recording underlying EBITDA. Underlying profit has not been audited. (4) FY20PF means the underlying results for TOC for the financial year ended 30 June 2020 adjusted for the impacts of COVID-19

Healthia

TOC OVERVIEW

THE OPTICAL COMPANY

Acquisitive Growth

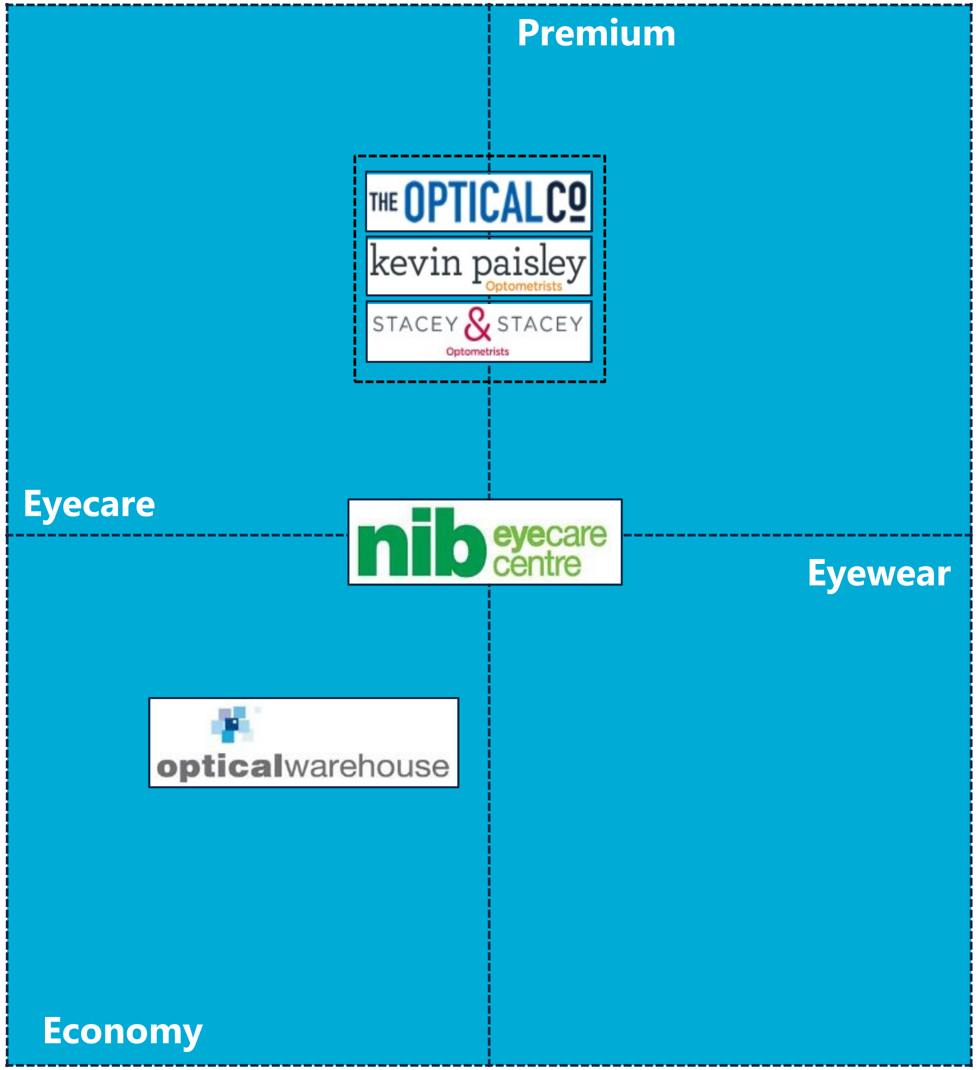
- TOC has a track record of acquiring optical businesses to build a differentiated optical portfolio, designed to create value from its centralised services and vertically integrated strategy
- The TOC acquisition strategy is focused on the acquisition of multi store and single store groups
- Flexibility to acquire independent stores and retain branding with The Optical Company sub-branding

Vertically Integrated

- TOC owns and operates an established eyewear frame distributor, Australian Eyewear Distributors (AED), providing a vertically integrated model
- AED distributes a diverse range of premium, fashionable eyewear products consisting of both international and private label brands to the TOC Group
- There is an ability to build brands from scratch to take advantage of trends and opportunities in the market

AED Private Label Examples:

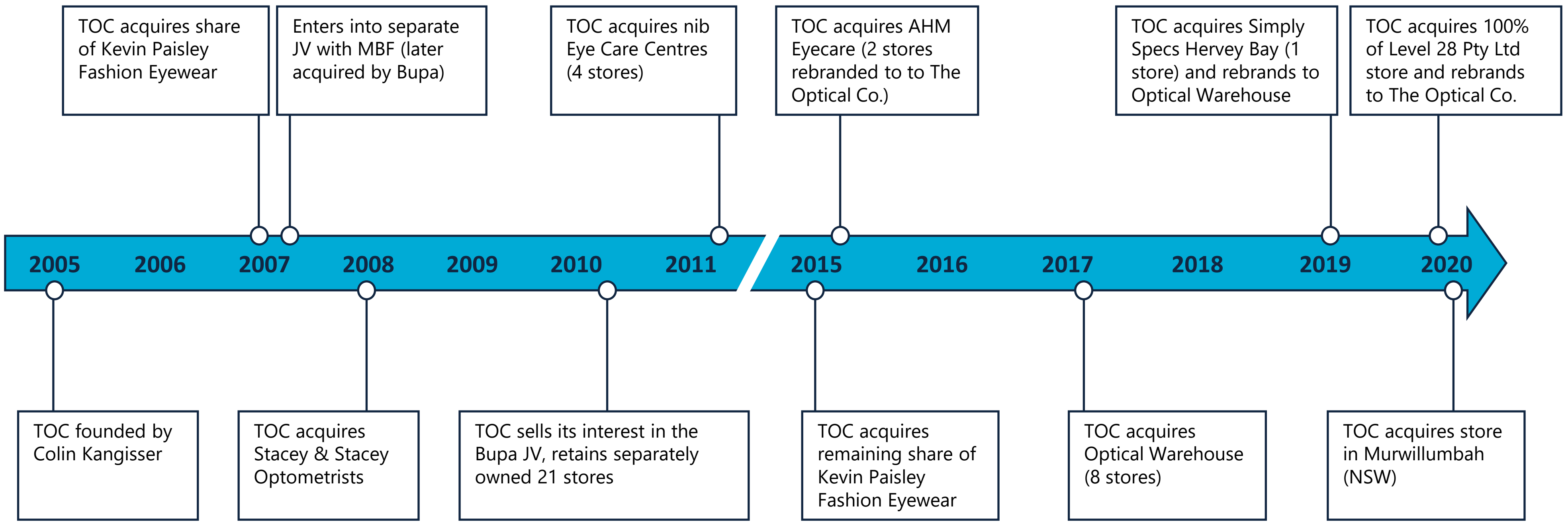
Diverse multi-brand strategy



TOC JOURNEY

THE OPTICAL COMPANY

Reputable group, and brand names, led by the founding optometrist and an industry experienced management team[1]



Established platform and systems can be scaled via acquisitive growth

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Notes: (1) See pages 17-18 for details and experience of the TOC management team

TOC STRATEGIC OBJECTIVES

THE OPTICAL COMPANY

Strong alignment of strategic objectives between HLA and TOC

EXPERIENCED TEAM

- Led by founding optometrist Colin Kangisser
- Founding optometrist supported by experienced Senior Management team
- Founder and Senior Management team have experience in the optical industry

ORGANIC GROWTH

- "Simply Better" campaign focused on education and training, customer journey and visual merchandising
- Business backed by centralised support which includes centralised IT infrastructure, practice management software and other platforms
- Targeted marketing and customer attraction, conversion, retention and loyalty programs
- Introduction of additional optical services to increase offering

ROLL OUT

- New optometry store openings
- Roll out of complimentary services inside existing clinics such as audiology services

VERTICAL INTEGRATION

- TOC owns and operates an eyewear frame distributor (AED)
- AED distributes to the TOC stores a diverse range of premium, fashionable eye wear products consisting of both international and private label brands at affordable prices

NEW ACQUISITIONS

- Acquisition growth driven by the fragmented nature of the optometry industries
- Ageing subset of independent optometrists reaching retirement age and succession age
- Attractive acquisition multiples expected to ranging between 3 to 4.5 times EBITDA (pre-AASB16)

TOC LEADERSHIP

EXPERIENCED TEAM

COLIN KANGISSER

CEO & FOUNDER

Colin is a registered optometrist with over 30 years' optical experience. He founded, grew and exited multiple retail chains including Optic Express and Kays Optical prior to holding executive leadership positions with the OPSM Group and founding TOC in 2005. Colin will continue as CEO of the Eyes & Ears division and become a Director of Healthia Limited post completion.

AARON KANGISSER

HEAD OF RETAIL

Aaron holds a Bachelor of Commerce and Law degree and previously held a senior management position with Boots Opticians, the UK's second largest optical retailer consisting of over 600 stores. Aaron has been with TOC for over 10 years.

TINA CHAN

GROUP FINANCE - MANAGER

Tina holds a Master of Commerce and an Advanced Diploma in Business Accounting. She is a member of Smart Taxation Australia and the Institute of Public Accountants. She has over 17 years' experience in the optical industry working for leading optical wholesaler, VSP Australia before joining TOC in 2017

ANTHONY WHITTLE

GROUP MANAGER - MARKETING

Anthony is a seasoned marketing specialist with over 20 years' retail and wholesale marketing experience. His experience includes holding senior positions in major optical wholesaler Sunshades, as well as positions with iconic brands Ralph Lauren, Tommy Hilfiger and Donna Hay. Anthony joined TOC in 2019.

RUSSELL JOHNSTON

GROUP MANAGER – PROPERTY & BUS DEVELOPMENT

Russell has over 25 years' experience in retail with over 15 years of that experience in the optical industry. Russell was previously the Head of Business Development ANZ for Specsavers. Russell joined TOC in 2019.

ANDREW REEVES

REGIONAL OPERATIONS MANAGER QLD

Andrew holds a Certificate IV in Optical Dispensing and has over 25 years' optical industry experience having had ownership interests in addition to senior management and store management roles. Andrew previously held positions at Kays Optical, OPSM and Blink Optical prior to joining TOC in 2005.

TOC LEADERSHIP

EXPERIENCED TEAM

ROBYN WEINBERG

GROUP MANAGER – HUMAN RESOURCES

Robyn holds an optometry qualification from South Africa and has extensive optical industry experience including holding executive positions with Luxottica and Bailey Nelson before joining TOC in 2019.

MARTIN COLES

SUPPLY CHAIN & DISTRIBUTION MANAGER

Martin holds a Certificate IV in Optical Dispensing and is a trained Optical Mechanic. With over 30 years' experience in the optical industry, Martin has held ownership interests, leadership and store management positions. Martin was previously with Kays Optical, OPSM and Blink Optical prior to joining TOC in 2005.

DARREN WILLS

GROUP MANAGER- OPERATIONS

Darren holds a Certificate IV in Optical Dispensing and has over 25 years' experience within optical store management, training and operations. Darren was previously with OPSM and Pacific Smiles Group before joining TOC in 2011.

MELANIE DE GROOT

REGIONAL OPERATIONS MANAGER VIC/SA

Melanie is a trained as an Optical Dispenser and has a Diploma of Management. Melanie held store dispensing and management positions at Merringtons and Specsavers prior to joining TOC in 2019.

SALLY DOUGLAS

PRODUCT MANAGER

Sally holds a Certificate IV in Optical Dispensing and Diploma in Business Administration and has over 20 years' experience in the optical industry across ownership, leadership and store management roles. Sally previously held positions with Bupa Optical, HCF Eyecare and Lifestyle Optical before joining TOC in 2018.

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3. Deal & Equity Raising Summary

TRANSACTION FUNDING

HEALTHIA LIMITED

Funding mix

Acquisition consideration	• Purchase consideration of $43.00 million (subject to adjustments) ✓ Upfront cash consideration of approximately $31.07 million; ✓ Issue of 9.4 million HLA shares to the vendors expected to be valued at $8.93 million; ✓ Deferred consideration of $3.00 million • Cash consideration funded with existing cash, debt and the Entitlement Offer
Equity	• $8.93[1] million of consideration, equating to 9.40 million HLA shares, to the vendors of TOC (**Vendor Equity**) • The Entitlement Offer, as set out in this document, to raise a maximum of $15.30 million
Vendor Equity	• 9.4 million of HLA shares to be issued to the vendors of TOC to be held in voluntary escrow as follows: ✓ 4,333,400 shares for up to 6 months ✓ 5,066,600 shares for up to 24 months
Deferred consideration	• $3.00 million deferred consideration (partially secured) payable 12 months after Completion

Notes: (1) Vendor Equity to be issued at the lower of (i) the Entitlement Offer price, being 95 cents per share and (ii) VWAP at the date of the sale agreement

Sources & uses

Sources	$ million
The Entitlement Offer[1]	15.27
Vendor Equity [2]	8.93
Debt drawn down	15.00
Existing HLA cash	2.30
Total sources	**41.50**

Uses	$ million
Upfront purchase consideration[3]	40.00
Upfront transaction costs	1.50
Total uses	**41.50**

(1) Any shortfall in the Retail Entitlement Offer will be funded through HLA cash reserves and/ or debt.
(2) Vendor Equity to be issued at the lower of (i) the Entitlement Offer price, being 95 cents per share and (ii) VWAP at the date of the sale agreement
(3) Excludes deferred component of $3.00 million (partially secured), which will be paid from HLA operating cash flow after 12 months.

COMBINED GROUP
UNDERLYING FINANCIAL SUMMARY

Table 1: FY20 Underlying Financial Profile

$'000	HLA FY20 Underlying[1]	TOC FY20 Underlying[1]	Combined Group FY20 Underlying	% Change
Underlying Revenue	92,493	35,810	128,303	38.7%
Operating expenses	79,263	30,120	109,382	38.0%
Underlying EBITDA[2, 3]	13,230	5,690	18,921	43.0%
UNPATA (attributed to shareholders)[4, 5]	4,629	2,845[6]	7,474	61.5%
Shares on issue (millions)	63.0[7]	25.5	88.5	40.4%
Underlying EPS (cents)[8]	7.34	n/a	8.44	15.0%
Debt / EBITDA (x)[9]	1.78x	n/a	1.97x	19.1bp

Notes: (1) Underlying results reflects statutory results as adjusted to reflect assessment of the result for the ongoing business activities of HLA and TOC, in accordance with AICD/Finsia principles of recording underlying results. Underlying results have not been audited or reviewed (2) Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortization. (3) Underlying EBITDA has been adjusted to remove the impacts of AASB16 and for impacts from COVID-19 for both HLA and TOC. (4) UNPATA is a non-IFRS measure and equals underlying net profit after income tax expense plus amortisation of customer list intangibles (5) UNPATA has been adjusted to remove the impacts of AASB16 and for impacts from COVID-19 for both HLA and TOC. (6) UNPATA for TOC has been adjusted to include the estimated finance costs of the $15.0 million of additional debt drawn to fund the Acquisition (7) Shares equal the weighted average number of shares on issue in HLA as at 30 June 2020 (8) Underlying EPS means underlying earnings per share and is calculated as UNPATA attributable to shareholders divided by the shares on issue for a combined HLA and TOC group (9) Estimated based on the principles of calculation for debt covenants per HLA's Finance Facility. Excludes any debt drawn in relation post 30 June 2020 acquisitions by HLA.

Profit and loss

- ✓ The Acquisition is expected to deliver circa ~15% EPS accretion on a FY20 underlying basis, excluding transaction and integration costs[10]
- ✓ Underlying EBITDA margin for FY20 improves from 14.3% to 14.8%, or ~50 bps
- ✓ Strong cashflow generation expected to continue based on the strong historical cash conversion profile of both HLA and TOC.

Balance sheet

- ✓ Maintenance of leverage profile – combined net debt to EBITDA at Completion expected to be less than 2.0x (with a covenant requirement of less than 2.5x)
- ✓ Balance sheet capacity available to continue acquisition growth via free cash, bank debt, vendor deferred consideration and clinic class shares
- ✓ HLA expects to maintain its targeted 50% of UNPATA (attributed to shareholders) dividend payout policy.

Notes: (10) Assumes the full $15m Entitlement Offer is raised. Any shortfall in the Retail Entitlement Offer will be funded through HLA cash reserves and/ or debt

FINANCIAL SEGMENTS

SEGMENT SPLIT

Table 2: FY20 Underlying Segment data

$'000	HLA (Feet & Ankles)[5]	HLA (Bodies & Minds)[6]	TOC (Eyes & Ears)	HLA (Support)	TOC[4] (Support)	Combined
Revenue	47,604	44,889	35,810	-	-	128,303
Operating expenses	35,630	37,285	27,580	6,347	2,665	109,382
Underlying EBITDA[1, 2, 3]	11,974	7,604	8,355	(6,347)	(2,665)	18,921
Underlying EBITDA Margin %	25.1%	16.9%	23.3%	NA	NA	14.8%
% of Group Revenue	37.1%	35.0%	27.9%	NA	NA	100.0%
% of Group EBITDA	43.9%	27.2%	29.9%	NA	NA	100.0%

Notes: (1) Underlying EBITDA reflects statutory results as adjusted to reflect assessment of the result for the ongoing business activities of HLA and TOC, in accordance with AICD/Finsia principles of recording underlying profit. Underlying EBITDA have not been audited or reviewed. (2) Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortization. (3) Underlying EBITDA has been adjusted to remove the impacts of AASB16 and for impacts from COVID-19 for both HLA and TOC. (4) TOC (Support) assumes the cost of the TOC support office, which would have been incurred under HLA's ownership. (5) Formerly disclosed by HLA as the Podiatry Division. (6) disclosed by HLA as the Physiotherapy Division.

Comments

- ✓ On completion of the Acquisition, HLA will run three distinct consumer/ operating segments being the Feet & Ankles, Bodies & Minds and Eyes & Ears segments.
- ✓ On completion of the Acquisition, there will be a relative even contribution of revenue and Underlying EBITDA from each of the 3 operating segments of the combine HLA and TOC group
- ✓ TOC has invested in support services to assist with future acquisitive growth. Support costs for TOC in FY20 were circa 7.4% of turnover, compared to HLA of 6.9%.

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FINANCIAL RECONCILATION

STATUTORY TO UNDERLYING REC

Table 3: Reconciliation of Underlying FY20 EBITDA to Statutory FY20 EBITDA

$'000	Note	HLA	TOC	Combined
Underlying EBITDA	1.	**13,230**	**5,689**	**18,919**
Less: Acquisition & One-off Costs	2.	(2,914)	(1,198)	(4,112)
Less: COVID-19 Related Expenses	3.	(1,920)	-	(1,920)
Less/ Plus: Impact of AASB16	4.	7,836	3,197	11,033
Less: Share-based payments expense	5.	(249)	(566)	(815)
Plus: Income from JobKeeper	6.	3,758	575	4,333
Plus: Income from new store	7.	-	(217)	(217)
Statutory EBITDA	8.	**19,741**	**7,480**	**27,221**

Notes: (1) Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation. Underlying EBITDA reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of both HLA and TOC, in accordance with AICD/Finsia principles of recording underlying EBITDA. Underlying profit has not been audited. (2) Includes a number of one-off acquisition and integration costs in relation to the acquisition of additional businesses by both HLA and TOC during FY20. This also includes a number of one-off non-recurring items incurred by HLA and TOC and discontinued operations from closed businesses. (3) Non-recurring costs incurred during the COVID-19 pandemic, including JobKeeper top-ups and other payments to employees. Under JobKeeper, eligible employees who are ordinarily paid less than $1,500 per fortnight must be paid a 'top-up' to bring their taxable gross income to at least $1,500 per fortnight for pay days within the JobKeeper fortnights (4) The adoption of AASB 16 'Leases' had a significant impact on the current period financial performance of both HLA and TOC. This impact is comprised of the following changes due the adoption of AASB 16: occupancy costs decreased, and depreciation expense increased and finance costs increased. (5) Share-based payments relate to the one-off grant of Performance Rights to key clinicians and administration staff of HLA, but excludes the costs associated with the executive performance rights as these form part of HLA's ongoing remuneration structure. Share based payments for TOC relate to one-off performance rights granted to key employees which vested on the sale of TOC to a third party (6) Income from JobKeeper, which is not considered by HLA or TOC as representing its underlying financial performance. For the purposes of underlying results, HLA and TOC have included $4.16M and $1.57M of JobKeeper income respectively, which represents the normalised revenue for the impact of the COVID-19 pandemic during the period 1 April 2020 to 31 May 2020. (7) New business relates to the earnings contribution of the Murwillumbah optometry clinic acquired by TOC in October 2020. (8) Statutory EBITDA is a non-IFRS measure and equals Earnings Before Interest, Tax, Depreciation and Amortisation

EQUITY RAISING

DETAILS

The Entitlement Offer	• The Entitlement Offer is to existing HLA shareholder to raise approximately $15.27 million, split into two components as follows: ✓ Institutional Entitlement Offer ✓ Retail Entitlement Offer the Institutional Entitlement Offer and Retail Entitlement Offer are together, the Entitlement Offer • Approximately 16.08 million New Shares to be issued under the Entitlement Offer representing approximately 25.0% of current issued capital[1]
Institutional Entitlement Offer	• Fully underwritten 1 for 4 pro rata accelerated non-renounceable entitlement of new fully paid ordinary shares in HLA to Eligible Institutional Shareholders • The Institutional Entitlement Offer is fully underwritten by the Underwriter • The Institutional Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable • The Institutional Entitlement Offer to open on Friday, 30 October 2020 and close at 11.30pm on Monday, 2 November 2020 [2] • Only Eligible Institutional Shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore, United Kingdom or the United State of America may participate in the Institutional Entitlement Offer
Retail Entitlement Offer	• a 1 for 4 pro rata non-renounceable entitlement offer of new fully paid ordinary shares in HLA to Eligible Retail Shareholders. • The Retail Entitlement Offer is not underwritten • The Retail Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable • The Retail Entitlement Offer to open on Friday, 6 November 2020 and close at 5:00pm on Tuesday, 17 November 2020 [2] Only Eligible Retail Shareholders, being shareholders who have a registered address in Australia or New Zealand or are an institutional investor in Hong Kong, Singapore, New Zealand or the United Kingdom, who are not in the United States or acting for the account or benefit of a person in the United States and who are not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder may participate in the Retail Entitlement Offer.
Entitlement Offer Structure	• Eligible Institutional Shareholders and Eligible Retail Shareholders will be invited to subscribe for one new HLA share (New Shares) for every 4 existing HLA shares held as at 7:00pm Tuesday, 3 November 2020 (Entitlement Offer Record Date)
Entitlement Offer Price	• The Entitlement Offer will be offered at a price of $0.95 per New Share (Entitlement Offer Price) ✓ 7.8% discount to the last close price of $1.030 on Thursday, 29 October 2020 ✓ 8.2% discount to the 5-day VWAP price of $1.035 for trading up to and including Wednesday, 28 October 2020
Use of proceeds	• The proceeds will be used to fund (i) upfront purchase price of TOC and (ii) upfront transaction costs • If the Acquisition does not proceed, HLA will consider alternative uses for some of the funds, including the return of some of the proceeds to shareholders, debt reduction, working capital or alternative acquisition opportunities
Board participation	• The following Directors of HLA, who are shareholders, have indicated they will participate in the Entitlement Offer: ✓ Glen Richards ✓ Paul Wilson including entering into an agreement with the underwriter to sub-underwrite $750,000 of the Institutional Entitlement Offer ✓ Lisa Dalton ✓ Wesley Coote (partial participation), ✓ Darren Stewart (partial participation), and ✓ Anthony Ganter (partial participation).
Ranking of new shares	• New Shares will rank equally with existing HLA shares on issue

Notes: (1) Excludes shares to be issued to the Vendors as part consideration for the TOC Acquisitions (2) These timings are indicative only and subject to variation. HLA reserves the right to alter the timetable at its absolute discretion and without notice, subject to the Listing Rules, Corporations Act and other applicable laws. All references are to Australian Eastern Standard Time (AEST).

EQUITY RAISING
TIMETABLE

Event	Date
Announcement of the Entitlement Offer	Friday, 30 October 2020
Entitlement Offer Record Date	7:00pm Tuesday, 3 November 2020
Institutional Entitlement Offer	
Institutional Entitlement Offer opens	Friday, 30 October 2020
Institutional Entitlement Offer closes	3.00pm Friday, 30 October 2020
Announcement of results of Institutional Entitlement Offer	Tuesday, 3 November 2020
Shares recommence trading	Tuesday, 3 November 2020
Settlement of New Shares issued under the Institutional Entitlement Offer	Monday, 9 November 2020
Issue and commencement of trading of New Shares under the Institutional Entitlement Offer	Tuesday, 10 November 2020
Retail Entitlement Offer	
Retail offer booklet despatched to Eligible Retail Shareholders and Retail Entitlement Offer opens	Friday, 6 November 2020
Retail Entitlement Offer closes	5:00pm Tuesday, 17 November 2020
Announcement of results of Retail Entitlement Offer	Thursday, 19 November 2020
Settlement of New Shares issued under the Retail Entitlement Offer	Tuesday, 24 November 2020
Issue of New Shares under the Retail Entitlement Offer	Wednesday, 25 November 2020
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Thursday, 26 November 2020
Holding statements in respect of New Shares issued under the Retail Entitlement Offer despatched	Thursday, 26 November 2020

The timetable (and each reference in this presentation to a date specified in the timetable) is indicative only and HLA may, at its discretion, vary any of the above dates by lodging a revised timetable with the ASX. All times referred to in this presentation are Australian Eastern Standard Time (AEST).

PURCHASE AGREEMENT

SUMMARY OF KEY TERMS

Acquisition	• The acquisition by HLA from the vendors of 100% of the shares in TOC. • TOC owns and operates a number of subsidiaries[1] (the TOC Group)
Transaction price and consideration	Purchase consideration of approximately $43.0 million before adjustments: • At completion of the Acquisition: ✓ issue of the Vendor Equity being 9,400,000 fully paid ordinary shares in Healthia[2] to be held in voluntary escrow[3]; and ✓ cash consideration of $40 million less the total aggregate value of the shares issued to the vendors. • Deferred consideration of $3.0 million payable 12 months after completion subject to certain deductions and adjustments including: ✓ post completion adjustments (if any) accrued or relating to the period prior to completion; ✓ to fund an exit right a minority shareholder has in one of the businesses within the TOC group; and ✓ standard post completion net debt and working capital adjustments.
Conditions	The Acquisition is conditional on consent to the change of control and/or deemed assignment of key property leases
Restrictive covenants	The vendors and their related entities are subject to customary non-compete and non-solicitation obligations for a period of up to 2 years throughout Australia following Completion.
Key employees	Healthia has engaged the following key personnel to continue to manage the TOC business: ✓ Colin Kangisser (CEO). ✓ Aaron Kangisser (Head of Retail).
Estimate time for completion	Completion is currently expected to be 30 November 2020, although the timetable may change. Timing is ultimately subject to satisfaction of the condition and delivery of the completion deliverables.
Warranty & Indemnity insurance and claims process	W&I policy taken out by Healthia providing (subject to exclusions) up to $10.00m in cover for breaches of warranties and warranty and tax indemnities. The W&I policy has a deductible of 0.5% of Purchase Price. • The vendor's liability for breaches of representations and warranties under the agreement are limited to a breach of warranty or indemnity arising from fraud. • All other claims can be made under Healthia's W&I policy (subject to exclusions). • Claim thresholds: Healthia is only entitled to recover its losses for any claims for breaches of warranties or indemnities once the aggregate of claims exceeds $215,000. • Time Limit: Claims for breaches of warranties and indemnities under the agreement may be made up to: ✓ in relation to tax related claims, 7 years; and ✓ in relation to all other claims, 3 years.
Termination events	The parties may terminate the agreement in the event the Condition is not satisfied prior to 30 November 2020 or in the event a party fails to perform its obligations to complete the transaction.

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Notes: (1) all subsidiaries of TOC are, either directly or indirectly, 100% owned, except for Mount Gambier Optical Pty Ltd which TOC owns 77.5%.(2) The issue price will be the lower of (i) the 30 day weighted average price of HLA at the date of the sale agreement for the Acquisition; and (ii) the lowest price offered under any capital raising of at least $50,000 by the Company between 1 September 2020 and completion of the Acquisition (3) Vendor Equity to be held in voluntary escrow for between 6 months and 24 months

UNDERWRITING AGREEMENT

SUMMARY OF KEY TERMS

Underwriter	Canaccord Genuity (Australia) Limited (ACN 075 071 466) (**Underwriter**) has agreed to fully underwrite the Institutional Entitlement Offer subject to the terms and conditions of that agreement (**Underwriting Agreement**). The Retail Entitlement Offer is not underwritten.
Underwriter Obligations	The Underwriter's obligations under the Underwriting Agreement, including to manage and underwrite the Institutional Entitlement Offer, are conditional on certain matters, including HLA entering into the Sale Agreement and it not being void, breached or terminated before the settlement of the Institutional Entitlement Offer, and there being no unsatisfied condition to draw down of finance under Finance Facility (other than conditions relating directly to the Acquisition and procedural conditions) and those debt funding arrangements not being void, breached or terminated by settlement of the Institutional Entitlement Offer, HLA releasing to ASX an announcement that discloses the Entitlement Offer, HLA providing executed due diligence materials to the Underwriter before the Entitlement Offer is announced, and the sub-underwriting agreement referred to below being executed and not being void or amended by settlement of the Institutional Entitlement Offer .
Termination Events	If certain events occur, some of which are beyond the Company's control, the Underwriter may terminate the Underwriting Agreement. The events which may allow termination of the Underwriting Agreement include the following: ✓ a statement contained in the Entitlement Offer materials is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, or the Entitlement Offer materials omit any information they are required to contain (having regard to section 708AA of the Corporations Act and any other applicable requirements), or the issue or distribution of any Entitlement Offer materials, or the conduct of the Entitlement Offer, is misleading or deceptive or likely to mislead to deceive; ✓ an obligation arises on the Company to give ASX a notice in accordance with section 708AA(10) or 708AA(12) of the Corporations Act; ✓ the Company amends any of the Entitlement Offer materials without the prior written consent of the Underwriter; ✓ any government agency commences, or gives notice of or conveys an intention to commence, any investigation, proceedings or hearing in relation to the Entitlement Offer or the Entitlement Offer materials or prosecutes or commences proceedings against, or gives notice of an intention to prosecute or commence proceedings against, the Company, including under Part 9.5 of the Corporations Act and Part 3 of *the Australian Securities and Investments Commission Act 2001* (Cth) and such action becomes public or is not withdrawn within 2 Business Days after it is made or, where it is made less than one Business Day before the date for settlement of New Shares issued under the Institutional Entitlement Offer (First Settlement Date), it has not been withdrawn before the First Settlement Date; ✓ ASX announces that the Company will be removed from the official list or that the Shares will be removed from official quotation or suspended from quotation by ASX for two or more than two trading days for any reason other than a trading halt in connection with the Entitlement Offer; ✓ approval (subject only to customary conditions) is refused or not granted to the official quotation of all the New Shares to be issued under the Institutional Entitlement Offer on ASX, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; ✓ any event specified in the timetable is delayed for one or more Business Day without the prior written approval of the Underwriter; ✓ the Company withdraws the Entitlement Offer, or indicates in writing to the Underwriter that it does not intend to, or is unable to proceed with, the Entitlement Offer; ✓ the Company is prevented from issuing the New Shares to be issued under the Institutional Entitlement Offer within the times required by the Timetable, the ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency; ✓ any certificate which is required to be furnished by the Company under this agreement is not furnished when required;

UNDERWRITING AGREEMENT

SUMMARY OF KEY TERMS

Termination Events **(continued)**	✓ either there is a breach of a representation or warranty or other obligation under the Sale Agreement, or the parties to it vary, alter or amend the Sale Agreement without the prior consent of the Underwriter (not to be unreasonably withheld or delayed), which breach or variation has or is likely to have in the opinion of the Underwriter (acting reasonably) a Material Adverse Effect (as defined below) or the Acquisition agreement is terminated or rescinded; ✓ either there is a breach of a representation or warranty or other obligation under the Finance Facility, or the parties to it vary, alter, rescind or amend the Finance Facility without the prior consent of the Underwriter (not to be unreasonably withheld or delayed), which breach or variation has or is likely to have in the opinion of the Underwriter (acting reasonably) a Material Adverse Effect (as defined below) or the Finance Facility is terminated or rescinded; ✓ (*) a statement in any certificate is false, misleading, deceptive, untrue or incorrect; ✓ (*) a representation, warranty or undertaking or obligation contained in the Underwriting Agreement on the part of the Company is breached or is or becomes misleading or deceptive or not true or correct; ✓ (*) the Company fails to perform or observe any of its obligations under the Underwriting Agreement; ✓ (*) the due diligence committee report or any information supplied by or on behalf of the Company to the Underwriter for the purposes of the due diligence investigations, the Entitlement Offer materials or the Entitlement Offer, is or becomes false, misleading or deceptive or is likely to mislead or deceive (including by omission); ✓ a change or effect, or any development involving a prospective material adverse change or effect, in or affecting the business, operations, assets, liabilities, financial position or performance, profits, losses, prospects or results of operations of the group (taken as a whole) (Material Adverse Effect) occurs; ✓ the Company is insolvent, or there is an act or omission, or circumstance that arises, which is likely to result in the Company becoming insolvent or a group member (other than the Company) is Insolvent, or there is an act or omission, or circumstance that arises, which is likely to result in a group member (other than the Company) becoming insolvent, where such insolvency would have a Material Adverse Effect; ✓ (*) either the Company contravenes in connection with the Entitlement Offer any provision of the Corporations Act, its Constitution, any of the ASX Listing Rules or any other applicable law or any of the Entitlement Offer materials or any aspect of the Entitlement Offer does not comply with the Corporations Act or the ASX Listing Rules or any other applicable law; ✓ the Company, any of its Directors or the Chief Executive Officer or Chief Financial Officer of the Company is charged in relation to any fraudulent conduct or activity whether or not in connection with the Offer, or a Director or the Chief Executive Officer or Chief Financial Officer is charged with an indictable offence, save as publicly disclosed before the date of the Underwriting Agreement, any government agency charges or commences any court proceedings or public action against the Company or any of its Directors in their capacity as a Director of the Company, or announces that it intends to take action, or commences or gives notice of an intention to commence a hearing or investigation into the Company or any Director is disqualified from managing a corporation under the Corporations Act, or resignation or termination of the Chief Executive Officer, Chief Financial Officer, Senior Management or the Chairman of the Company occurs; ✓ (*) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, any State or Territory of Australia, a new law, or the Reserve Bank of Australia or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy relating to COVID19 or which has been announced before the date of the Underwriting Agreement);

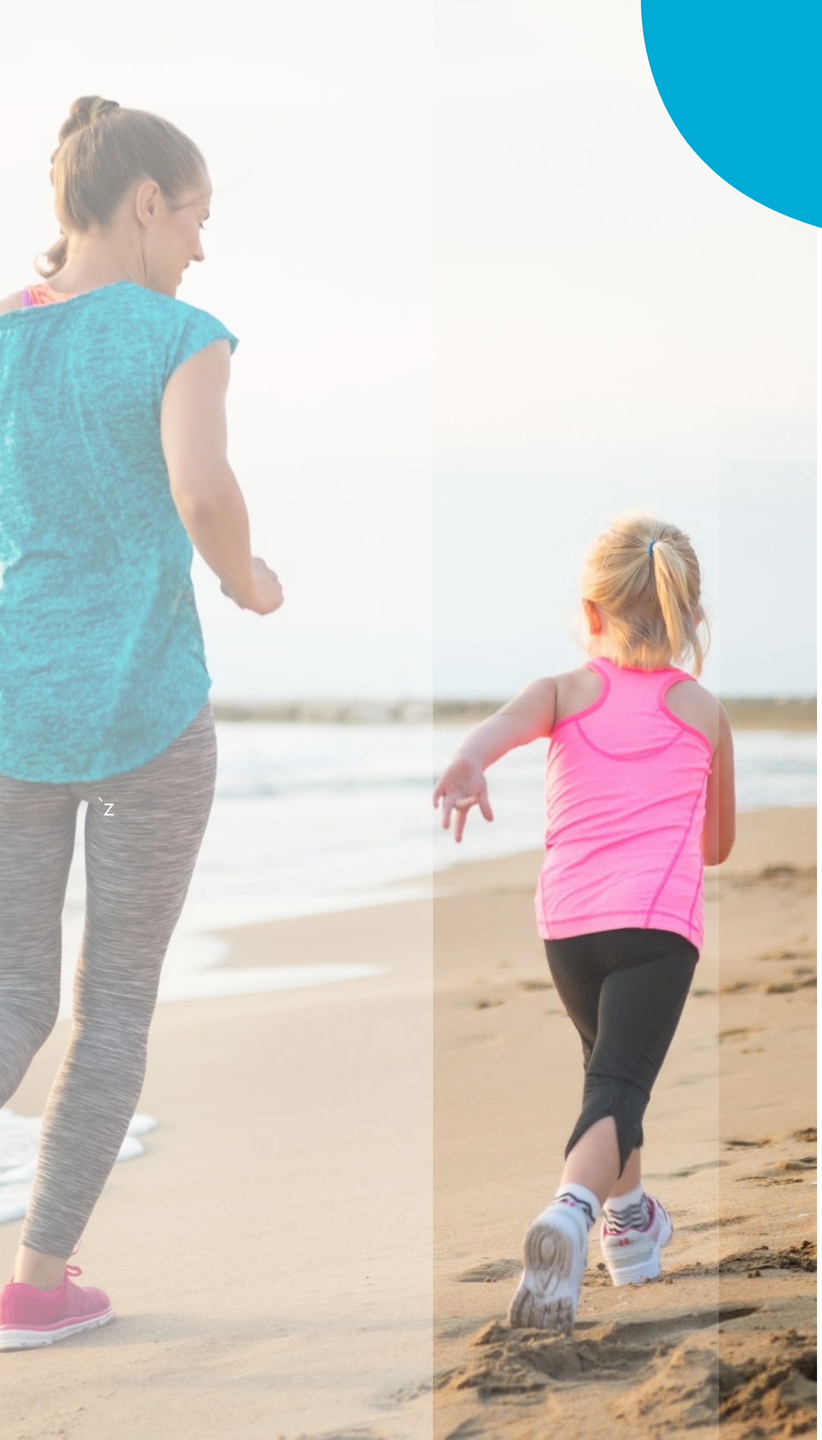
Termination Events **(continued)**	✓ (*) any of the following occur: • a general moratorium on commercial banking activities in Australia, New Zealand, Singapore, Hong Kong, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; • any adverse effect on the financial markets in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom or the United States, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or • trading of all securities quoted on ASX, London Stock Exchange, Hong Kong Stock Exchange, Singapore Stock Exchange or New York Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading, or a Level 3 'marketwide circuit breaker' is implemented by the New York Stock Exchange upon a 20% decrease against the prior day's closing price of the S&P 500 Index only; ✓ (*) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, the United States of America, United Kingdom, any member state of the European Union, Japan, Hong Kong (excluding a recurrence of the recent hostilities, but including any escalation of those recent hostilities, through any military deployment by the People’s Republic of China or otherwise), or the People’s Republic of China, or a major terrorist act is perpetrated on any of those countries or a state of emergency is declared by any of those countries (other than relating to COVID19 or as already declared prior to the date of the Underwriting Agreement) or a major escalation occurs in relation to a previously declared state of emergency (other than relating to COVID19) by any of those countries, or a major terrorist act is perpetrated on any of those countries or any diplomatic establishment of any of those countries; ✓ any of the escrow agreements in respect of the Vendor Equity are terminated or breached or amended or varied without the consent of the Underwriter; or ✓ at any time the S&P/ASX 300 Index falls to a level that is 85% or less of the level as at the close of trading on the day immediately prior to the date of this agreement and is at or below that level at the close of trading: • for two consecutive Business Days during any time after the date of the Underwriting Agreement; or • on the Business Day immediately prior to the First Settlement Date, whichever is shorter. If a termination event marked with an asterisk (*) occurs, the Underwriter may not terminate the Underwriting Agreement unless it has reasonable grounds to believe, and does believe, that the event: • has or is likely to have a materially adverse effect on the success, settlement or marketing of the Entitlement Offer (or any aspect of it), or on the ability of the Underwriter to market or promote or settle the Institutional Entitlement Offer (or any aspect of it); • will, or is likely to, give rise to a liability of the Underwriter or its affiliates under, or give rise to, or result in, a contravention by the Underwriter or its affiliates or the Underwriter or its affiliates being involved in a contravention of, any applicable law.

UNDERWRITING AGREEMENT

SUMMARY OF KEY TERMS

Effect of Termination	In the event that the Underwriter terminates its obligations under the Underwriting Agreement it will be immediately relieved of all further obligations under it, and the Company will be under no obligation to pay any fees that, as at the date of termination, have not yet accrued. Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the Entitlement Offer and could affect the Company's ability to pay the purchase price for the Acquisition. If the Underwriting Agreement is terminated, the Company would have to seek alternative funding arrangements to meet its contractual obligations under the Sale Agreement to pay the purchase price. Termination of the Underwriting Agreement could materially adversely affect the Company's business, cash flow, financial performance, financial condition and share price.
Warranties and undertakings	The Company also gives certain representations, warranties and undertakings to the Underwriter and an indemnity to the Underwriter and its affiliates subject to certain exceptions.
Sub-underwriter	Willeese Pty Ltd as trustee for the Wilson Family Trust (a related entity of Non-Executive Director, Paul Wilson), has agreed with the Underwriter to sub-underwrite $750,000 of the Institutional Entitlement Offer. The key terms of the sub-underwriting are as follows: ✓ Irrevocable application for sub underwritten shares at the Offer Price (separate to any entitlement of the Sub Underwriter as a holder of shares under the Offer) ✓ Sub-underwriting fee of 1% to be paid to the Sub Underwriter ✓ Sub-underwriting agreement incorporates AFMA's Master ECM Terms ✓ The sub-underwriting agreement will lapse if the Institutional Entitlement Offer does not proceed or is withdrawn, the Underwriting Agreement is terminated in accordance with its terms or otherwise ceases including as a result of a condition not being satisfied and not waived by the Underwriter, Healthia does not pay the Underwriter the fees due under the Underwriting Agreement or the Sub Underwriter breaches the sub-underwriting agreement and the Underwriter gives notice of termination
Fees	The fees paid to the Underwriter are as follows: ✓ a management fee of 1.00% of the gross proceeds of the Institutional Entitlement Offer; and ✓ An underwriting fee of 3.50% of the gross proceeds of the Institutional Entitlement Offer.
Shortfall	The Directors of the Company reserve the right to issue any shortfall (including any excess shortfall) under the Entitlement Offer (including the Retail Entitlement Offer) at their discretion. Any excess shortfall in relation to the Institutional Entitlement Offer may, subject to the terms of the Underwriting Agreement, be allocated to the Underwriter or to third party investors as directed by the Underwriter (in consultation with, and having reasonable regard to the views of, the Company). The basis of allocation any shortfall on the Retail Entitlement Offer will be determined by the Directors of the Company at their discretion, taking into account whether investors are existing shareholders, the Company's register and any potential control impacts.

4. FY21 Outlook



OUTLOOK

BUSINESS OVERVIEW

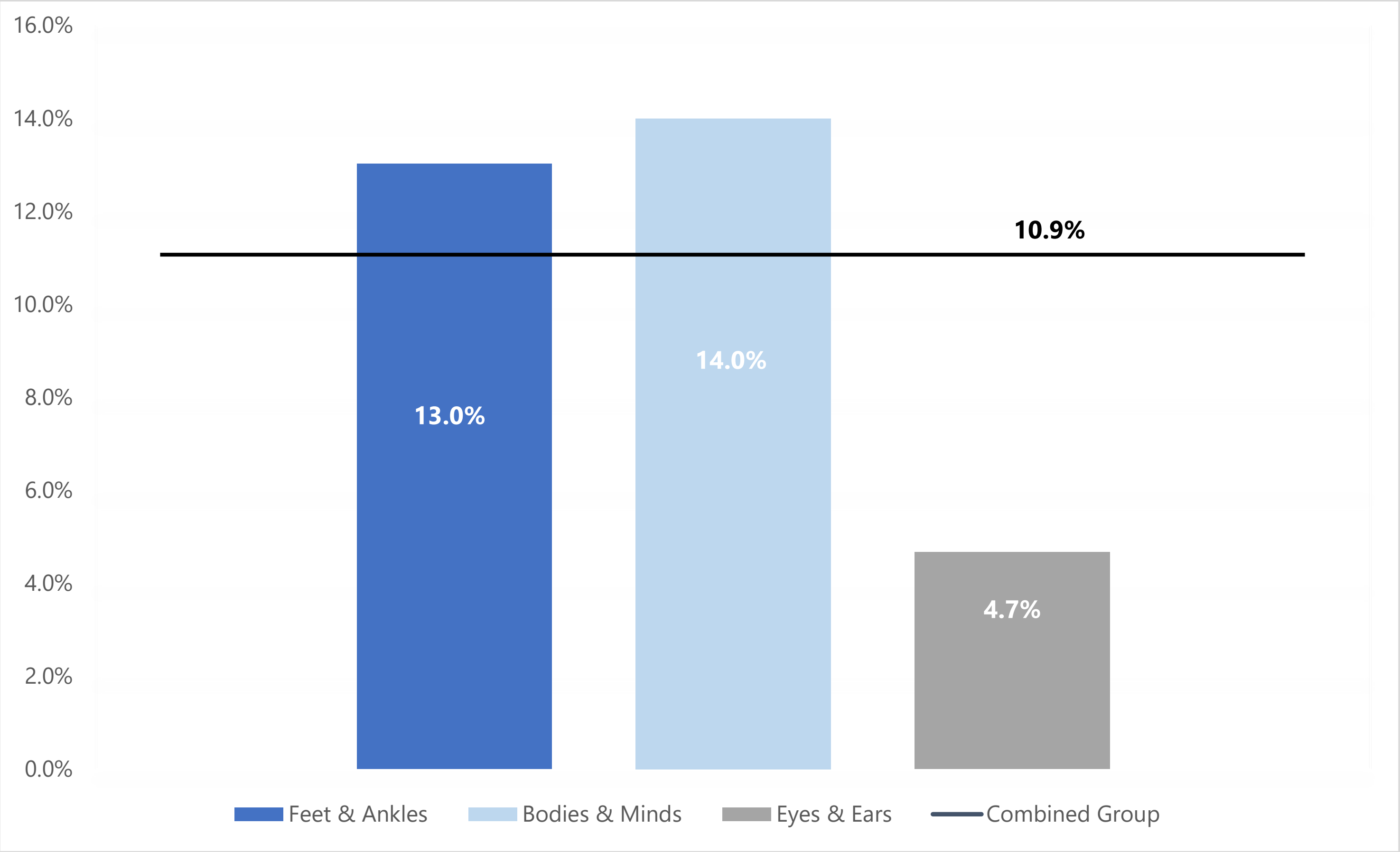
- ✓ Healthia continues to take preventative measures against the spread of COVID-19 and has implemented comprehensive internal policies and procedures to protect its patients, customers and team members against the spread of COVID-19, including a range of workplace preventative health and safety measures. Providing a safe environment for our patients, customers and team members is a priority, and Healthia continues to follow all recommendations of the Australian Government. TOC has similar COVID-19 safe practices in place which will continue post completion of the Acquisition.
- ✓ Both Healthia and TOC qualified for JobKeeper payments in April 2020, however, neither business re-qualified under the revised eligibility criteria after 30 September 2020 and the receipt of JobKeeper payments has now ended[1].
- ✓ As the allied health industries emerge from the COVID-19 pandemic, we expect increased acquisition enquiries as industry participants place greater value on the support and stability that a larger group such as Healthia can offer.
- ✓ HLA expects to maintain its targeted 50% of UNPATA (attributed to shareholders) dividend payout policy.

Notes (1) One TOC business, Point Cook Optical Pty Limited, has re-qualified under the revised criteria. The business employs one employee.

TRADING UPDATE

HLA & TOC UPDATE

Table 5: Organic revenue growth for the prior 1 July 2020 to 30 September 2020



Comments

- ✓ Organic revenue growth is calculated using underlying unaudited revenue and is subject to change.
- ✓ Organic revenue growth has been calculated by excluding JobKeeper payments, any discontinued businesses and businesses not held during the prior period.
- ✓ Organic revenue is shown for the clinics and stores of HLA and TOC only, and excludes the vertically integrated businesses of iOrthotics, DBS and AEC.
- ✓ HLA has 24 clinics (19.2% of total HLA clinic numbers), and TOC 12 stores (28.6% of total TOC store numbers) which operate in Victoria. Organic growth is inclusive of the performance of these clinics and stores and any impacts of trading during COVID lockdowns in Victoria during the period 1 July 2020 to 30 September 2020.
- ✓ All clinics of HLA and all stores of TOC qualified for JobKeeper payments in April 2020. However, all HLA clinics and all TOC stores have not requalified for JobKeeper payments from October 2020[1].
- ✓ The organic growth achieved during the period demonstrates the resilient, repeatable nature of the income of the allied health businesses, and the essential nature of the services provided, by HLA and TOC.
- ✓ Organic growth attributed to the various organic growth initiatives implemented by both HLA and TOC.

Notes (1) One TOC business, Point Cook Optical Pty Limited, has re-qualified under the revised criteria. The business employs one employee.

Healthia

ACQUISITIONS

CURRENT PERIOD

- ✓ Healthia has announced $54m of capital to be deployed since the commencement of Financial Year 2021 at an average upfront EBITDA multiples (pre-AASB16) of 4.9x (pre-support) and 6.8x (post-support). Note this excludes deferred consideration which is subject to adjustments/performance.
- ✓ These businesses are expected to contribute Revenue and EBITDA (pre-AASB16) of $49M and $7.5M respectively on a pro-forma basis.
- ✓ Healthia has revised its target of deployed capital on new acquisitions each year from >$15.0 million to >$20.0 million, utilising a combination of the undrawn debt amount, future operating cash flow and clinic class shares to fund these acquisitions.

Summary of Acquisitions between 1 July 2020 and 29 October 2020

				Consideration					
	Revenue	EBITDA (pre-support)	EBITDA (post-support)	Cash	Clinic Class Shares	Deferred Consideration	Total Consideration	Upfront EBITDA Multiple* (pre-support)	Upfront EBITDA Multiple* (post-support)
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's		
Announced									
Podiatry	5,870	774	421	2,077	48	2,025	4,150	2.7x	5.0x
Physiotherapy	7,379	1,390	1,390	4,864	1,390	352	6,606	4.5x	n/a
Optometry	35,810	8,355	5,690	43,000	0	0	43,000	5.1x	7.6x
Total	49,059	10,520	7,501	49,941	1,438	2,377	53,756	4.9x	6.8x

Notes: all EBITDA figures shown removing the impact of AASB16.

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5. HLA Strategic Vision

VISION OVERVIEW

GROUP STRUCTURE

Healthia's vision is to be Australia's leading diversified healthcare provider

Healthia
Better Health. Better Lives.

Bodies & Minds [1, 2]

Physiotherapy Services	Hand Therapy	Occupational Therapy	Other Allied Health Services 2
Allsports	extend rehabilitation	O.C.C. Therapy	Q Pilates Clinical - Reformer - Mat
sportsmed nq	hand therapy group		
Coral Coast Physiotherapy & Allied Health Clinic			
Physioactive partnering the Allsports Group			
Entirely Health			

Feet & Ankles [1, 3]

Podiatry Services	Retail Footwear	Orthotics & Prosthetics	Orthotics Laboratory	Allied Health Wholesale Supplies
MyFootDr. Healthy feet. Better lives.	MyFootDr. Healthy feet. Better lives.		iOrthotics	DBS medical supplies
The Foot & Ankle Clinic Podiatry and Footwear	NaturalFit Footwear		iOrthotics USA 3D printing for orthotic labs	
Advanced Foot Care				
Allsports Podiatry				
Advanced Podiatry Clinics				

Eyes and Ears [1]

Optical Services	Audiology Services	Optical Eyewear Supplier
The Optical Co		AED Australian Eyewear Distributors Pty Ltd
kevin paisley Optometrists		
Stacey & Stacey Optometrists		
nib eyecare centre		
opticalwarehouse		

Notes: (1) Healthia does not have ownership in all of the products and services highlighted above but plan to expand into each vertical over time (2) Other Services include but are not limited to speech therapy and psychology (2) Formerly disclosed by HLA as the Physiotherapy Division (3) Formerly disclosed by HLA as the Podiatry Division

BUSINESS LOCATIONS

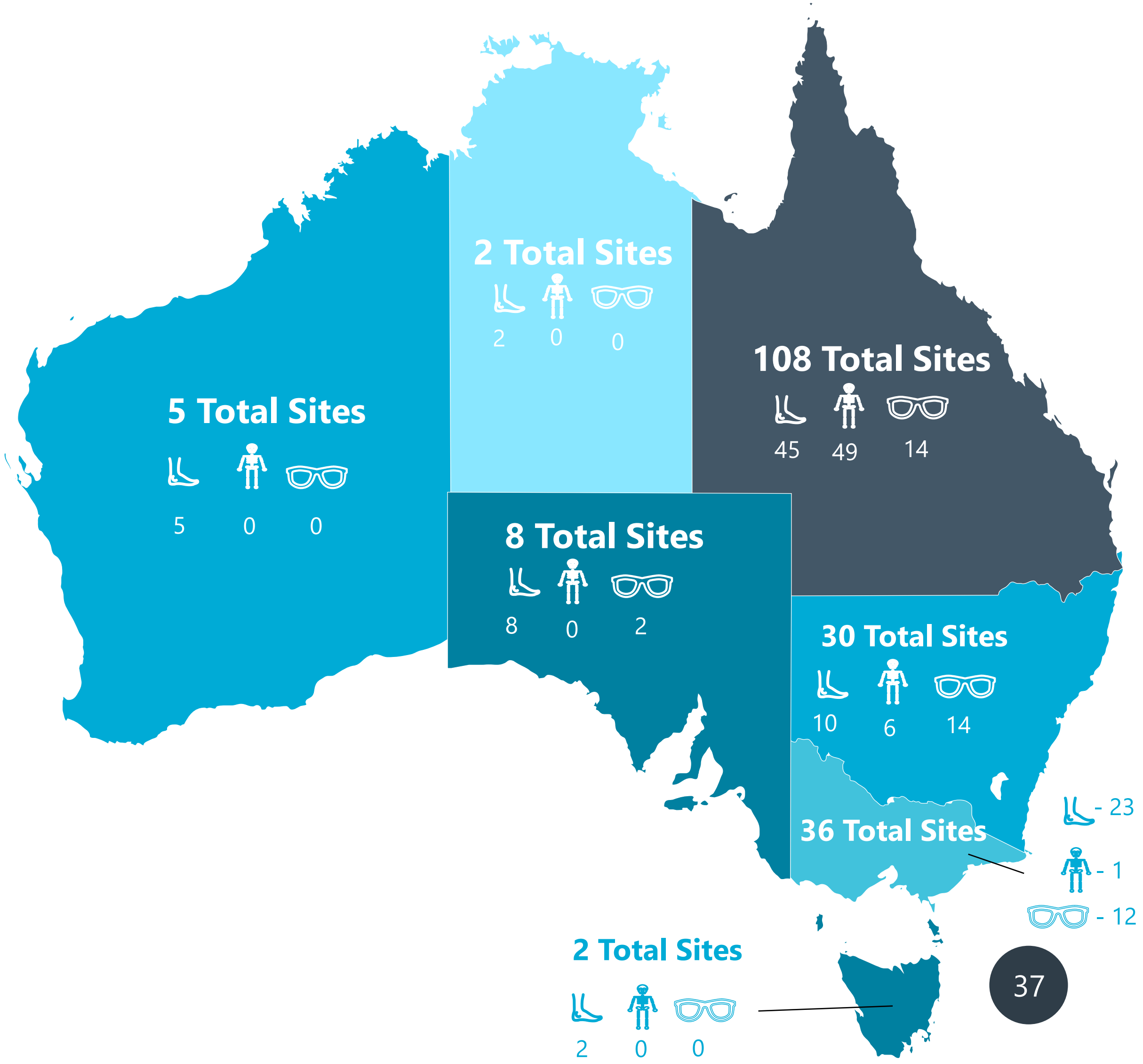
BUSINESS OVERVIEW

Healthia's goal is to utilise its diversified allied health portfolio to deliver more targeted, personalised and meaningful products and services to its consumers

Table 5: Group geographical locations by state post the completion of the Acquisition

	Feet & Ankles[1] Businesses	Bodies & Minds[2] Businesses	Eyes & Ears Businesses	Total Businesses	%
Queensland	45	49	14	108	55.7%
New South Wales & ACT	10	6	14	30	15.5%
Victoria	23	1	12	36	18.6%
Tasmania	2	-	-	2	1.0%
South Australia	8	-	2	10	5.2%
Western Australia	5	-	-	5	2.6%
Northern Territory	2	-	-	2	1.0%
United States of America	1	-	-	1	0.5%
Total Businesses	96	56	42	194	100.0%

Notes: (1) Formerly disclosed by HLA as the Podiatry Division (2) Formerly disclosed by HLA as the Physiotherapy Division



HEALTHIA'S ADDRESSABLE MARKET

BUSINESS OVERVIEW

Significant headroom for growth with circa 1.5% share of total addressable industry revenue

FEET & ANKLES	BODIES & MINDS	EYES & EARS	TOTAL ADDRESSABLE REVENUE
$2.7B[1]	$3.8B[2]	$3.3B[3]	$9.8B[4]

HEALTHIA MARKET SHARE OF INDUSTRY REVENUE

FEET & ANKLES	BODIES & MINDS	EYES & EARS	TOTAL ADDRESSABLE REVENUE
<2.5%	<1.5%	<1.5%	<1.5%

Notes: (1) Australian Podiatry Industry Revenue of $864m (Source: IBISWorld Industry Report Q8539 dated December 2016) + Insole United States Industry Revenue of $1.8bn (Source: Transparency Market Research, "*Foot Orthotic Insoles Market - Global Industry Analysis, Size, Share, Growth, Trends, and Forecast, 2018–2026*"). (2) Australian Physiotherapy Industry Revenue of $2.5bn (Source: IBISWorld Industry Report Q8533 dated September 2020) + Other Allied Health Services in Australia Industry Revenue of $1.3bn (Source: IBISWorld AU Industry (ANZSIC) Report Q8533 dated September 2020) (3) Australian Optometry Industry Revenue of $2.2bn which is equal to the industry revenue of $3.8bn less the market share held by Luxottica and Specsavers (Source: IBISWorld Industry Report Q8532 dated February 2020) + Audiology AUD Industry Revenue of $1.1bn (Source: IBISWorld Industry Report Q8539 dated December 2016) (4) Total addressable revenue has only been included for industries where information was available or reliable. Addressable industries revenue excludes address industry revenue from Australian insole market, Australian allied health wholesale supplies, Australian optical eyewear supplies and Australian retail footwear.

ACQUISITIONS

KEY GROWTH STRATEGY

- Growth by acquisition will continue to be a central pillar to Healthia's strategy post the completion of the Acquisition
- Healthia has revised its target of deployed capital on new acquisitions each year from >$15.0 million to >$20.0 million, due to the increase in addressable market
- Acquisitions expected to be equally distributed across optometry stores, physiotherapy clinics or podiatry clinics. See Table 6 for key acquisition criteria for each.
- Future acquisitions are expected to be funded utilising debt finance, free cash, deferred vendor payments and the Clinic Retention Program

Table 6: Key acquisition criteria

	Podiatry Clinics	Physiotherapy Clinics	Optometry Stores
Revenue	• > $450,000 p.a.	• > $800,000 p.a.	• > $800,000 p.a.
Costs / Expenses	• Ratios to be at acceptable levels and costs to be normalised to include vendor wages/ payroll tax/ market rents etc	• Ratios to be at acceptable levels and costs to be normalised to include vendor wages/ payroll tax/ market rents etc	• Ratios to be at acceptable levels and costs to be normalised to include vendor wages/ payroll tax/ market rents etc
EBITDA / Profit	• Profitable operating history	• Profitable operating history	• Profitable operating history
No of FTE Clinicians	• 1.5 or more	• 4 or more	• 1.5 or more
Valuation metrics	• 3 - 4.5 times normalised EBITDA (pre-AASB16)	• 3 - 4.5 times normalised EBITDA (pre-AASB16)	• 3 - 4.5 times normalised EBITDA (pre-AASB16)
Target Locations	• Capital cities and major regional cities (population of greater than 40,000)	• Capital cities and major regional cities (population of greater than 40,000)	• Capital cities and major regional cities (population of greater than 40,000)
Other	• Opportunity to leverage off vertically integrated business units (iOrthotics and DBS) to drive margin improvements • Ability to engage and retain key clinician via clinic class shares • Favourable demographics in the trade area • Likelihood of the practice achieving or exceeding appropriate clinical standards • Expected to be earnings per share accretive	• Practice space capable of growth without significant investment • Ability to engage and retain key clinician via clinic class shares • Opportunity to introduce other allied health services into clinics • Likelihood of the practice achieving or exceeding appropriate clinical standards • Expected to be earnings per share accretive	• Opportunity to leverage off vertically integrated business units (AED) to drive margin improvements • Ability to engage and retain key clinician via clinic class shares • Opportunity to introduce other allied health services into clinics • Likelihood of the practice achieving or exceeding appropriate clinical standards • Expected to be earnings per share accretive

BOARD OF DIRECTORS

POST COMPLETION

Experienced board members with deep industry expertise in each of Healthia's key operating segments

GLEN RICHARDS

Non-Executive Chair

Dr Richards has over 29 years of experience in the retail and professional services sectors with extensive operational experience in fast growing companies, especially in health care and allied health sectors. Dr Richards was the founding Managing Director of Greencross Limited and Co-Founder of Mammoth Pet Holdings Pty Ltd, prior to its merger with Greencross Limited in 2014. Glen is currently Chairman of People Infrastructure Ltd, Naturo Technologies and Cardionexus Pty Ltd. Non executive director of Adventure Holdings Pty Ltd and De Motu Cordis Pty Ltd.

PAUL WILSON

Non-Executive Director

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.

LISA DALTON

Non-Executive Director

Lisa is an experienced director, senior executive and company secretary with expertise in the healthcare, medical, utilities, manufacturing, childcare, energy, mining and construction sectors.

Lisa has experience in leading teams responsible for strategy, governance, risk management, human resources, communication, stakeholder relations and program management.

WES COOTE

Group Managing Director & Group CEO

Wesley is the former Chief Financial Officer and Company Secretary of Greencross Ltd. Prior to Greencross, Wesley worked in Chartered Accounting where he provided businesses 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.

TONY GANTER

CEO – Bodies & Minds Division & Director

Tony has over 28 years' experience in the management and operation of private physiotherapy and sports medicine clinics and high-performance medical teams in professional sport. He possesses knowledge of the professional, administrative and management skills required to operate physiotherapy and sports medicine centres.

Tony remains active as a treating physiotherapist which enables him to keep in touch with the challenges of both professional health care and clinic ownership.

DARREN STEWART

Executive Director

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.

Darren provides strategic leadership and direction to the My FootDr Business.

COLIN KANGISSER

CEO – Eyes & Ears Division & Director

Colin is a registered optometrist with over 30 years' optical experience. He founded, grew and exited multiple retail chains including Optic Express and Kays Optical prior to holding executive leadership positions with the OPSM Group and founding TOC in 2005. Colin will continue as CEO of the Eyes & Ears division and become a Director of Healthia Limited post completion.

Healthia

Appendices

A. Risks

RISKS

Prior to deciding whether to apply for New Shares under the Entitlement Offer, you should read this presentation and the Entitlement Offer booklet (as applicable) in their entirety and review all announcements made to the ASX and other information available on HLA's website in order to gain an understanding of HLA, its activities, operations, financial position and prospects. You should be aware that there are risks associated with an investment in HLA. These can be categorised as specific risks (that is, matters that relate directly to the Acquisition or HLA's business) and general risks (those that relate to the industries in which HLA operates in general). Many of these risks are outside the control of HLA and cannot be mitigated by the use of safeguards or any controls. The New Shares carry no guarantee in respect of profitability, return of capital or the price at which they will trade on ASX. An investment in HLA is speculative. The following is not an exhaustive summary but identifies the areas the Board of Directors of HLA regards as the major risks related to an investment in HLA.

Risks specific to the Acquisition

Completion Risk	Completion of the Acquisition is conditional on various matters as set out in the definitive share sale agreement in respect of the Acquisition and various completion deliverables. If the condition is not satisfied or waived, or any of the completion deliverables are not delivered, completion of the Acquisition may be deferred or may not occur on the current terms or at all. If the Acquisition is not completed, HLA will need to consider alternative uses for the proceeds from the Entitlement Offer, or ways to return such proceeds to shareholders. If completion of the Acquisition is delayed, HLA may incur additional costs and it may take longer than anticipated for HLA to realize the benefits of the Acquisition. Any failure to complete, or delay in completing, the Acquisition could materially and adversely affect HLA's operational and financial performance and the price of its shares.
Reliance on Information Provided	HLA undertook a due diligence process in respect of the Acquisition, which relied in part on the review of financial and other information provided by TOC. Despite making reasonable efforts, HLA has not been able to verify the accuracy, reliability or completeness of all the information which was provided. If any information provided and relied upon by HLA in its due diligence and preparation of this presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of TOC and the Group may be materially different to the expectations and targets reflected in this presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the Acquisition have been identified and avoided or managed appropriately (for example, because it was not always possible to negotiate indemnities or representations and warranties from TOC to cover all potential risks). Therefore, there is a risk that issues and risks may arise which will also have a material impact on the Group (for example, HLA may later discover liabilities or defects which were not identified through due diligence or for which there is no contractual protection for HLA). This could adversely affect the operations, financial performance or position of HLA.
Integration	The acquisition of TOC will be material for HLA's business, operational profile, capital structure and size compared to that of HLA on a standalone basis. There is a risk that the success and profitability of HLA following completion could be adversely affected if TOC is not integrated effectively. There is a risk that integration could take longer, be more complex or cost more than expected, encounter unexpected challenges or issues, divert management attention or that the anticipated benefits of the integration may be less than estimated. This risk is heightened because TOC is a new industry for HLA. Possible problems may include: i. differences in management culture between the businesses being integrated; ii. unanticipated or higher than expected costs, delays or failures relating to integration of businesses, information technology, accounting or other systems; iii. loss of, or reduction in, key personnel, or employee productivity, or failure to procure or retain employees; and iv. disruption of ongoing operations of other HLA businesses. Any failure to achieve an effective integration may impact on the financial performance, operation and position of HLA and the future price of HLA shares.
Impairment of Intangible Assets	As part of the acquisition, HLA will need to perform a fair value assessment of TOC's assets (including intangibles) and liabilities. In the event that goodwill or any other intangible assets are required to be impaired under the Australian Accounting Standards post Completion, this will result in an additional expense in the income statement of the Group.

Healthia

RISKS

Risks specific to the Acquisition (cont'd)

Retention of Optometrists	TOC's earnings are reliant on employing qualified Optometrist. TOC's performance will be influenced both by its ability to attract and retain, and by the efforts and actions of, its Optometrists. Under TOC's business model, it has limited control over the actions of clinicians. Furthermore, under the terms of TOC's standard employment agreement, Optometrists can generally terminate their employment agreement without cause, subject to the provision of an agreed period of written notice. If a significant number of Optometrists ceased their employment with TOC, and TOC were unable to adequately replace these clinicians, this could have a material detrimental impact on the HLA's ability to generate revenue, its ability to deliver on its business strategy, and its future financial performance.
Availability of Optometrists and quality staff	TOC requires access to high quality optical staff in order to deliver product and services to derive revenue. An inability to attract and retain high quality staff may adversely impact on the financial performance of HLA.
Key management personnel	An investment in TOC is in large an investment in experienced senior management team. The loss of key members of the senior management team, a change in the senior management team or the failure to attract additional skilled individuals to key management roles, could have a material adverse effect on TOC's operations, including its relationships with Optometrists, key industry contacts and suppliers.
Competition	There is a risk that increased competition from existing and new industry participants may impact TOC's revenue and profits. Healthia may also face competition from other participants in the acquisition of optometry stores. This competition may increase the price that HLA must pay in order to secure the acquisition of new optometry stores or limit the optometry stores that HLA can acquire. TOC, and its revenue, is also affected by competition between individual optometry stores operating within the same trade area of any of the TOC stores. Competition may relate to factors such as price, responsiveness, range of product and services available and quality of service. Customers are generally able to change stores at will, including in response to competitive pressures. The actions of existing and new competitors could, among other things, affect the growth of the TOC brands, result in a decline in the number of customers that visit the TOC businesses and/or result in TOC experiencing lower than anticipated revenue and earnings.
Private healthcare insurance coverage and membership	Material reductions in private health insurance coverage, composition of policy coverage and/or decreases in membership rates could impact total expenditure in the optometry industry which TOC operates in. If private health insurance membership, or the insured amounts, reduce, then this could potentially impact demand for TOC's products and services and put downward pressure on fees charged to customers. This could negatively impact TOC's revenues and financial performance, as the revenue generated by the stores may decrease.
Future acquisitions	HLA's growth strategy includes the acquisition and integration of further Optometry stores. There is a risk that HLA may be unable to identify and/or execute suitable opportunities, and a failure to do so could have an adverse impact on the value of HLA and its Shares. Any further acquisitions will also expose HLA to the risks commonly associated with making business acquisitions.
Renewal of lease, sub-lease and licence agreements	The TOC stores operate from leased and sub-leased premises and use the NIB brand name under license. The leases, sub-leases and licence agreement have different legal terms, expiry dates and renewal options. There is a risk that one or more of these leases or sub-leases or the license agreement may not be transferred or renewed on terms acceptable to HLA. If this were to occur it may result in the Acquisition not proceeding or HLA ceasing operations from the premises which the TOC store operates or ceasing the use of the NIB brand name. This could adversely impact HLA's business, operating results and financial position while the store in question seeks alternative premises to relocate to or rebranding occurs.
Technology risks	HLA intends to use its consistent information communications technology and systems across the TOC businesses. The technology will be critical in managing employees, optometrists, patients/customers and reporting requirements. Any significant interruption to these systems could adversely impact HLA's business, operating results and financial position. HLA will also need to ensure that TOC has appropriate security measures and risk management systems in place to maintain the confidentiality and privacy of customers and personnel information. There is a risk that if such measures and systems are not adequate, then data (including sensitive information) may be compromised, which could cause financial and reputational damage or penalties where regulatory action is brought. HLA will rely on a number of third-party software and hardware providers to assist with the running of the TOC stores. There is a risk that the third-party software provider may not be able to continue to provide HLA with these services. Any significant interruption to the use of software and hardware provided by these third parties could adversely impact HLA's business, operating results and financial position.

Risks specific to the Acquisition (cont'd)

Funding Risk	It is intended that the Acquisition will be funded through a combination of debt and equity. There is a risk that HLA does not raise the anticipated amounts under the Entitlement Offer, and that the underwriting agreement that HLA has entered into with the underwriter is terminated in accordance with its terms (a list of key termination events under the underwriting agreement is set out on pages 27-30). Furthermore, there is a risk that debt funding is not available or sufficient to fund the Acquisition. If so, this could result in HLA not having access to sufficient capital to fund the Acquisition. In this event, HLA may need to seek alternative sources of funding, which may result in HLA incurring additional costs (for example, by way of interest payments on debt) and/or restrictions being imposed on the manner in which HLA conducts its business and deals with its assets (for example, by way of restrictive covenants binding upon HLA). There is no guarantee that alternative funding could be sourced on satisfactory terms and conditions or at all. Failure to source alternative funding could result in HLA being unable to perform its obligations to complete the Acquisition. Any of these outcomes could have a material adverse impact on HLA's financial position, prospects and reputation.
Dilution	Entitlement rights cannot be traded on ASX or otherwise transferred. If you do not participate in the Entitlement Offer, or do not take up all of your entitlements to acquire New Shares under the Entitlement Offer, your percentage shareholding in shares will be diluted.
Historical Liability	If the Acquisition is successfully completed, there is a risk that HLA, as the new owner of TOC, may become directly or indirectly liable for any liabilities that TOC has incurred in the past, which were not identified or able to be quantified during due diligence or which are greater than expected, and for which there is no protection for HLA (either in the form of insurance or by way of representations, warranties and indemnities, which, as is customary, were not available for the Acquisition).
Risk Associated with the Materiality of the Acquisition	TOC, if acquired by HLA, will become a material part of HLA's business. The increased exposure to the TOC business could adversely impact HLA's financial position and performance if TOC does not perform as expected.

RISKS

Risks specific to the Group

COVID-19	HLA is currently monitoring the actual and potential impact of COVID-19 on its business and the broader economy. However, given the high degree of uncertainty surrounding the extent and duration of government and regulatory responses to COVID-19, it is not currently possible to accurately assess the full impact of COVID-19 on HLA's business. In Australia measures have been introduced, and may be further extended, to control the spread of the COVID-19 outbreak, including prolonged periods of social distancing, travel and trade restrictions, restrictions on public gatherings and business closures, which may directly or indirectly impact on HLA's business (including the current restrictions imposed in Victoria). There is a risk that the economic consequences of COVID-19 could become more severe and far reaching across the economy, leading to a more widespread downturn in business and economic activity. This would likely result in a significant loss of revenue for many businesses across a wide range of industry sectors, in turn potentially leading to further increased unemployment and decline in wealth and income. HLA's financial position, performance and prospects would be significantly impacted in such a scenario. Some of HLA's assets and liabilities comprise financial instruments that are carried at fair value, with changes in fair value recognised in HLA's income statement. Market declines or weakened trading conditions could negatively impact the value of such financial instruments (including the impairment of goodwill).
Security or Privacy of Data	Failures or breaches of data protection and systems security can cause reputational damage, regulatory impositions and financial loss. The legal and regulatory environment surrounding information security and privacy is increasingly complex and demanding. Australian Privacy Principles govern privacy and data protection throughout Australia and significantly enhance privacy and data protection regulation. The protection of patients/customers, employee, third party and company data is critical to HLA's operations. HLA retains a significant amount of patient/customer, employee and third party information, including through its practice management software databases. patients, customers, employees and third parties will also have high expectations that HLA will adequately protect their personal information.
Financing risk	HLA intends to rely on a combination of funding options including equity, Clinic Class Shares, seller deferred consideration and debt to finance its operations and future acquisitions. An inability to raise capital (through the issue of Shares and Clinic Class Shares) or secure funding or drawdown on finance facilities or subsequently refinance current debt facility, or any increase in the cost of such funding, may adversely impact the performance and financial position of HLA. Failure to meet financial covenants under HLA'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 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. An event of default or review event and the requirement to make early repayments and/or the termination of the facility may impact on the financial performance and position of HLA and its ability to operate in the ordinary course of business.
Insurance	HLA holds insurance policies, including professional indemnity and Directors and officers insurance, which HLA regards as commensurate with industry standards, and adequate having regard to its business activities. These policies provide a degree of protection for HLA's assets, liabilities, officers and employees. However, no assurance can be given that any insurance that HLA currently maintains will: i. be available in the future on a commercially reasonable basis; or ii. provide adequate cover against claims made against or by HLA, noting that there are some risks that are uninsurable (e.g. nuclear, chemical or biological incidents) or risks where the insurance coverage is reduced (e.g. cyclone, earthquake, flood, fire). HLA also faces risks associated with the financial strength of its insurers to meet indemnity obligations when called upon which could have an adverse effect on earnings. If HLA incurs uninsured losses or liabilities, its assets, profits and prospects may be adversely affected.
Future Payment of Dividends	The payment of dividends on HLA shares is dependent on a range of factors including the profitability of the Group, the availability of cash, capital requirements of the business and obligations under debt instruments. Any future dividend levels will be determined by the HLA board having regard to its operating results and financial position at the relevant time and there is no guarantee that any dividend will be paid by HLA or, if paid, that they will be paid or franked.

RISKS

Risks specific to the Group (cont'd)

Inability to successfully execute growth strategies	The future financial performance of HLA is contingent on its ability to execute its growth strategies. Consistent with HLA's announced long-term strategy of pursuing growth through accretive acquisitions, HLA discusses potential opportunities for investments on a regular basis. HLA shareholders should note that there is no guarantee that such a strategy will be successful and that acquisition transactions undertaken by HLA involve inherent risks, including: i. accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquired businesses; ii. integration risks including the risk that integration could take longer or cost more than expected or that the anticipated benefits and synergies of the integration may be less than estimated; iii. diversion of management attention from existing business; iv. potential loss of key personnel; and v. decline in the value of, and unanticipated costs, problems or liabilities associated with, the acquired business. Any of these risks could result in a failure to realise the benefits anticipated to result from any acquisition of new business and could have a material adverse impact on the HLA's financial position. Apart from acquisitions and divestments, the key strategies of the HLA, as previously disclosed to the market, include: i. organic growth activities including the co-location of the various allied health products and services offered by the Group in one location, the introduction of additional services into the allied health business, targeted marketing and patient/customer retention strategies, cross referrals and other patient/customer engagement strategies; ii. the roll out of additional multi-discipline allied health centers and optometry stores; iii. the expansion of iOrthotics 3D orthotics printing to the United States of America; and iv. expanding the vertically integrated services provided by HLA such as the orthotics manufacturing laboratory, optical eyewear supplier and podiatry wholesale supplier. These are material strategies and a failure of part or all of those strategies may materially impact on HLA's financial position, performance and prospects.
Impairment of intangibles	HLA will have a substantial amount of intangible assets on its statement of financial position relating to goodwill from previous acquisitions and from the Acquisition. Under the relevant accounting standards, HLA is required to annually test for impairment of all indefinite life intangible assets. If HLA is required to impair its indefinite life intangible assets, this could have an adverse impact on the financial position of HLA.
Development and maintenance of reputation and brand	HLA's success will depend on the maintenance of its reputation and brands. HLA's reputation and brands may be affected by factors within and outside of its control, including actions of staff and Clinicians, and the experience and actions of patients/customers. In particular, while Clinicians are contractually responsible for the manner in which they provide clinical services to patients/customers, any clinical incidents could affect the reputation of, and result in potential liability for HLA (including vicarious liability or where the Group or its employees have contributed to harm). Any issues or events in relation to individual clinics could also have the potential to impact the reputation and brands of HLA, which may affect future growth and profitability.
Foreign Exchange Risk	Healthia operates an orthotics manufacturing lab in the United States of America. Furthermore, products for the podiatry wholesale business (DBS) and optical eyewear distributor (AED) businesses are purchase from overseas suppliers. The value of asset, liability, commitments or earnings held or transacted in foreign currency may be impacted by changes in currency exchange rates.
Governance	The HLA Group has structures in place to manage governance issues such as conflicts of interest, board independence, appropriate audit and review, among others. If these are inadequate, it may not meet its legal, compliance and regulatory responsibilities, and the expectations the community has of a listed company.

Risks specific to the Group (cont'd)

Retention of Clinicians	HLA's earnings are reliant on employing qualified Podiatrists, Physiotherapists, Optometrists and other registered allied health professionals (collectively know as Clinicians). HLA's performance will be influenced both by its ability to attract and retain, and by the efforts and actions of, its Clinicians. Under HLA's business model, it has limited control over the actions of Clinicians. Furthermore, under the terms of HLA's standard employment agreement, Clinicians can generally terminate their employment agreement without cause, subject to the provision of an agreed period of written notice. If a significant number of Clinicians ceased their employment with HLA, and HLA were unable to adequately replace these Clinicians, this could have a material detrimental impact on the HLA's ability to generate revenue, its ability to deliver on its business strategy, and its future financial performance.
Availability of Clinicians and quality staff	HLA requires access to high quality Clinical staff in order to deliver product and services to derive revenue. An inability to attract and retain high quality staff may adversely impact on the financial performance of HLA.
Competition	There is a risk that increased competition from existing and new industry participants may impact HLA's revenue and profits. Healthia may also face competition from other participants in the acquisition of allied health clinics. This competition may increase the price that HLA must pay in order to secure the acquisition of new allied health clinics or limit the allied health clinics that HLA can acquire. HLA, and its revenue, is also affected by competition between individual allied health clinics operating within the same trade area of any of the HLA allied health clinics. Competition may relate to factors such as price, responsiveness, range of product and services available and quality of service. Patients/customers are generally able to change allied health clinics at will, including in response to competitive pressures. The actions of existing and new competitors could, among other things, affect the growth of the HLA brands, result in a decline in the number of patients/customers that visit the HLA businesses and/or result in HLA experiencing lower than anticipated revenue and earnings.
Private healthcare insurance coverage and membership	Material reductions in private health insurance coverage, composition of policy coverage and/or decreases in membership rates could impact total expenditure in the allied health industries which HLA operates in. If private health insurance membership, or the insured amounts, reduce, then this could potentially impact demand for HLA's products and services and put downward pressure on fees charged to patients/customers. This could negatively impact HLA's revenues and financial performance, as the revenue generated by the stores may decrease.
Renewal of lease agreements	The HLA allied health clinics operate from leased and sub-leased premises. The leases and sub-leases have different legal terms, expiry dates and renewal options. There is a risk that one or more of these leases or sub-leases may not be renewed on terms acceptable to HLA. If this were to occur it may result in HLA ceasing operations from the premises. This could adversely impact HLA's business, operating results and financial position while the allied health clinic in question seeks alternative premises to relocate to.
Technology risks	HLA uses consistent information communications technology and systems across its businesses. The technology is critical in managing employees, Clinicians, patients and reporting requirements. Any significant interruption to these systems could adversely impact HLA's business, operating results and financial position. HLA will also need to ensure it has appropriate security measures and risk management systems in place to maintain the confidentiality and privacy of patients/customers and personnel information. There is a risk that if such measures and systems are not adequate, then data (including sensitive information) may be compromised, which could cause financial and reputational damage or penalties where regulatory action is brought. HLA relies on a number of third-party software and hardware providers to assist with the running of its allied health clinics. There is a risk that the third-party software provider may not be able to continue to provide HLA with these services. Any significant interruption to the use of software and hardware provided by these third parties could adversely impact HLA's business, operating results and financial position.

RISKS

General Risks

General Share Investment Risk	There are various risks associated with investing in any form of business and with investing in listed entities generally. The value of HLA shares following the Entitlement Offer will depend on general share market and economic conditions as well as the specific performance of HLA. There is no guarantee of profitability, dividends, return of capital, or the price at which HLA shares will trade on the ASX. The past performance of HLA shares is not necessarily an indication as to future performance as the trading price of HLA shares can go down or up in value..
General Economic and Political Conditions	Factors such as, but not limited to, domestic political changes (including policy responses to COVID-19), interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes, changes in employment levels, consumer and business spending, employment rates and labour costs may all have an adverse impact on HLA's revenues, operating costs, profit margins and share price. These factors are beyond the control of HLA and its board and HLA cannot, to any degree of certainty, predict how they will impact on HLA.
General Regulatory Risk	HLA is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time, depending on changes in the laws and the policies of the governments and regulatory authorities. HLA is exposed to the risk of changes to applicable laws and/or the interpretation of existing laws, which may have a negative effect on HLA, or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against HLA.
Share Market Conditions	As HLA is a listed company, the price at which its shares trade will be subject to the numerous influences that may affect both the broad trend in the share market and the share prices of individual companies and sectors. Investors should recognise that the price of New Shares may fall as well as rise.
Operational and Controls Risks	Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events which impact on HLA's business. HLA is exposed to operational risk present in the current business including risks arising from process error, fraud, system failure, failure of security and physical protection systems. Operational risk has the potential to have an effect on HLA's financial performance and position as well as reputation.
Capital Availability	Current economic conditions can impact on the availability of debt and equity funding that may be required to support the growth strategies of HLA, including the acquisition of additional allied health clinics. HLA's growth may be affected by availability of funding which would impact on its ability to acquire allied health clinics in the expected time frame and/or at expected levels.
Taxation	Future changes in taxation law in Australia including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may impact the future tax liabilities of HLA or may affect taxation treatment of an investment in HLA shares, or the holding or disposal of those shares.
Accounting Standards	HLA prepares its general purpose financial statements in accordance with IFRS and with the Corporations Act. Australian Accounting Standards are not within the control of HLA or its board and are subject to amendment from time to time, and any such changes may impact on HLA's statement of financial position or statement of financial performance. Preparation of HLA's financial statements requires management to make estimates and assumptions and to exercise judgement in applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income and expenses. A higher degree of judgement is required for the estimates used in the calculation of provisions, the valuation of goodwill and intangible assets and the fair value of financial instruments. Changes in the methodology or assumptions on which the assessment of goodwill and intangible balances is based, together with expected changes in future cash flows, could result in the potential write-off of a part of or all of that goodwill or intangible balances. If the judgements, estimates and assumptions used by HLA in preparing financial statements are subsequently found to be incorrect, there could be a significant loss to HLA beyond that anticipated or provided for, which may adversely impact HLA's reputation and financial performance and position.
Force Majeure Events	Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of HLA and the price of the HLA shares. These events include but are not limited to terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease and biosecurity threats such as COVID-19 or other man-made or natural events or occurrences that can have an adverse effect on the demand for HLA's services.

B. International Entitlement Offer Restrictions

INTERNATIONAL ENTITLEMENT OFFER RESTRICTIONS

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company’s shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

INTERNATIONAL ENTITLEMENT OFFER RESTRICTIONS

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares will only be offered and sold in the United States to:

- institutional accredited investors (as defined in Rule 501(a)(1), (2), (3) and (7) under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

Healthia

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