

ASX ANNOUNCEMENT

18 October 2023

SCHEME BOOKLET REGISTERED WITH ASIC

Healthia Limited (ASX:HLA) (**Healthia**) refers to its announcement made on 17 October 2023 in relation to the registration of the Scheme Booklet with the Australian Securities and Investments Commission and in particular Healthia's advice that it was not able to, at the time of that announcement, upload the Scheme Booklet to the ASX announcements platform due to file size.

Healthia has now resolved this issue and a copy of the Scheme Booklet, which includes the Independent Expert's Report and notice of Scheme Meeting, is attached to this announcement. The Scheme Booklet is also available electronically for viewing and downloading at www.healthia.com.au.

The Scheme Booklet provides Healthia Shareholders with important information about the Scheme. Healthia Shareholders are advised to read the Scheme Booklet carefully in its entirety before making a decision on whether or not to vote in favour of the Scheme.

Further information

If you require any further information, please call the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia) on Business Days at any time between 8.30am and 5.30pm AEDT (Sydney) on Monday to Friday.

CONTACT

Investors are encouraged to keep up to date with Healthia news and research by subscribing at: <https://www.healthia.com.au/join-us/>.

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-END-



Scheme Booklet

For a scheme of arrangement in relation to the proposed acquisition of Healthia Limited by Harold BidCo Pty Ltd ACN 670 606 827, an entity ultimately owned by funds advised by Pacific Equity Partners

VOTE IN FAVOUR

HEALTHIA DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS IN THE BEST INTERESTS OF HEALTHIA SHAREHOLDERS

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE SCHEME IS FAIR AND REASONABLE AND THEREFORE IN THE BEST INTERESTS OF HEALTHIA SHAREHOLDERS IN THE ABSENCE OF A SUPERIOR PROPOSAL

This is an important document and requires your immediate attention.

You should read this document in its entirety before deciding whether or not to vote in favour of the Scheme.

If you are in any doubt about how to deal with this document, you should contact your broker or financial, taxation, legal or other professional adviser immediately.

Financial Adviser

 **monashadvisory**

Legal Adviser

CLAYTON UTZ

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If you have any questions in relation to this Scheme Booklet or the Scheme, you should call the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia) on Business Days at any time between 8.30am and 5.30pm AEDT (Sydney) on Monday to Friday.

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Important notices

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet carefully and in full before making any decision as to how to vote on the Scheme Resolution. You should also consult your legal, financial, tax or other professional adviser.

Capitalised terms used in this Scheme Booklet are defined either in the Glossary set out in Section 13 or where the relevant term first appears.

Purpose of this Scheme Booklet

The purpose of this Scheme Booklet is to:

- explain the terms of the Scheme;
- explain the manner in which the Scheme will be considered and implemented (if approved by the Requisite Majorities of Healthia Shareholders and by the Court); and
- provide information as is prescribed or otherwise material to the decision of Healthia Shareholders on whether or not to approve the Scheme by voting in favour of the Scheme Resolution, being information that is within the knowledge of the Healthia Directors and has not previously been disclosed to Healthia Shareholders.

This Scheme Booklet includes the explanatory statement required to be sent to Healthia Shareholders in relation to the Scheme pursuant to section 412(1) of the Corporations Act.

Status of Scheme Booklet

Other than with respect to the offer to be issued Class B Shares as part of the Scheme Consideration, this Scheme Booklet does not constitute or contain an offer to Healthia Shareholders, or a solicitation of an offer from Healthia Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under section 411(1) of the Corporations Act. Instead, Healthia Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

No financial product advice

The information contained in this Scheme Booklet is not financial product or investment advice. Neither Healthia nor PEP BidCo are licensed to provide financial product advice. No cooling off regime applies in relation to the acquisition of Class B Shares if an Election is made to receive Scrip Consideration Options.

Investment decisions

This Scheme Booklet is intended for Healthia Shareholders collectively and does not take into account the investment objectives, financial situation, tax position or particular needs of any Healthia Shareholder or any other person. It is important that you consider the information in this Scheme Booklet in light of your particular circumstances. This Scheme Booklet should not be relied on as the sole basis for any investment decision in relation to Healthia Shares and any decision as to whether or not to vote in favour of the Transaction. The Healthia Directors encourage you to seek independent legal, financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Transaction and whether or not to make an Election to receive Scrip Consideration. This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Transaction. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in Section 10 and the views of the Independent Expert set out in the Independent Expert's Report contained in Appendix B. If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser immediately.

Responsibility for information

Healthia has prepared, and is responsible for, the Healthia Information contained in this Scheme Booklet. None of the Bidder Group Members or any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the Healthia Information or any part of it.

PEP BidCo has prepared, and is responsible for, the Bidder Information contained in this Scheme Booklet. None of the Healthia Group Members, nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the Bidder Information or any part of it.

Loneragan Edwards has prepared, and is responsible for, the Independent Expert's Report. None of the Healthia Group Members and their respective directors, officers, employees or advisers, nor the Bidder Group Members and their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in the Independent Expert's Report or any part of it, except in the case of Healthia, to the extent that information has been provided by Healthia to Lonergan Edwards for the purposes of preparing the Independent Expert's Report.

BDO has provided, and is responsible for, the Tax Report contained in Section 11 (Taxation implications for Scheme Shareholders), outlining the Australian tax implications of the Scheme for Healthia Shareholders. None of the Healthia Group Members and their respective directors, officers, employees or advisers, nor the Bidder Group Members and their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in Section 11 or any part of it. BDO does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in Section 11 (Taxation implications for Scheme Shareholders). Section 11, which was provided by BDO, is general in nature. The exact tax consequences for each Healthia Shareholder will depend on their specific circumstances. In this regard, Healthia Shareholders should seek their own independent professional tax advice based on their particular circumstances.

Role of ASIC and ASX

A copy of this Scheme Booklet has been examined by ASIC pursuant to section 411(2)(b) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. A copy of this Scheme Booklet has also been lodged with the ASX.

Healthia has asked ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides the no objections statement, it will be produced to the Court on the Second Court Date.

None of ASIC, ASX or their respective officers take any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under section 411(1) of the Corporations Act

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet required to accompany the Notice of Scheme Meeting (Appendix A) does not mean that the Court:

- has formed any view as to the merits of the Scheme or as to how Healthia Shareholders should vote on the Scheme Resolution (on this matter Healthia Shareholders must reach their own decision); or
- has prepared, or is responsible for the content of, this Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Appendix A. The Proxy Form for the Scheme Meeting accompanies this Scheme Booklet. An Election Form also accompanies this Scheme Booklet.

Foreign Jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia and New Zealand may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should observe any such restrictions, including those set forth in Section 6.3f). Any failure to comply with such restrictions could constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

Based on the information available and the terms of the Scheme Implementation Deed, Healthia Shareholders whose addresses are shown in the register on the record date for the Scheme as being in the following jurisdictions will be entitled to receive the Scheme Booklet and have Class B Shares in TopCo issued to them under the Scheme subject to any qualifications set out below in respect of that jurisdiction:

- Australia; and
- New Zealand, where the Healthia Shareholder completes and returns a New Zealand investor certificate certifying the shareholder is a “wholesale investor” (as defined in Schedule 1 of the Financial Markets Conduct Act 2013).

Nominees and custodians who hold Healthia shares on behalf of a beneficial owner resident outside Australia may not forward this Scheme Booklet (or any accompanying document) to anyone outside these countries without the consent of Healthia, except nominees and custodians may forward the Scheme Booklet to any beneficial shareholder in New Zealand who is a “wholesale investor” (as defined in Schedule 1 of the Financial Markets Conduct Act 2013).

A Scheme Shareholder whose Registered Address is shown on the Healthia Share Register on the Scheme Record Date as a place outside Australia or New Zealand (where the Healthia Shareholder completes and returns a New Zealand investor certificate certifying the shareholder is a “wholesale investor” (as defined in Schedule 1 of the Financial Markets Conduct Act 2013)) will be an Ineligible Foreign Shareholder (unless Healthia and PEP BidCo agree otherwise in writing in accordance with the Scheme Implementation Deed).

If you are an Ineligible Foreign Shareholder, you will not be entitled to receive the Scrip Consideration Option. If you are an Ineligible Foreign Shareholder and you make an Election to receive Scrip Consideration Options, your Election will be invalid and have no effect, and you will receive the Cash Consideration for all of your Healthia Shares held on the Scheme Record Date if the Scheme becomes Effective. All Ineligible Foreign Shareholders will receive the Cash Consideration in respect of all of their Healthia Shares held on the Scheme Record Date if the Scheme becomes Effective.

Healthia Shareholders resident outside Australia for tax purposes should also seek specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Scheme.

Please note that neither Healthia Group Members nor Bidder Group Members are in the business of dealing in securities, nor do they purport to hold themselves out as carrying on a business of dealing in securities.

Forward looking statements

Certain statements in this Scheme Booklet (including in the Independent Expert’s Report) relate to the future. Such forward looking statements, which include information relating to the performance of Healthia or the Healthia Group, are not based on historical facts but rather reflect the current expectations of Healthia (in relation to the Healthia Information) and the Bidder Group (in relation to the Bidder Information). Forward looking statements generally may be identified by the use of forward looking words such as ‘believe’, ‘aim’, ‘expect’, ‘anticipate’, ‘intend’, ‘foresee’, ‘likely’, ‘should’, ‘planned’, ‘may’, ‘estimate’, ‘potential’, ‘target’ or other similar words and phrases. Similarly, statements that describe the Healthia Group, or the Bidder Group’s objectives, plans, goals or expectations may be forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties and assumptions and are subject to a variety of other factors that could cause the actual results or performance of Healthia to be materially different from what is expressed or implied by such statements. Some of the risks that Healthia Shareholders may be exposed to in relation to the Scheme are set out in Section 10. Forward looking statements are based on numerous assumptions regarding present and future business strategies and the industries as well as the general economic environment in which the Healthia Group and the Bidder Group will operate in the future. Actual events or results may differ materially from events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of the Healthia Group Members, the Bidder Group Members or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, undue reliance should not be placed on forward looking statements.

Healthia Shareholders should note that the historical performance of Healthia is no assurance of Healthia’s future performance. Other than as required by law, none of the Healthia Group Members, the Bidder Group Members or any of their respective directors, officers, employees or advisers represents that, or gives any assurance or guarantee that, the occurrence of events expressed or implied in any forward looking statements will actually occur.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Additionally, statements of intention in this Scheme Booklet reflect present intentions as at the date of this Scheme Booklet and may be subject to change.

Opinions, projections, forecasts, targets, and outlook statements given in this Scheme Booklet are not guidance. As explained above, forward looking statements involve uncertainty and are subject to change.

Subject to any continuing obligations under law or the Listing Rules, Healthia and the Healthia Directors, and the Bidder Group and their respective officers, employees and advisers disclaim any obligation or undertaking to disseminate after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect any change in expectations in relation to those statements or change in events, conditions or circumstance on which a statement is based.

Privacy and personal information

Healthia and the Bidder Group Members may need to collect personal information to implement the Scheme. The personal information it may collect includes the names, contact details, bank account details and other details of Healthia Shareholders, as well as the names and contact details of individuals appointed by Healthia Shareholders as proxies, attorneys or corporate representatives to attend and vote at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist Healthia to conduct the Scheme Meeting and implement the Scheme. Without this information, Healthia may be hindered in its ability to issue the Scheme Booklet and implement the Scheme.

The personal information described above may be disclosed to the Healthia Registry, securities brokers, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), Related Bodies Corporate of Healthia, Government Agencies and also where disclosure is required or allowed by law. Personal information may also be used to contact Healthia Shareholders in relation to the Scheme.

Healthia Shareholders who are individuals and other individuals in respect of whom personal information is collected have certain rights to access the personal information collected in relation to them. An individual who wishes to exercise any of these rights should contact the Healthia Registry on 1800 502 355 (within Australia) or +61 1800 502 355 (outside Australia) on Business Days at any time between 9.00am and 5.00pm (AEDT) on Monday to Friday (excluding public holidays). Third parties who receive personal information in the course of providing the above services will be reminded of their obligations to use the personal information only for the purposes set out above and to protect the information according to applicable statutory and legal requirements.

Healthia Shareholders who appoint an individual as their proxy, attorney or corporate representative to attend and vote at the Scheme Meeting should inform him or her of the matters outlined above. Further information about how Healthia collects, uses and discloses personal information is contained in Healthia's Privacy Policy located at <https://www.healthia.com.au/>.

Sections and appendices

A reference to a Section or an Appendix is a reference to a section of, or appendix to, this Scheme Booklet, unless otherwise stated.

Some of the documents reproduced in the appendices to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary or the Scheme Implementation Deed.

References to time

Unless expressly stated otherwise, all references in this Scheme Booklet to time relate to the time in Sydney, New South Wales, Australia.

References to currency

Unless expressly stated otherwise, all references in this Scheme Booklet to "\$", "A\$" or "AUD" are references to Australian currency.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculation may differ from the calculations set out in this Scheme Booklet.

Any discrepancies between totals in tables and sums of components contained in this Scheme Booklet and between those figures and figures referred to in other parts of this Scheme Booklet are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available as at the date of this Scheme Booklet.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, New South Wales, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Government Agencies.

Defined terms

A number of defined terms are used in this Scheme Booklet. Capitalised terms used in this Scheme Booklet are defined in Section 13 of this Scheme Booklet. Some of the documents reproduced in the appendices to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in Section 13.

References to websites

Information contained in or accessible through the websites mentioned in this Scheme Booklet do not form part of this Scheme Booklet. All references in this Scheme Booklet to websites are for information only.

Shareholder Information

If you have any questions in relation to this Scheme Booklet or the Scheme, you should call the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia) on Business Days at any time between 8.30am and 5.30pm AEDT (Sydney) on Monday to Friday.

Date

This Scheme Booklet is dated 16 October 2023.



Section 1

KEY DATES



1. Key dates

Unless expressly stated otherwise, all references in this Scheme Booklet to time relate to the time in Sydney, New South Wales, Australia.

Event	Date and Time
First Court Date at which the Court made orders convening the Scheme Meeting.	Monday 16 October 2023
Election Date Last time and date by which Election Forms must be received by the Healthia Registry.	5.00pm Wednesday 15 November 2023
Announcement of Indicative Outcome of Elections Election results to be announced to ASX, including indication of whether the Scrip Scale Back is likely to apply.	Thursday 16 November 2023
Proxy Forms for Scheme Meeting Latest time and date for receipt of Proxy Forms (including proxies lodged online), powers of attorney or certificates of appointment of body corporate representatives to be received by the Healthia Registry for the Scheme Meeting.	10.00am AEST (Brisbane) Monday 20 November 2023
Meeting Record Date Time and date for determining eligibility to vote at the Scheme Meeting.	7.00pm Monday 20 November 2023
Scheme Meeting To be held virtually through the online meeting platform at https://meetings.linkgroup.com/HLASM23 and in-person at the Inchcolm by Ovolo at 73 Wickham Terrace, Spring Hill QLD 4000. Healthia Shareholders and their authorised proxies, attorneys and corporate representatives may participate and vote at the Scheme Meeting via the online platform or by attending the Scheme Meeting in person. Further details relating to the Scheme Meeting are set out in the Notice of Scheme Meeting in Appendix A.	10.00am AEST (Brisbane) Wednesday 22 November 2023

If the Scheme is approved by Healthia Shareholders at the Scheme Meeting

Event	Date and Time
Second Court Date to seek Court orders approving the Scheme.	9.15am AEDT (Sydney) Wednesday 29 November 2023
Effective Date The date on which the Scheme becomes Effective and is binding on Healthia Shareholders.	Thursday 30 November 2023
Scheme Record Date Time and date for determining entitlements to Scheme Consideration.	7.00pm Monday 4 December 2023
Implementation Date The date on which the Scheme will be implemented and Scheme Consideration will be provided.	Monday 11 December 2023

Please note that all of the above times and dates are indicative only and subject to change. Any changes will be announced by Healthia through the ASX and notified on Healthia's website at <https://www.healthia.com.au/>.

Healthia Shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Scheme Booklet, and to lodge their proxy vote and Election Form online. The Scheme Booklet will also be made available for viewing and downloading on Healthia's website at <https://www.healthia.com.au/>.



Section 2

CHAIRMAN'S LETTER



2. Chairman's letter

16 October 2023

Dear fellow Healthia Shareholders

On behalf of the Healthia Board, I am pleased to provide you with this Scheme Booklet, which contains important information for your consideration about the proposed acquisition of Healthia by Harold BidCo Pty Ltd (**PEP BidCo**), an entity ultimately wholly owned by funds managed or advised by Pacific Equity Partners (**PEP**).

On 31 August 2023, Healthia announced that it had entered into a Scheme Implementation Deed with PEP BidCo to acquire 100% of Healthia Shares on issue, on a fully diluted basis¹, via a scheme of arrangement (**Scheme**). The Scheme will be subject to Healthia Shareholder and Court approval, and certain other Conditions Precedent. Full details of the Scheme are set out in this Scheme Booklet.

Overview of the Cash Consideration

If the Scheme is approved and implemented, Healthia Shareholders (other than those who make a valid Election to receive a Scrip Consideration Option described below) will receive \$1.80 cash per Healthia Share (**Cash Consideration**) in respect of all their Healthia Shares held on the Scheme Record Date.

The Cash Consideration of \$1.80 per Healthia Share implies an equity value, on a 100% fully diluted basis, of approximately \$260.0 million and represents:

- a 84.6% premium to Healthia's last closing share price of \$0.975 on 30 August 2023²;
- a 87.5% premium to the 1-month VWAP³ of \$0.96; and
- a 73.5% premium to the 3-month VWAP³ of \$1.04.

Healthia's share price has increased since the Scheme was announced on 31 August 2023 and closed at \$1.76 on 13 October 2023.⁴ If the Scheme proceeds, the Cash Consideration under the Scheme is \$1.80. You should seek independent financial, legal and taxation advice before making any investment decision in relation to your Healthia Shares.

Overview of the Scrip Consideration Options

As an alternative to receiving all Cash Consideration, Healthia Shareholders (other than Ineligible Foreign Shareholders)⁵ have the option to elect to receive one of the scrip consideration options below that would enable Healthia Shareholders to retain an interest in the Healthia business after the proposed Scheme has been implemented (**Scrip Consideration Options**).

Under the Scrip Consideration Options, Healthia Shareholders can elect to receive one of the following:

- **All Scrip Consideration:** 1 Class B share in Harold Topco Limited ACN 670 591 303 (**TopCo**), an unlisted newly incorporated Australian entity, for each Healthia Share held, subject to any scale back to ensure that the total number of Class B Shares do not exceed 30% of the total shares on issue in TopCo (**Scrip Scale Back**); or

¹ Fully diluted shares of 144,448,379 comprising 140,191,977 issued ordinary shares and 4,256,402 performance rights. The Healthia Board has determined that, if the Scheme becomes Effective, then the vesting conditions on all unvested Performance Rights will be waived, with such resulting vested Performance Rights being automatically exercised, and issued, prior to the Scheme Record Date with each holder domiciled in Australia entitled to be issued one Healthia Share for each vested Performance Right (as applicable) held (that is, on a one for one basis).

² 30 August 2023, being the last trading day prior to entry into the Scheme Implementation Deed being announced.

³ Volume weighted average price (**VWAP**) of Healthia Shares based on cumulative trading volume and value up to and including 30 August 2023.

⁴ Being the last trading day prior to the date of this Scheme Booklet.

⁵ Healthia Shareholders whose Registered Address, as shown in the Healthia Share Register as at the Scheme Record Date, is in a place outside Australia or New Zealand, (where the Healthia Shareholder completes and returns a New Zealand investor certificate certifying the shareholder is a "wholesale investor" (as defined in Schedule 1 of the Financial Markets Conduct Act 2013) unless Healthia and PEP BidCo agree otherwise in writing in accordance with the Scheme Implementation Deed.

- **Mix-and-Match:** Healthia Shareholders can elect to receive 1 Class B Shares in TopCo for each Healthia Share held in respect of between 30% and 100% of their Healthia Shares (subject to the Scrip Scale Back) and the Cash Consideration for each remaining Healthia Share.

An Election to receive the Scrip Consideration will only be valid if you have made a valid Election as at the Election Date for at least 30% of your Healthia Shares. Unless the 30% threshold is satisfied, you will not receive the Scrip Consideration and will receive the Cash Consideration for each of your Healthia Shares. Under the Scheme, the Election will apply to a number of Healthia Shares calculated by applying the Elected percentage to the higher of your holding on the Election Date and the Scheme Record Date, provided it does not exceed your holding at the Scheme Record Date.

Healthia Shareholders that receive Class B Shares in TopCo will become parties to the TopCo Shareholders' Deed, the proposed terms of which are summarised in Section 9.7.

Default Election

All Cash Consideration is the default consideration under the Scheme. If the Scheme is implemented, Healthia Shareholders that do not elect an unlisted Scrip Consideration Option will receive all Cash Consideration. Ineligible Foreign Shareholders and persons who become Healthia Shareholders after the Election Date will also receive the Cash Consideration.

Risks of electing the Scrip Consideration

You should form your own view as to whether you wish to make an Election to receive a Scrip Consideration Option based on your individual circumstances, financial situation, taxation position, investment objectives and risk profile. You should also consider obtaining professional advice appropriate to your specific circumstances before making any Election.

It is important to understand that any investment in Class B Shares would represent a fundamentally different investment than your current investment in Healthia. In particular, your continuing exposure to Healthia would have materially different risks and a different investment and financial profile to your existing investment in Healthia as an ASX listed company.

Important information in relation to Scrip Consideration Options only (this does not apply to the Cash Consideration)

Importantly, Healthia Shareholders should be aware that if they make an Election to receive a Scrip Consideration Option:

- they will face risks that apply to an investment in TopCo that are materially different from, and in addition to, those risks that apply to their existing investment in Healthia as an ASX listed company;
- any dividends will be at the sole discretion of the TopCo Board, having regard to the capital requirements (as well as the debt financing arrangements) of the TopCo Group, with the intention that no dividends will be declared or paid for a period of three years after the Implementation Date;
- there will be no public market for the trading of shares in TopCo (an unlisted public company) post-implementation of the Scheme nor is there expected to be any such market in the future;
- take into account the Independent Expert's Report and the views expressed in relation to the Class B Shares set out in Appendix B of this Scheme Booklet, noting the the Independent Expert has concluded that the value of each of the Scrip Consideration Options is likely to be materially less than the Cash Consideration;
- there are restrictions on the disposal of Class B shares under the TopCo Shareholders' Deed that will restrict Class B Shareholders from trading their shares in TopCo;
- take into account the Maximum Scrip Threshold and the Scrip Scale Back set out in Section 6 of this Scheme Booklet, which may affect the number of Class B shares that will actually be received;
- the holders of Class B Shares would be subject to the rights and restrictions set out in the TopCo Shareholders' Deed and the TopCo Constitution, copies of which are set out in Appendix E and Appendix F and described in Section 9.8 of this Scheme Booklet, and will have fewer rights as a shareholder in TopCo when compared to your current investment in Healthia. The TopCo Shareholders Deed also includes a restraint on competitive activities or providing substantially similar products or services in any country in which TopCo operates whilst a Class B Shareholder and for a period of up to 3 years after disposing of those shares;
- Healthia Shareholders who receive Class B Shares under the Scheme will be subject to risks inherent in minority shareholdings (as Healthia Shareholders who receive shares in TopCo under the Scheme will collectively have no more than a 30% interest in TopCo);
- after the first anniversary of the implementation of the Scheme, the TopCo Board will have the power to require a Class B Shareholder in TopCo who holds shares which had, at the time of the implementation of the Scheme, an aggregate value of \$10,000 or less to dispose of their Class B shares in TopCo at a fair market value price determined by the TopCo Board, or if the shareholder disputes that price, at the market value of the shares as determined by an

independent expert. That is, such shareholders may be forced to sell their Class B shares in TopCo in any event after one year following the implementation of the Scheme; and

- fees may be payable to the PEP Shareholders (or an Affiliate of PEP) to the extent it enters into a management services agreement with TopCo.

Please refer to Section 9 which sets out a summary of the TopCo Shareholders' Deed and the rights attaching to Class B Shares and Section 10.3m) which sets out risk factors relating to Class B Shares (in addition to those generally applying to Healthia which are otherwise set out in Section 10. You should also carefully consider the tax considerations set out in Section 11 of this Scheme Booklet and how they apply to the Scrip Consideration Options in comparison to the Cash Consideration and consult with your appropriate legal, financial, tax or other professional advisers about whether an investment in TopCo meets their individual investment objectives.

Furthermore, the value of the Scrip Consideration is less certain than the Cash Consideration and there is no assurance that the future value of Class B Shares will be equal to or higher than the value of the Cash Consideration.

Accordingly, you should carefully read Sections 9, 10 and 11 and consider obtaining appropriate professional advice before making any Election to receive a Scrip Consideration Option. In particular, you should consider the risks associated with an investment in TopCo set out in Section 10.

If Elections made would result in Healthia Shareholders holding, in aggregate, more than 30% of the total issued capital of TopCo on the Implementation Date (being the **Maximum Scrip Threshold**), then the Scrip Scale Back will apply to ensure that the total number of Class B Shares issued to Healthia Shareholders does not exceed 30% of the total shares on issue in TopCo.

Healthia will announce the results of the Election process to ASX, including an indication of whether it is likely that the Scrip Scale Back will apply. The announcement is currently expected to be made on Thursday 16 November 2023.

Directors' recommendation

The Healthia Board unanimously recommend that you vote in favour of the Scheme, and each Healthia Director intends to vote (or procure the voting of) all of the Healthia Shares in which they hold or control (which collectively represent approximately 18.6% of all Healthia Shares on issue) in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders.⁶

The Healthia Directors' unanimous recommendation that you vote in favour of the Scheme is based on the quantum of the Cash Consideration. **The Healthia Directors make no recommendation to Healthia Shareholders in relation to the Scrip Consideration Options for the reasons described in this Scheme Booklet.**

In reaching the unanimous decision to recommend the Scheme to Healthia Shareholders, subject to the qualifications described above, the Healthia Directors considered various alternatives to maximise value, including assessment of standalone value creation opportunities. After considering these alternatives, the Healthia Directors formed the view that the combination of value and certainty offered by the Scheme is likely to deliver a superior outcome for Healthia Shareholders compared to Healthia continuing to operate as a standalone entity.

The Healthia Board was unanimous in its decision to recommend the Scheme⁷, in the absence of a Superior Proposal, for the following reasons:

- the Independent Expert has concluded that the Cash Consideration is fair and reasonable and that the Scheme is in the best interests of Healthia Shareholders in the absence of a Superior Proposal;
- the value of the Cash Consideration represents a significant premium for your Healthia Shares;
- the Cash Consideration of \$1.80 per Healthia Share is at the top end of the Independent Expert's valuation range of \$1.59 to \$1.83 per Healthia Share;
- the Cash Consideration provides Healthia Shareholders with certainty of value and the opportunity to immediately realise their investment for cash, avoiding the uncertainties and risks associated with Healthia's business. These are discussed further in Section 10.4;
- no Superior Proposal has emerged as at the date of this Scheme Booklet;

⁶ You should note when considering this recommendation the interests of each Healthia Director, including in Healthia Shares and Healthia Performance Rights, as set out in Sections 3.2a), 7.2 and 12.5 of this Scheme Booklet.

⁷ You should note when considering this recommendation the interests of each Healthia Director, including in Healthia Shares and Healthia Performance Rights, as set out in Sections 3.2a), 7.2 and 12.5 of this Scheme Booklet.

- if the Scheme does not proceed, you will continue to be subject to the risks and uncertainties associated with Healthia's business and general market risks;
- Healthia's share price may fall in the near-term if the Scheme is not implemented and in the absence of a Superior Proposal; and
- you will not incur any brokerage charges on the transfer of your Healthia Shares if the Scheme proceeds.

In forming their unanimous decision to recommend the Scheme to Healthia Shareholders, subject to the qualifications described above, the Healthia Directors considered the potential disadvantages of the Scheme proceeding. In particular:

- you may disagree with the Healthia Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests;
- you may wish to maintain a direct investment in Healthia as an ASX listed company;
- you may believe it is in your best interests to maintain your current investment and risk profile;
- the Class B Shares have very different features compared to Healthia Shares;
- the tax consequences of the Scheme may not suit your individual position and circumstances; and
- you may believe there is the potential for a Superior Proposal to be made in the foreseeable future.

The Healthia Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks.

As outlined above, the Healthia Directors make no recommendation to Healthia Shareholders in relation to the Scrip Consideration Options, due to the speculative nature of the Class B Shares and the fact that whether the Class B Shares are appropriate will depend significantly on the characteristics and risk profile of the individual Healthia Shareholder. Healthia Shareholders who are considering making an Election to receive a Scrip Consideration Option should consider the information in relation to the Scrip Consideration Options outlined above.

If Healthia Shareholders elect to receive a Scrip Consideration Option, it will allow them to have an indirect ongoing interest in Healthia. Healthia Shareholders should carefully read Sections 6.3, 9, 10 and 11 of this Scheme Booklet and seek professional advice before making any Election to receive a Scrip Consideration Option.

Major shareholders support

Healthia shareholders MA Financial Group (MAF) and Wilson Asset Management Group (WAM), have each separately advised Healthia that they intend to vote all Healthia Shares held or controlled by them (in aggregate approximately 20.8%⁸ of the issued Healthia Shares) in favour of the Scheme in the absence of a Superior Proposal being publicly announced before the Scheme Meeting and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders.⁹

MAF and WAM have separately granted PEP BidCo call options to buy in aggregate a total of 19.9% of the issued Healthia Shares on terms set out in agreements that were disclosed in a substantial holder notice released by PEP to ASX on 31 August 2023. This means that, as at the date of the Scheme Booklet PEP BidCo has a relevant interest and voting power in 27,898,203 Healthia Shares representing 19.9% of the total Healthia Shares on issue. This may reduce the likelihood of other third parties putting forward a Superior Proposal.

Healthia Directors Glen Richards, Paul Wilson, Darren Stewart, Wesley Coote, Lisa Roach and Colin Kangisser and key management personnel (identified and defined as 'Key Rolling Shareholders' in the Scheme Implementation Deed) have stated to Healthia that, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders, they will elect to participate in the Scrip Consideration Option for not less than a total of 15.74 million Healthia Shares (being, in aggregate, approximately 11% of the Healthia Shares¹⁰) that they respectively hold or control. In aggregate, the Key Rolling Shareholders hold or control approximately 24.5% of the Healthia Shares on a fully diluted basis.

Independent Expert

The Healthia Directors' unanimous recommendation of the Scheme is supported by the conclusion of Lonergan Edwards, the Independent Expert engaged by the Healthia Board to assess the merits of the Scheme and opine on whether it is in the best interests of Healthia Shareholders.

⁸ Aggregate holdings at 31 August 2023.

⁹ As announced on 31 August 2023, Regal Funds Management had also provided a similar voting intention statement to Healthia but sold all of the Healthia Shares it held or controlled on 4 October 2023 to BW South Asia, Ltd. BW South Asia Ltd has not provided a voting intention statement to Healthia

¹⁰ On a fully diluted basis.

The Independent Expert has concluded that the Cash Consideration is fair and reasonable and that the Scheme is in the best interests of Healthia Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the full underlying value of Healthia Shares on a 100% controlling interest basis at between \$1.59 and \$1.83 per Healthia Share. The Cash Consideration amount of \$1.80 per Healthia Share is towards the top end of this range.

Healthia Shareholders should note that the Independent Expert has assessed the underlying value of the Scrip Consideration Options in the immediate or short term post implementation of the Scheme at between \$1.41 and \$1.76 per Healthia share.¹¹ This assessment of underlying value assumes the holder of TopCo Shares has 100% control of TopCo and an unfettered ability to transact in the equity securities. It is important for Healthia Shareholders to note that the underlying values do not incorporate any minority interest or lack of marketability / illiquidity discounts and accordingly, do not represent the values that may be realised if they theoretically sought to dispose of the TopCo Shares in the immediate or short term post implementation of the Scheme (i.e. theoretical cash equivalent).

After allowing for discounts which are commonly applied in practice, the Independent Expert has stated in its opinion, the realisable value of the Scrip Consideration Options immediately post implementation of the Scheme is likely to be materially less than:

- the Cash Consideration; and
- its valuation of Healthia shares.

Having regard to the above, the Independent Expert has evaluated the Scheme by reference to the value of the Cash Consideration only.

A complete copy of the Independent Expert's Report is attached at Appendix B to this Scheme Booklet.

How to vote

Your vote is important, regardless of how many Healthia Shares you own, and I encourage you to vote by completing and returning the Proxy Form accompanying this Scheme Booklet or alternatively by attending the Scheme Meeting in person, virtually, or by proxy, attorney or corporate representative. The Scheme Meeting is currently expected to be held at 10.00am AEST (Brisbane) on Wednesday 22 November 2023, in person at the Inchcolm by Ovolo at 73 Wickham Terrace, Spring Hill QLD 4000 and virtually through <https://meetings.linkgroup.com/HLASM23>. For more instructions on how you can vote and participate in the Scheme Meeting, please see Section 0 and the Notice of Scheme Meeting at Appendix A.

If you wish the Scheme to proceed, it is important that you vote in favour of the Scheme Resolution at the Scheme Meeting.

Further information

The Scheme Booklet sets out important information regarding the Scheme, including the reasons for the Healthia Directors' recommendation and the Independent Expert's Report. It also sets out some of the potential reasons why you may wish to vote against the Scheme.

Please read this document carefully and in its entirety as it will assist you in making an informed decision on how to vote. I would also encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your Healthia Shares.

If you require any further information, please call the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia) on Business Days at any time between 8.30am and 5.30pm AEDT (Sydney) on Monday to Friday.

Thank you

On behalf of the Healthia Board, I would like to take this opportunity to thank you for your ongoing support and commitment to Healthia and its business, and I look forward to your participation at the Scheme Meeting.

Yours faithfully



Glen Richards
Non-Executive Chairman
Healthia Limited

¹¹ The Independent Expert has assessed the underlying value of TopCo equity on a controlling interest basis at between \$1.41 and \$1.65 and the Mix-and-Match Option (assuming the maximum Cash Consideration proportion of 70%) at between \$1.68 and \$1.76, in each case immediately post implementation of the Scheme.

A man and a woman are jogging on a paved path in a park. The woman is on the left, wearing a light blue tank top and purple running shoes. The man is on the right, wearing an orange t-shirt and black shorts with orange and black running shoes. They are both smiling and appear to be in good spirits. The background is a lush green park with trees and grass. A blue semi-transparent banner is overlaid on the left side of the image, containing text.

Section 3

KEY CONSIDERATIONS RELEVANT TO YOUR VOTE



3. Key considerations relevant to your vote

The Scheme has a number of advantages and disadvantages that may affect Healthia Shareholders in different ways depending on their individual circumstances. Those advantages and disadvantages are described in this Section 3, a summary of which is set out in Section 3.1.

Section 3.2 describes some of the reasons as to why the Healthia Board unanimously recommend Healthia Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders. This section should be read in conjunction with Section 3.3, which sets out reasons as to why Healthia Shareholders may wish to vote against the Scheme. Section 3.4 also sets out some additional considerations that may be relevant to your vote in respect of the Scheme.

While the Healthia Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote. You should also seek professional advice on your particular circumstances, as appropriate.

3.1 Summary of reasons as to why you might vote for and against the Scheme

a) Reasons to vote in favour of the Scheme

- ✓ The Healthia Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders.¹²
- ✓ The Independent Expert has concluded that the Cash Consideration is fair and reasonable and that the Scheme is in the best interests of Healthia Shareholders in the absence of a Superior Proposal.
- ✓ The Cash Consideration of \$1.80 per Healthia Share represents a significant premium to the trading price of Healthia Shares prior to the announcement of the transaction.¹³
- ✓ The Cash Consideration of \$1.80 per Healthia Share is towards the top end of the Independent Expert's valuation range of \$1.59 to \$1.83 per Healthia Share.
- ✓ The Cash Consideration provides Healthia Shareholders with certainty of value and the opportunity to immediately realise their investment for cash, avoiding the uncertainties and risks associated with Healthia's business.
- ✓ No Superior Proposal has emerged as at the date of this Scheme Booklet.
- ✓ If the Scheme does not proceed, you will continue to be subject to the risks and uncertainties associated with Healthia's business and general market risks.
- ✓ Healthia's share price may fall in the near-term if the Scheme is not implemented and in the absence of a Superior Proposal.
- ✓ You will not incur any brokerage charges on the transfer of your Healthia Shares if the Scheme proceeds.

b) Potential reasons to vote against the Scheme

- ✗ You may disagree with the Healthia Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests.
- ✗ You may wish to maintain a direct investment in Healthia as an ASX listed company.
- ✗ You may believe it is in your best interests to maintain your current investment and risk profile.

¹² You should note when considering this recommendation the interests of each Healthia Director, including in Healthia Shares and Healthia Performance Rights, as set out in Sections 3.2(a), 7.2 and 12.5 of this Scheme Booklet.

¹³ Healthia's share price has increased since the Scheme was announced on 31 August 2023 and closed at \$1.76 on 13 October 2023 (being the last trading day prior to the date of this Scheme Booklet). If the Scheme proceeds, the Cash Consideration under the Scheme is \$1.80. You should seek independent financial, legal and taxation advice before making any investment decision in relation to your Healthia Shares.

-
- ✘ Class B Shares have very different features compared to Healthia Shares.
 - ✘ The tax consequences of the Scheme may not suit certain Healthia Shareholders.
 - ✘ You may believe that there is potential for a Superior Proposal to be made in the foreseeable future.
-

3.2 Reasons to vote in favour of the Scheme

This Section 3.2 sets out some of the reasons as to why the Healthia Directors consider that you should vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders. While the Healthia Directors acknowledge that there are reasons to vote against the Scheme, they believe that the reasons to vote in favour of the Scheme significantly outweigh the reasons to vote against it.

a) The Healthia Board unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal

The Healthia Board unanimously recommends that you vote your Healthia Shares in favour of the Scheme, provided that no Superior Proposal has emerged and that the Independent Expert maintains its conclusion that the Scheme is in the best interests of Healthia Shareholders.

The Healthia Directors' unanimous recommendation that you vote in favour of the Scheme is based on the quantum of the Cash Consideration. In making this recommendation, the Healthia Board has, among other things, considered:

- the reasons Healthia Shareholders should vote in favour of the Scheme as set out in Section 3.2;
- the reasons Healthia Shareholders may wish to vote against the Scheme as set out in Section 3.3;
- the risks outlined in Section 10.1; and
- the Independent Expert's Report.

The Healthia Directors make no recommendation in relation to the Scrip Consideration Options, due to the speculative nature of the Class B Shares and the fact that whether the Class B Shares are appropriate will depend significantly on the characteristics and risk profile of the individual Healthia Shareholder.

Healthia Shareholders who are considering making an Election to receive a Scrip Consideration Option should refer to Section 3.3e) below.

In considering whether to vote in favour of the Scheme, the Healthia Board encourages you to:

- read the whole of this Scheme Booklet (including the Independent Expert's Report);
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain financial advice from your legal, investment or other professional adviser on the Scheme and obtain taxation advice on the effect of the Scheme becoming Effective.

In the absence of a Superior Proposal and provided that the Independent Expert maintains its conclusion that the Scheme is in the best interests of Healthia Shareholders, each Healthia Director intends to vote, or procure the vote of, all Healthia Shares they hold or control at the time of the Scheme Meeting in favour of the Scheme.

You should note when considering this recommendation the interests of each Healthia Director including in Healthia Shares and Healthia Performance Rights. The interests of the Healthia Directors and the maximum consideration which may be received by each Healthia Director is set out below. Healthia Shareholders should note that the maximum consideration has been calculated using the Cash Consideration of \$1.80. Those Directors who are Key Rolling Shareholders have indicated they will elect to receive a Scrip Consideration Option. This will mean that the maximum consideration they receive will be less than the amounts stated below.

Director	Position	Healthia Shares held by or on behalf of the Healthia Director	Performance Rights held by or on behalf of the Healthia Director	Percentage interest (on a fully diluted basis) ¹⁴	Maximum consideration
Darren Stewart	Executive Director	8,021,333	0	5.55%	\$14,438,399.40
Glen Richards	Independent Non-Executive Chair	7,966,777	0	5.52%	\$14,340,198.60
Colin Kangisser	CEO Eyes & Ear Division & Executive Director	5,134,628	406,268	3.84%	\$9,973,612.80
Wesley Coote	Managing Director & Chief Executive Officer	1,899,120	1,270,000	2.19%	\$5,704,416.00
Paul Wilson	Non-Executive Director	1,983,459	0	1.37%	\$3,570,226.20
Lisa Roach	Chief Partnerships Officer & Executive Director	1,007,889	452,322	1.01%	\$2,628,379.80
Lisa Dalton	Non-Executive Director	47,478	0	0.03%	\$85,460.40

b) The Independent Expert has concluded that the Cash Consideration is fair and reasonable and that the Scheme is in the best interests of Healthia Shareholders, in the absence of a Superior Proposal

The Healthia Board appointed Lonergan Edwards to prepare the Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of Healthia Shareholders.

The Independent Expert has concluded that the Cash Consideration is fair and reasonable and hence that the Scheme is in the best interests of Healthia Shareholders, in the absence of a Superior Proposal. The Independent Expert has assessed the value of Healthia Shares to be between \$1.59 and \$1.83 per Healthia Share. The Cash Consideration of \$1.80 per Healthia Share is in the upper half, and exceeds the mid-point, of \$1.71, of this range.

Healthia Shareholders should note that the Independent Expert has assessed the underlying value of the Scrip Consideration Options in the immediate or short term post implementation of the Scheme at between \$1.41 and \$1.76 per Healthia share.¹⁵ This assessment of underlying value assumes the holder of TopCo Shares has 100% control of TopCo and an unfettered ability to transact in the equity securities. It is important for Healthia Shareholders to note that the underlying values do not incorporate any minority interest or lack of marketability / illiquidity discounts and accordingly, do not represent the values that may be realised if they theoretically sought to dispose of the TopCo Shares in the immediate or short term post implementation of the Scheme (i.e. theoretical cash equivalent).

After allowing for discounts which are commonly applied in practice, the Independent Expert has stated in its opinion, the realisable value of the Scrip Consideration Options immediately post implementation of the Scheme is likely to be materially less than:

- the Cash Consideration; and
- its valuation of Healthia shares.

Having regard to the above, the Independent Expert has evaluated the Scheme by reference to the value of the Cash Consideration only.

The reasons why the Independent Expert has formed their conclusion that the Cash Consideration is fair and reasonable and that the Scheme is in the best interests of Healthia Shareholders are set out in the Independent Expert's Report, a copy of which is

¹⁴ Fully diluted shares of 144,448,379 comprising 140,191,977 issued ordinary shares and 4,256,402 performance rights.

¹⁵ The Independent Expert has assessed the underlying value of TopCo equity on a controlling interest basis at between \$1.41 and \$1.65 and the Mix-and-Match Option (assuming the maximum Cash Consideration proportion of 70%) at between \$1.68 and \$1.76, in each case immediately post implementation of the Scheme.

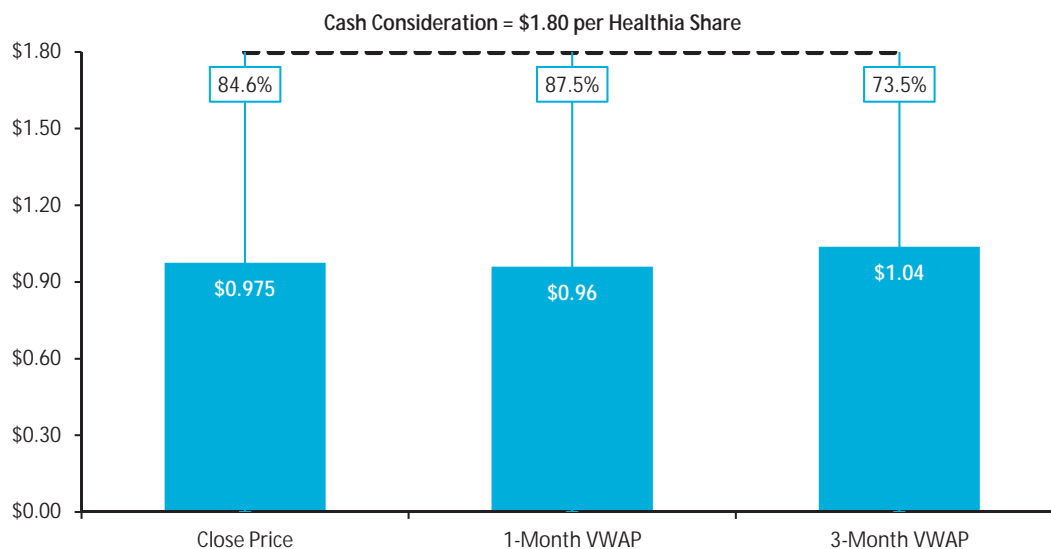
included as Appendix B of this Scheme Booklet. The Healthia Board encourages you to read the Independent Expert's Report in its entirety.

As at the date of this Scheme Booklet, the Independent Expert has not changed or qualified its conclusion, and no Superior Proposal has emerged.

c) The Cash Consideration of \$1.80 per Healthia Share represents a significant premium to the trading price of Healthia Shares prior to the announcement of the Transaction

If the Scheme is implemented, Healthia Shareholders (other than those who make a valid Election to receive a Scrip Consideration Option) will receive \$1.80 in cash for each Healthia Share held on the Scheme Record Date. The cash price of \$1.80 per Healthia Share implies an equity value, on a 100% fully diluted basis, of approximately \$260.0 million and represents:

- a 84.6% premium to Healthia's last closing share price of \$0.975 on 30 August 2023¹⁶;
- a 87.5% premium to the 1-month VWAP¹⁷ of \$0.96; and
- a 73.5% premium to the 3-month VWAP¹⁷ of \$1.04.



Source: FactSet.

Healthia's share price has increased since the Scheme was announced on 31 August 2023 and closed at \$1.76 on 13 October 2023.¹⁸ If the Scheme proceeds, the Cash Consideration under the Scheme is \$1.80. You should seek independent financial, legal and taxation advice before making any investment decision in relation to your Healthia Shares.

d) The Cash Consideration of \$1.80 per Healthia Share is towards the top end of the Independent Expert's valuation range of \$1.59 to \$1.83 per Healthia Share

The Independent Expert has assessed the value of Healthia Shares to be between \$1.59 and \$1.83. The Cash Consideration of \$1.80 per Healthia Share is towards the top end of this range.

A complete copy of the Independent Expert's Report is included as Appendix B of this Scheme Booklet. The Healthia Board encourages you to read this report in its entirety.

¹⁶ 30 August 2023, being the last trading day prior to the announcement of entering into the Scheme Implementation Deed.

¹⁷ Volume weighted average price (VWAP) of Healthia Shares based on cumulative trading volume and value up to and including 30 August 2023.

¹⁸ Being the last trading day prior to the date of this Scheme Booklet.

- e) **If the Scheme proceeds and if you do not make a valid Election to receive a Scrip Consideration Option, you will receive a certain cash price for your investment in Healthia and will avoid ongoing risks and uncertainties associated with Healthia's business**

The Cash Consideration of \$1.80 in cash per Healthia Share provides Healthia Shareholders with certainty of value for their Healthia Shares. The certainty of the Cash Consideration should be compared with the risks and uncertainties associated with remaining as a shareholder in Healthia. Some of these risks are explained in more detail in Section 10.

If the Scheme is not implemented, the value Healthia Shareholders will be able to realise from their investment in Healthia, through future Healthia Share price performance and dividends, will necessarily be uncertain and subject to these risks.

If the Scheme is implemented and if you do not make a valid Election to receive a Scrip Consideration Option, these risks and uncertainties will be assumed by PEP BidCo and you will have received a certain cash price for your Healthia Shares.

- f) **No Superior Proposal has emerged as at the date of this Scheme Booklet**

Since 31 August 2023, when discussions between Healthia and PEP relating to a potential change of control transaction were disclosed to the market, and up to the date of this Scheme Booklet, no Superior Proposal has emerged. The Healthia Board is not aware of any Superior Proposal and has no basis to believe that a Superior Proposal is likely to emerge.

PEP has advised Healthia that it has reached agreement pursuant to which MAF and WAM separately granted PEP options to buy in aggregate a total of 19.9% of the issued Healthia Shares on terms set out in agreements that were disclosed in a substantial holder notice released by PEP to ASX on 31 August 2023. This means that, as at the date of the Scheme Booklet PEP BidCo has a relevant interest and voting power in 27,898,203 Healthia Shares representing 19.9% of the total Healthia Shares on issue. This may reduce the likelihood of other third parties putting forward a Superior Proposal.

The Scheme Implementation Deed is subject to customary exclusivity provisions including no talk and no due diligence obligations (subject to the Healthia Directors' fiduciary obligation), no shop obligations, notification and matching right obligations. Further details on the key terms of the Scheme Implementation Deed are provided in Section 7.1 of this Scheme Booklet.

- g) **The Healthia Share price may fall if the Scheme is not implemented**

If the Scheme does not proceed, and no comparable proposal or Superior Proposal is received by the Healthia Board, then the Healthia Share price is expected to fall.

Since 30 August 2023¹⁹, the Healthia Share price has increased by 80.5% up to \$1.76 on 13 October 2023²⁰.

- h) **Healthia Shareholders will not incur any brokerage fees on the transfer of their Healthia Shares if the Scheme proceeds**

If the Scheme is implemented, Healthia Shareholders will not incur brokerage charges on the transfer of their Healthia Shares under the Scheme. Healthia Shareholders may incur such charges if they dispose of their Healthia Shares in a manner other than that contemplated by the Scheme.

3.3 Potential reasons to vote against the Scheme

Notwithstanding the Healthia Directors' unanimous recommendation of the Scheme and the Independent Expert concluding that the Cash Consideration is fair and reasonable and that the Scheme is in the best interests of Healthia Shareholders in the absence of a Superior Proposal, this Section 3.3 sets out some of the reasons which may lead you to consider voting against the Scheme.

- a) **You may disagree with the Healthia Board's unanimous recommendation**

Despite the unanimous recommendation of the Healthia Board to vote in favour of the Scheme, in the absence of a Superior Proposal, you may believe that the Scheme is not in the best interests of Healthia Shareholders or not in your own individual best interests.

- b) **You may disagree with the Independent Expert's conclusion**

¹⁹ Being the last trading day prior to entry into the Scheme Implementation Deed being announced.

²⁰ Being the last trading day prior to the date of this Scheme Booklet.

In concluding that the Cash Consideration is fair and reasonable and that the Scheme is in the best interests of Healthia Shareholders, the Independent Expert has had to make judgements based on future conditions and events which cannot be predicted with certainty. You may hold a different view and consequently may not agree with the Independent Expert's conclusion that the Scheme is in the best interests of Healthia Shareholders.

c) Healthia Shareholders may wish to maintain a direct investment in Healthia as an ASX listed company

You may wish to maintain your investment in Healthia in order to have an investment in a publicly listed company with the specific characteristics of Healthia in terms of industry, operational profile, size, capital structure and potential dividend payments.

Implementation of the Scheme may result in a disadvantage to those who wish to maintain their investment profile. Healthia Shareholders who wish to maintain their investment profile may find it difficult to find a listed investment with a similar profile to that of Healthia and they may incur transaction costs in undertaking any new investment.

d) You may believe that it is in your best interests to maintain your current investment and risk profile

You may prefer to keep your Healthia Shares to preserve your investment in a listed company with the specific characteristics of Healthia.

You may consider that, despite the risk factors relevant to Healthia's potential future operations, Healthia may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Healthia or may incur transaction costs in undertaking any new investment.

e) Class B Shares have very different features compared to Healthia Shares

Class B Shares have very different features compared to Healthia Shares. For further information about the features and risks associated with Class B Shares see Sections 9 and 10. Healthia Shareholders who are considering making an Election to receive a Scrip Consideration Option should:

- note that they will face risks that apply to an investment in TopCo that are materially different from, and in addition to, those risks that apply to their existing investment in Healthia as an ASX listed company;
- note that any dividends will be at the sole discretion of the TopCo Board, having regard to the capital requirements (as well as the debt financing arrangements) of the TopCo Group, with the intention that no dividends will be declared or paid for a period of three years after the Implementation Date;
- consider that there will be no public market for the trading of shares in TopCo (an unlisted public company) post-implementation of the Scheme nor is there expected to be any such market in the future;
- take into account the Independent Expert's Report and the views expressed in relation to the Class B Shares set out in Appendix B of this Scheme Booklet, noting the the Independent Expert has concluded that the value of each of the Scrip Consideration Options is likely to be materially less than the Cash Consideration;
- take into account there are restrictions on the disposal of Class B Shares under the TopCo Shareholders' Deed that will restrict Class B Shareholders from trading their shares in TopCo;
- take into account the Maximum Scrip Threshold and the Scrip Scale Back set out in Section 6 of this Scheme Booklet, which may affect the number of Class B Shares that will actually be received;
- take into account that the holders of Class B Shares would be subject to the rights and restrictions set out in the TopCo Shareholders' Deed and the TopCo Constitution, copies of which are set out in Appendix E and Appendix F and described in Section 9.7 of this Scheme Booklet, and will have fewer rights as a shareholder in TopCo when compared to your current investment in Healthia. The TopCo Shareholders Deed also includes a restraint on competitive activities or providing substantially similar products or services in any country in which TopCo operates whilst a Class B Shareholder and for a period of up to 3 years after disposing of those shares;
- Healthia Shareholders who receive Class B Shares under the Scheme will be subject to risks inherent in minority shareholdings (as Healthia Shareholders who receive shares in TopCo under the Scheme will collectively have no more than a 30% interest in TopCo);
- note that after the first anniversary of the implementation of the Scheme, the TopCo Board will have the power to require a Class B shareholder in TopCo who holds shares which had, at the time of the implementation of the Scheme, an

aggregate value of \$10,000 or less to dispose of their Class B shares in TopCo at a fair market value price determined by the TopCo Board, or if the shareholder disputes that price, at the market value of the shares as determined by an independent expert. That is, such shareholders may be forced to sell their Class B Shares in TopCo in any event after one year following the implementation of the Scheme; and

- note that fees may be payable to the PEP Shareholders (or an Affiliate of PEP) to the extent they enter into a management services agreement with TopCo as described in Section 9.7;
- carefully consider the matters set out in Section 9 of this Scheme Booklet and the risk factors set out in Section 10 of this Scheme Booklet;
- carefully consider the tax considerations set out in Section 11 of this Scheme Booklet and how they apply to the Scrip Consideration Options in comparison to the Cash Consideration;
- consult with their appropriate legal, financial, tax or other professional advisers about whether an investment in TopCo meets their individual investment objectives.

f) The tax consequences of the Scheme may not suit your current financial circumstances

The tax consequences of the Scheme will depend on your individual situation. If the Scheme is implemented, it may result in unfavourable taxation consequences for you.

Healthia has applied to the ATO requesting a Class Ruling to confirm that the key Australian taxation implications of the Scheme on Healthia Shareholders are in accordance with the general description in this Scheme Booklet. The Class Ruling has not been finalised by the ATO as at the date of this Scheme Booklet. The expected taxation implications for Healthia Shareholders are summarised in Section 11.

Healthia Shareholders who receive Cash Consideration for the disposal of their Healthia Shares will not be entitled to CGT roll-over relief in respect of any capital gain arising from the disposal of the Healthia Shares. This has been included as part of the Class Ruling lodged with the ATO.

Healthia Shareholders who elect to receive the Scrip Consideration Options and who are residents of Australia for income tax purposes will only be eligible for CGT roll-over relief in respect of any capital gain arising from the disposal of the Healthia Shares for which they receive Class B Shares under the Scheme. This has been included as part of the Class Ruling lodged with the ATO.

Healthia Shareholders who are tax residents in a foreign jurisdiction and do not make an Election may be exposed to adverse tax consequences in that foreign jurisdiction in addition to the impact under Australian tax law. The Australian tax implications for foreign resident Healthia Shareholders has been included as part of the Class Ruling lodged with the ATO.

A general guide to the taxation implications of the Scheme is set out in Section 11. Healthia Shareholders should consider the information in Section 11 to be general in nature and should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

g) You may believe that there is potential for a Superior Proposal to emerge

You may consider that a Superior Proposal could emerge in the foreseeable future. This may take the form of a takeover offer or an alternative scheme of arrangement, which would deliver total consideration to Healthia Shareholders that exceeds the Scheme Consideration.

As at the date of this Scheme Booklet, no Superior Proposal has emerged, and the Healthia Board has no basis to believe that a Superior Proposal is likely to emerge.

3.4 Additional considerations relating to the Scheme

You should also take into account the following additional considerations in deciding how to vote on the Scheme.

a) What are your options

You may:

- vote for or against the Scheme Resolution to approve the Scheme (in person, online, or by proxy, corporate representative or attorney); or
- make no Election to receive Scrip Consideration; or

- elect to receive the All Scrip Consideration or the Mix-and-Match Consideration regardless of whether you vote in favour of or against the Scheme or abstain; or
- sell your Healthia Shares on-market before the Effective Date or off-market before the Scheme Record Date; or
- abstain or do nothing, in which case:
 - if the Scheme becomes Effective, your Healthia Shares will be transferred to PEP BidCo and you will receive the Cash Consideration for all of your Healthia Shares held on the Scheme Record Date; and
 - if the Scheme does not become Effective, you will continue to hold your Healthia Shares.

If you are an eligible Healthia Shareholder and you wish to receive a Scrip Consideration Option instead of the Cash Consideration, you will need to complete and return a valid Election Form in accordance with the instructions on that Election Form by no later than the Election Date (currently expected to be 5.00pm AEDT (Sydney) on Wednesday 15 November 2023). You do not need to complete an Election Form if you wish to receive the Cash Consideration.

b) The Scheme may be implemented even if you vote against the Scheme or do not vote at all

You should be aware that if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Healthia Shareholders and by the Court and if the Conditions Precedent are satisfied or waived (as applicable) in accordance with the terms of the Scheme Implementation Deed. If this occurs, your Healthia Shares held on the Scheme Record Date will be transferred to PEP BidCo and you will receive the Cash Consideration even though you voted against, or did not vote on the Scheme.

c) Conditionality of the Scheme

Implementation of the Scheme is subject to the satisfaction (or waiver) of a number of Conditions Precedent, including:

- Healthia Shareholder approval;
- approval by the Court;
- approval by the Foreign Investment Review Board;
- an Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders;
- no Material Adverse Change;
- no Prescribed Occurrences²¹;
- no regulatory restraints;
- the Key Rolling Shareholders electing to receive Scheme Scrip Consideration for some or all of their holdings, representing not less than 15.74 million Healthia Shares in aggregate; and
- all outstanding performance rights vesting and being converted into Healthia Shares.

These Conditions Precedent are summarised in Section 7.1 of this Scheme Booklet and set out in clause 3.1 of the Scheme Implementation Deed.

If the Conditions Precedent are not satisfied or waived (as applicable) in accordance with the terms of the Scheme Implementation Deed, the Scheme will not proceed and Healthia Shareholders will not receive the Scheme Consideration.

Healthia Directors Glen Richards, Paul Wilson, Darren Stewart, Wesley Coote, Lisa Roach and Colin Kangisser and key management personnel (identified and defined as 'Key Rolling Shareholders' in the Scheme Implementation Deed) have stated to Healthia that, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders, they will elect to participate in the Scrip Consideration Option for not less than a total of 15.74 million Healthia Shares (being, in aggregate, approximately 11% of the Healthia Shares²²) that they respectively hold or control²³.

As far as Healthia is aware, as at the date of this Scheme Booklet, no circumstances have occurred which are likely to cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until 8.00am on the Second Court Date. In the event of any material change in status, Healthia will inform Healthia Shareholders of the status of the Conditions Precedent through an announcement to the ASX.

²¹ As that term is defined in the attached Scheme Implementation Deed, which includes statutory prescribed occurrences and other limbs including that Adjusted Net Debt will not exceed \$105 million.

²² On a fully diluted basis.

²³ In aggregate, the Key Rolling Shareholders hold or control approximately 24.5% of the Healthia Shares on a fully diluted basis.

The Scheme Implementation Deed may be terminated if any of the Conditions Precedent have not been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by no later than the End Date, or such other date as is agreed between Healthia and PEP BidCo.

For further information about the Conditions Precedent and termination rights under the Scheme Implementation Deed (including with respect to the Conditions Precedent) see Sections 7.1 and 7.1f).

d) Warranty by Scheme Shareholders about their Scheme Shares

If the Scheme is implemented, each Scheme Shareholder is deemed to have warranted to PEP BidCo and Healthia, and appointed and authorised Healthia as its attorney and agent to warrant to PEP BidCo, that:

- all the Healthia Shares registered to its name as at the Scheme Record Date (including all rights and entitlements attaching to them as at the Implementation Date) which are transferred to PEP BidCo under the Scheme will, at the date of transfer, be fully paid and free from all Encumbrances or interests of third parties of any kind;
- it has full power and capacity to sell and transfer those Healthia Shares (together with all rights and entitlements attaching to them as at the Implementation Date) to PEP BidCo under the Scheme; and
- it has no existing right to be issued any Healthia Shares, options exercisable into Healthia Shares or convertible notes convertible into Healthia Shares.

e) Exclusivity

The Scheme Implementation Deed includes certain exclusivity arrangements that Healthia has made in favour of PEP BidCo. These include customary no-shop, no-talk and no-due diligence obligations, as well as obligations of notification of competing proposals and providing a matching right to PEP BidCo in the event that a Superior Proposal is received by Healthia. These exclusivity arrangements are described in further detail in Section 7.1c).

f) Break Fee

Healthia will be obliged to pay PEP BidCo the Break Fee in certain circumstances, including if:

- **Change in recommendation:** during the Exclusivity Period, any Healthia Director:
 - fails to recommend that Healthia Shareholders vote in favour of the Scheme;
 - withdraws, changes, adversely modifies or adversely qualifies their recommendation or otherwise makes a public statement indicating that they no longer support the Scheme; or
 - recommends, supports or endorses a Competing Proposal,
 in each case provided that PEP BidCo has terminated the Scheme Implementation Deed, and other than in circumstances where:
 - the Independent Expert concludes the Scheme is not in the best interests of Healthia Shareholders;
 - Healthia is entitled to terminate the Scheme Implementation Deed for material breach in accordance with the provisions of the Scheme Implementation Deed and has given the appropriate termination notice to PEP BidCo;
- **Competing Proposal:** at any time before the End Date (or if earlier, the date the Scheme Implementation Deed is terminated under clause 14 of the Scheme Implementation Deed) a Competing Proposal is announced and within 12 months of such announcement a Third Party (either alone or together with any Associate):
 - completes a Competing Proposal of the kind referred to in paragraph (b), (c) or (d) of the definition of Competing Proposal; or
 - has a Relevant Interest in, or becomes the holder of, or otherwise acquires 50% or more of Healthia Shares and that acquisition is unconditional; or
- **Material breach:** PEP BidCo terminates the Scheme Implementation Deed following a material breach by Healthia, including of Healthia's representations and warranties and the Transaction does not complete.

g) Additional considerations for Healthia Shareholders electing to receive Scrip Considerations

If you are a Healthia Shareholder (other than an Ineligible Foreign Shareholder) who makes an Election before the Election Date and the Scheme proceeds, on Implementation Class B Shares will be issued to the Nominee on your behalf and you will become bound by the TopCo Constitution, TopCo Shareholders Deed and where applicable the Nominee Deed.



Section 4

FREQUENTLY ASKED QUESTIONS



4. Frequently asked questions

Question	Answer	More information
1	Background and overview of the Scheme	
Why am I being sent this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are a Healthia Shareholder and Healthia Shareholders are being asked to vote on a Scheme, which, if approved, will result in PEP BidCo acquiring all Healthia Shares.</p> <p>This Scheme Booklet is intended to help you decide how to vote on the Scheme at the Scheme Meeting to allow the Scheme to proceed.</p>	
What are Healthia Shareholders being asked to consider?	<p>Healthia Shareholders are being asked to consider and vote on a proposal to transfer all of their Healthia Shares to PEP BidCo, in exchange for PEP BidCo paying the Cash Consideration of \$1.80 for each Healthia Share they hold on the Scheme Record Date.</p> <p>There are also Scrip Consideration Options which are alternatives to the Cash Consideration under the Scheme, which provide Healthia Shareholders an opportunity to acquire a continuing indirect minority interest in the Healthia business.</p> <p>The proposal is structured as a scheme of arrangement between Healthia and all persons who hold Healthia Shares as at the Scheme Record Date.</p> <p>For the Scheme to proceed, it must be approved by the Requisite Majorities of Healthia Shareholders at the Scheme Meeting and approved by the Court. There are also other conditions that need to be satisfied before the Scheme proceeds. The Scheme Conditions are summarised in Section 7.1.</p> <p>If all of the Scheme Conditions are satisfied or waived (as applicable), the Scheme will constitute a binding arrangement between Healthia and all holders of Healthia Shares as at the Scheme Record Date to undertake the steps required to:</p> <ul style="list-style-type: none"> ● transfer all of their Healthia Shares to PEP BidCo on the Implementation Date in exchange for the Scheme Consideration; and ● otherwise give effect to the Scheme. <p>If the Scheme becomes Effective, Healthia will become a wholly owned subsidiary of PEP BidCo and will be removed from ASX's official list.</p>	Section 6 contains an overview of the Scheme and a copy of the Scheme is attached as Appendix C.
What is a scheme of arrangement?	<p>A scheme of arrangement is a way of implementing an acquisition of shares under the Corporations Act and is commonly used in transactions in Australia that may result in a change of ownership or control of a company. It requires a vote in favour of the Scheme by the requisite majorities of Healthia Shareholders as well as approval of the Court.</p> <p>If all of the Scheme Conditions are satisfied or waived (as applicable), all holders of Healthia Shares as at the Scheme Record Date will be bound by the Scheme whether or not they:</p> <ul style="list-style-type: none"> ● attend the Scheme Meeting; ● vote in favour of the Scheme; 	Section 6.

Question	Answer	More information
	<ul style="list-style-type: none"> ● vote against the Scheme; or ● abstain from voting on the Scheme. 	
What should I do?	<p>You should read this Scheme Booklet carefully in its entirety and then vote by attending the Scheme Meeting virtually, in person or by appointing a proxy, corporate representative or attorney to attend the relevant Scheme Meeting on your behalf. Healthia strongly encourages Healthia Shareholders to consider lodging a directed proxy in the event they are not able to participate in the Scheme Meeting.</p>	N/A
2 Overview of the Scheme Consideration		
What is the Scheme Consideration?	<p>The Scheme Consideration is either:</p> <ul style="list-style-type: none"> ● the All Cash Consideration; or ● the Scrip Consideration Options, <p>subject to the terms of the Scheme and, in the case of the Scrip Consideration Options, a valid Election made by each Healthia Shareholder.</p>	Section 6.3.
What is the All Cash Consideration?	<p>If the Scheme becomes Effective (unless you make a valid Election to receive a Scrip Consideration Option), Healthia Shareholders will receive the All Cash Consideration of \$1.80 in cash for each Healthia Share held as at the Scheme Record Date.</p>	Section 6.3.
What are the Scrip Consideration Options?	<p>As an alternative to receiving the Cash Consideration, eligible Healthia Shareholders have the option to elect to receive one of the Scrip Consideration Options. Under the Scrip Consideration Options, eligible Healthia Shareholders can make an Election to receive one of the following:</p> <ul style="list-style-type: none"> ● <u>All Scrip Consideration</u>: 1 Class B Share for each Healthia Share held (subject to Scrip Scale Back) by the Healthia Shareholder at the Scheme Record Date; or ● <u>Mix-and-Match</u>: 1 Class B Share for each Healthia Share held in respect of between 30% and 100% of the Healthia Shares held (subject to the Scrip Scale Back) and \$1.80 in cash for each remaining Healthia Share held by the Healthia Shareholder at the Scheme Record Date. <p>An Election to receive the Scrip Consideration will only be valid if you have made a valid Election as at the Election Date for at least 30% of your Healthia Shares. Unless the 30% threshold is satisfied, you will not receive the Scrip Consideration and will receive the Cash Consideration for each of your Healthia Shares. Under the Scheme, the Election will apply to a number of Healthia Shares calculated by applying the Elected percentage to the greater of your holding on the Election Date and the Scheme Record Date provided it does not exceed your holding on the Scheme Record Date.</p> <p>Each TopCo Share issued as Scrip Consideration will be a Class B Share in the capital of TopCo.</p>	Section 6.3.
What should I be aware of if I make an Election to receive	<p>The value of the Class B Shares in TopCo available under the Scrip Consideration Options is uncertain and will be dependent, amongst other factors, on PEP BidCo's</p>	Section 9.5, 9.6, 9.7 and 10

Question	Answer	More information
<p>a Scrip Consideration Option?</p>	<p>business plan for the Healthia Group, their execution of the business plan and any future liquidity events.</p> <p>Importantly, Healthia Shareholders should be aware that if they make a valid Election to receive a Scrip Consideration Option:</p> <ul style="list-style-type: none"> ● they will face risks that apply to an investment in TopCo that are materially different from, and in addition to, those risks that apply to their existing investment in Healthia as an ASX listed company; ● any dividends will be at the sole discretion of the TopCo Board, having regard to the capital requirements (as well as the debt financing arrangements) of the TopCo Group, with the intention that no dividends will be declared or paid for a period of three years after the Implementation Date; ● there will be no public market for the trading of shares in TopCo (an unlisted public company) post-implementation of the Scheme nor is there expected to be any such market in the future; ● take into account the Independent Expert's Report and the views expressed in relation to the Class B Shares set out in Appendix B of this Scheme Booklet, noting the the Independent Expert has concluded that the value of each of the Scrip Consideration Options is likely to be materially less than the Cash Consideration; ● take into account there are restrictions on the disposal of Class B Shares under the TopCo Shareholders' Deed that will restrict Class B Shareholders from trading their shares in TopCo; ● take into account the Maximum Scrip Threshold and the Scrip Scale Back set out in Section 6 of this Scheme Booklet, which may affect the number of Class B Shares that will actually be received; ● holders of Class B Shares would be subject to the rights and restrictions set out in the TopCo Shareholders' Deed and the TopCo Constitution, copies of which are set out in Appendix E and Appendix F and described in Section 9.7 of this Scheme Booklet and will have fewer rights as a shareholder in TopCo when compared to their current investment in Healthia. The TopCo Shareholders Deed also includes a restraint on competitive activities or providing substantially similar products or services in any country in which TopCo operates whilst a Class B Shareholder and for a period of up to 3 years after disposing of those shares; ● Healthia Shareholders who receive Class B Shares under the Scheme will be subject to risks 	

Question	Answer	More information
	<p>inherent in minority shareholdings (as Healthia Shareholders who receive shares in TopCo under the Scheme will collectively have no more than a 30% interest in TopCo);</p> <ul style="list-style-type: none"> ● after the first anniversary of the implementation of the Scheme, the TopCo Board will have the power to require a Class B shareholder in TopCo who holds shares which had, at the time of the implementation of the Scheme, an aggregate value of \$10,000 or less to dispose of their Class B Shares in TopCo at a fair market value price determined by the TopCo Board, or if the shareholder disputes that price, at the market value of the shares as determined by an independent expert. That is, such shareholders may be forced to sell their Class B Shares in TopCo in any event after one year following the implementation of the Scheme; and ● fees may be payable to the PEP Shareholders (or an Affiliate of PEP) to the extent they enter into a management services agreement with TopCo as described in Section 9.7; ● they should consider the potential taxation implications under Australian income tax law and foreign tax laws in connection with the Scrip Consideration Options (see the Taxation Report set out in Section 11 for Australian taxation implications) <p>Please refer to Section 9 which sets out a summary of the TopCo Shareholders' Deed and the rights attaching to Class B Shares and Section 10.3m) which sets out risk factors relating to Class B Shares (in addition to those generally applying to Healthia which are otherwise set out in Section 10. You should also carefully consider the tax considerations set out in Section 11 of this Scheme Booklet and how they apply to the Scrip Consideration Options in comparison to the Cash Consideration and consult with your appropriate legal, financial, tax or other professional advisers about whether an investment in TopCo meets their individual investment objectives.</p>	
<p>Who is the Nominee?</p>	<p>It is a requirement under the TopCo Shareholders' Deed that TopCo has no more than 50 shareholders.</p> <p>To give effect to this requirement, TopCo intends to appoint an independent third party trustee Pacific Custodians Pty Ltd (Nominee) to hold Class B Shares on bare trust for Class B Shareholders in accordance with the terms of the TopCo Shareholders' Deed and Nominee Deed.</p> <p>The intention of the nominee arrangements is that the Class B Shareholders will still have the rights as set out in the TopCo Shareholders' Deed, as if the Class B Shareholder were holding the Class B Shares directly, even</p>	<p>Section 9.6b)</p>

Question	Answer	More information
	<p>if they transfer legal title to their Class B Shares to the Nominee.</p> <p>The nominee arrangements may be imposed by TopCo upon issue of the Class B Shares or at any time after the Implementation Date.</p>	
<p>What is the Maximum Scrip Threshold and Scrip Scale Back?</p>	<p>The Scrip Consideration Options are subject to a pro rata Scrip Scale Back if the Maximum Scrip Threshold is exceeded. That is, if Elections received under the Scheme would result in Healthia Shareholders holding, in aggregate, greater than 30% of the total issued capital of TopCo as at the Implementation Date.</p> <p>If the Maximum Scrip Threshold is exceeded, then the pro rata Scrip Scale Back will apply to ensure that the total number of Class B Shares issued under the Scheme does not exceed 30% of the total shares on issue in TopCo as at the Implementation Date.</p>	<p>Section 6.3c)</p>
<p>When will I find out if the Scrip Scale Back applies?</p>	<p>Healthia will announce the indicative results of the Election process to ASX, including whether Scrip Scale Back is likely to apply.</p> <p>The announcement is currently expected to be made on Thursday 16 November 2023.</p>	<p>Section 6.3e)</p>
<p>Do I need to elect to receive the Cash Consideration</p>	<p>No. If the Scheme is approved and implemented, Healthia Shareholders will automatically receive the Cash Consideration unless they have made a valid Election to receive a Scrip Consideration Option.</p>	<p>Section 6.3a)</p>
<p>How do I make an Election to receive a Scrip Consideration Option?</p>	<p>If you are an eligible Healthia Shareholder and wish to elect to receive a Scrip Consideration Option, you need to complete an Election Form in accordance with the instructions set out in the Election Form and return it to the Healthia Registry by the Election Date (currently expected to be 5.00pm AEDT (Sydney) on Wednesday 15 November 2023).</p> <p>Healthia will announce the results of the Election process to ASX, including whether the Scrip Scale Back applies.</p> <p>The announcement is currently expected to be made on Thursday 16 November 2023.</p>	<p>Section 5.6</p>
<p>If I make an Election, can I later withdraw or change it?</p>	<p>Yes. You may change your Election by completing and returning a new Election Form in accordance with the instructions on the Election Form by no later than the Election Date (currently expected to be 5.00pm AEDT (Sydney) on Wednesday 15 November 2023). Where a Healthia Shareholder returns more than one Election Form, the last valid Election Form received by the Healthia Registry before the Election Date will be treated as revoking for all purposes any other Election Form, and will be used to determine your Election.</p>	<p>Section 5.6</p>
<p>What if I do not make an Election in time or if the Election is invalid?</p>	<p>If you do not make a valid Election or your Election is not received by the Healthia Registry by the Election Date, you will receive the Cash Consideration for all of your Scheme Shares.</p> <p>If you are an Ineligible Foreign Shareholder or become a Healthia Shareholder after the Election Date, you will receive the Cash Consideration for all of your Scheme Shares.</p>	<p>Section 5.6</p>
<p>Who is an Ineligible Foreign Shareholder</p>	<p>If your Registered Address, as shown in the Healthia Share Register as at the Scheme Record Date, is in a place</p>	<p>Section 6.3f)</p>

Question	Answer	More information
	<p>outside Australia or New Zealand, you will be an Ineligible Foreign Shareholder unless Healthia and PEP BidCo agree in writing in accordance with the Scheme Implementation Deed.</p> <p>If your registered address is in New Zealand you will also be an Ineligible Foreign Shareholder unless you complete and return a New Zealand investor certificate certifying you are a “wholesale investor” (as defined in Schedule 1 of the Financial Markets Conduct Act 2013).</p> <p>If you are a Healthia Shareholder whose Registered Address as shown in the Healthia Share Register is in a place outside Australia (or its external territories) or New Zealand and you wish to elect a Scrip Consideration Option, you should contact the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or 1800 990 475 (outside Australia) to enquire as to whether you may be an eligible Healthia Shareholder.</p>	
<p>How will an Ineligible Foreign Shareholder be treated under the Scheme?</p>	<p>If you are an Ineligible Foreign Shareholder, you will not be entitled to receive the Scrip Consideration Options. All Ineligible Foreign Shareholders will receive the Cash Consideration in respect of all of their Healthia Shares held on the Scheme Record Date if the Scheme becomes Effective.</p> <p>If you make an Election to receive a Scrip Consideration Option and you are an Ineligible Foreign Shareholder, your Election will be invalid and have no effect, and you will receive the Cash Consideration for all of your Healthia Shares held on the Scheme Record Date if the Scheme becomes Effective.</p>	<p>Section 6.3f)</p>
<p>What is the ATO Class Ruling?</p>	<p>Healthia has applied to the ATO requesting a Class Ruling to confirm the key taxation implications of the Scheme on Healthia Shareholders is in accordance with the general description in this Scheme Booklet.</p> <p>The Class Ruling has not been finalised as at the date of this Scheme Booklet. The expected taxation implications for Healthia Shareholders are summarised in Section 11.</p>	<p>Section 11</p>
<p>3 Healthia Board Recommendation</p>		
<p>What do the Healthia Directors recommend?</p>	<p>The Healthia Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders.²⁴</p> <p>The Healthia Directors’ unanimous recommendation that you vote in favour of the Scheme is based on the quantum of the Cash Consideration.</p> <p>The Healthia Directors make no recommendation to Healthia Shareholders in relation to the Scrip Consideration Options, due to the speculative nature of the Class B Shares and the fact that whether the Scrip Consideration Options are appropriate will depend significantly on the characteristics and risk profile of the individual Healthia Shareholder.</p> <p>The reasons for the Healthia Directors’ unanimous recommendation and other matters that you may wish to consider are outlined in Section 3.</p>	<p>Section 3 provides a summary of some of the reasons why Healthia Shareholders might vote for and against the Scheme, as well as some additional considerations that may be relevant to Healthia Shareholders’ vote in respect of the Scheme.</p>

²⁴ You should note when considering this recommendation the interests of each Healthia Director, including in Healthia Shares and Healthia Performance Rights, as set out in Sections 3.2a), 7.2 and 12.5 of this Scheme Booklet.

Question	Answer	More information
How do the Healthia Directors intend to vote?	Each Healthia Director intends to vote the Healthia Shares they hold or control in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders.	Sections 2 and 3.
Do Healthia's major shareholders support the Scheme?	<p>Healthia shareholders MAF and WAM, have each separately advised Healthia that they intend to vote all Healthia Shares held or controlled by them (in aggregate approximately 20.8%²⁵ of the issued Healthia Shares) in favour of the Scheme in the absence of a Superior Proposal being publicly announced before the Scheme Meeting and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders.²⁶</p> <p>PEP has advised Healthia that it has reached agreement pursuant to which MAF and WAM separately grant PEP call options to buy in aggregate a total of 19.9% of the issued Healthia Shares on terms set out in agreements that were disclosed in a substantial holder notice released by PEP to ASX on 31 August 2023.</p>	N/A
What is the opinion of the Independent Expert?	<p>The Independent Expert has concluded that the Cash Consideration is fair and reasonable and that the Scheme is in the best interests of Healthia Shareholders in the absence of a Superior Proposal.</p> <p>The Independent Expert has assessed the full underlying value of Healthia Shares at between \$1.59 and \$1.83 per Healthia Share. The Cash Consideration is towards the top end of this range.</p> <p>Healthia Shareholders should note that the Independent Expert has assessed the underlying value of the Scrip Consideration Options in the immediate or short term post implementation of the Scheme at between \$1.41 and \$1.76 per Healthia share.²⁷ This assessment of underlying value assumes the holder of TopCo Shares has 100% control of TopCo and an unfettered ability to transact in the equity securities. It is important for Healthia Shareholders to note that the underlying values do not incorporate any minority interest or lack of marketability / illiquidity discounts and accordingly, do not represent the values that may be realised if they theoretically sought to dispose of the TopCo Shares in the immediate or short term post implementation of the Scheme (i.e. theoretical cash equivalent).</p> <p>After allowing for discounts which are commonly applied in practice, the Independent Expert has stated in its opinion, the realisable value of the Scrip Consideration Options immediately post implementation of the Scheme is likely to be materially less than:</p> <ul style="list-style-type: none"> ● the Cash Consideration; and 	A copy of the Independent Expert's Report is contained in Appendix B.

²⁵ Aggregate holdings at 31 August 2023.

²⁶ As announced on 31 August 2023, Regal Funds Management had also provided a similar voting intention statement to Healthia but sold all of the Healthia Shares it held or controlled on 4 October 2023 to BW South Asia, Ltd. BW South Asia Ltd has not provided a voting intention statement to Healthia.

²⁷ The Independent Expert has assessed the underlying value of TopCo equity on a controlling interest basis at between \$1.41 and \$1.65 and the Mix-and-Match Option (assuming the maximum Cash Consideration proportion of 70%) at between \$1.68 and \$1.76, in each case immediately post implementation of the Scheme.

Question	Answer	More information
	<ul style="list-style-type: none"> its valuation of Healthia shares. <p>Having regard to the above, the Independent Expert has evaluated the Scheme by reference to the value of the Cash Consideration only.</p> <p>A complete copy of the Independent Expert's Report is included in Appendix B.</p>	
<p>Do the Healthia Directors have any specific views or recommendations for Healthia Shareholders on the Scrip Consideration Options?</p>	<p>No. The default form of consideration under the Scheme is the Cash Consideration which provides Healthia Shareholders with the opportunity to receive a cash payment of \$1.80 per Healthia Share for all of their Healthia Shares. The Healthia Directors have recommended that you approve the Scheme by voting in favour of the Scheme Resolution based on the quantum of the Cash Consideration.</p> <p>The Healthia Directors make no recommendation in relation to the Scrip Consideration Options, due to the speculative nature of the Class B Shares and the fact that whether the Scrip Considerations are appropriate will depend significantly on the characteristics and risk profile of the individual Healthia Shareholder.</p> <p>Eligible Healthia Shareholders who are considering making an Election to receive the Scrip Consideration Options should:</p> <ul style="list-style-type: none"> take into account the Maximum Scrip Threshold and the Scrip Scale Back set out in Section 6; take into account that the Class B Shares would be subject to the rights and restrictions (including a restraint on competitive activities) set out in the TopCo Shareholders' Deed and the TopCo Constitution, copies of which are set out in Appendix E and Appendix F and described in Section 9.7 of this Scheme Booklet; carefully consider the matters set out in Section 9 of this Scheme Booklet and the risk factors set out in Section 10 of this Scheme Booklet, noting that an investment in TopCo does not involve the same liquidity and other protections which shareholders have when investing in an ASX listed company; fees may be payable by TopCo to PEP where it provides services as described in Section 9.7; carefully consider the tax considerations set out in Section 11 of this Scheme Booklet and how they apply to the Scrip Consideration Options in comparison to the Cash Consideration; take into account the Independent Expert's Report and the views expressed in relation to the Class B Shares set out in Appendix B of this Scheme Booklet, noting the Independent Expert has concluded that the value of each of the Scrip Consideration Options is likely to be materially less than the Cash Consideration; note that after the first anniversary of the implementation of the Scheme, the TopCo Board will have the power to require a Class B shareholder in TopCo who holds shares which had, at the time of the implementation of the 	<p>Sections 2 and 3</p>

Question	Answer	More information
	<p>Scheme, an aggregate value of \$10,000 or less to dispose of their Class B Shares in TopCo at a fair market value price determined by the TopCo Board, or if the shareholder disputes that price, at the market value of the shares as determined by an independent expert. That is, such shareholders may be forced to sell their Class B Shares in TopCo in any event after one year following the implementation of the Scheme; and</p> <ul style="list-style-type: none"> consult with their appropriate legal, financial, tax or other professional advisers about whether an investment in TopCo meets their individual investment objectives. <p>Ultimately, your Healthia Directors consider that it is a matter for each Eligible Healthia Shareholder to decide whether or not to make an Election to receive the Scrip Consideration Options, having regard to their individual circumstances, financial situation, tax position, investment objectives and risk profile.</p>	
<p>What do the Healthia Directors and other key management personnel intend to do?</p>	<p>Healthia Directors Glen Richards, Paul Wilson, Darren Stewart, Wesley Coote, Lisa Roach and Colin Kangisser and key management personnel (identified and defined as 'Key Rolling Shareholders' in the Scheme Implementation Deed) have stated to Healthia that, subject to no Superior Proposal emerging and the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Healthia Shareholders, they will elect to participate in the Scrip Consideration Options for not less than a total of 15.74 million Healthia Shares (being, in aggregate, approximately 11% of the Healthia Shares²⁸) that they respectively hold or control.²⁹</p>	<p>Section 7.1</p>
<p>4 Information about PEP BidCo, TopCo and PEP</p>		
<p>Who is PEP BidCo?</p>	<p>Harold BidCo Pty Ltd ACN 670 606 827 (PEP BidCo) is a special purpose company that was incorporated on 17 August 2023 for the purpose of acquiring all of the Scheme Shares under the Scheme. PEP BidCo is an unlisted Australian proprietary company which is ultimately owned by funds advised by Pacific Equity Partners. It has not undertaken any trading activities and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme). All of the shares in PEP BidCo are owned by Harold MidCo Pty Ltd ACN 670 606 532 (MidCo) and it is a wholly owned subsidiary of Harold TopCo Ltd ACN 670 591 303 (TopCo). If the Scheme becomes Effective, PEP BidCo will hold all of the Scheme Shares on or shortly after the Implementation Date.</p>	<p>Section 9.</p>
<p>Who is PEP?</p>	<p>PEP was founded in 1998 and is a leading Australian based private equity firm which focuses on growth and expansion capital in Australia and New Zealand. The group manages or advises a number of unit trusts and limited</p>	<p>Section 9.</p>

²⁸ On a fully diluted basis.

²⁹ In aggregate, the Key Rolling Shareholders hold or control approximately 24.5% of the Healthia shares on a fully diluted basis.

Question	Answer	More information
	<p>partnerships operating as a single co-investment fund known as Pacific Equity Partners Fund VI or PEP Fund VI. Since 1998, PEP has managed or advised funds on 41 operating company investments and more than 150 bolt-on acquisitions across a broad range of industries. As at the date of this Scheme Booklet, PEP has approximately A\$8 billion in assets under management.</p>	
<p>Who is TopCo?</p>	<p>TopCo is a special purpose company that was incorporated on 17 August 2023 for the purposes of:</p> <ul style="list-style-type: none"> ● directly holding all of the shares in HoldCo and indirectly holding all of the shares in MidCo and PEP BidCo; and ● issuing TopCo Shares to eligible Scheme Shareholders who make a valid Election. <p>TopCo is an unlisted Australian public company which is ultimately owned by funds advised by Pacific Equity Partners. It has not undertaken any trading activities, and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme).</p>	<p>Section 9.</p>
<p>What is a Class B Share?</p>	<p>Under the Scheme, Healthia Shareholders (other than Ineligible Foreign Shareholders) may elect to receive Scrip Consideration in respect of 30% to 100% of their Healthia Shares.</p> <p>If an eligible Healthia Shareholder makes a valid Election for Scrip Consideration and TopCo has an obligation to issue Class B Shares to that Healthia Shareholder, that Healthia Shareholder will, on the Implementation Date, become a beneficial holder of Class B Shares. Class B Shares will be held by the Nominee on behalf of eligible Scheme Shareholders who make a valid Election for Scrip Consideration.</p> <p>Class B Shares will be ordinary shares issued as fully paid and will rank equally (including from an economic perspective) with each other Class B Share and, unless otherwise provided in the TopCo Shareholders' Deed or the TopCo Constitution, with each other Class A Share, in each case, from an economic perspective.</p> <p>Class A Shares of TopCo will be held by PEP Shareholders and their affiliates.</p>	<p>Section 9.</p>
<p>What are PEP BidCo's intentions if the Scheme is implemented?</p>	<p>It is the current intention of PEP BidCo to continue Healthia's focus on its integrated allied healthcare business and largely operate Healthia in its current form while providing support to pursue organic and acquisition-based growth opportunities as appropriate.</p> <p>Among other things, PEP BidCo also intends to, following implementation of the Scheme:</p> <ul style="list-style-type: none"> ● have the quotation of Healthia Shares on the ASX be terminated and Healthia removed from 	<p>Section 9.</p>

Question	Answer	More information
	<p>the official list of the ASX on around the Business Day following the Implementation Date;</p> <ul style="list-style-type: none"> ● not make any material changes to the current organisation structure, with current CEO Mr Wesley Coote continuing in his role; ● maintain Healthia's Clinic Class Share model; and ● replace Healthia's existing constitution with a constitution appropriate for a company limited by shares (and which is a subsidiary of TopCo). 	
What is the TopCo Shareholders' Deed?	Eligible Healthia Shareholders who make a valid Election to receive Class B Shares under the Scheme agree to be bound by the TopCo Shareholders' Deed. It will govern the respective rights and obligations of Class A and Class B TopCo Shareholders with respect to TopCo.	Section 9.
How is PEP BidCo funding the Scheme Consideration?	PEP BidCo will fund the Scheme Consideration through a mix of debt and equity financing. It has entered into an Equity Commitment Letter under which each of the entities constituting the Fund irrevocably committed to pay TopCo (by subscribing to fully paid Class A shares issued by TopCo) amounts necessary to meet PEP BidCo's obligations to fund the Scheme Consideration, less any amount to be contributed by the Syndicated Acquisition Facilities. PEP BidCo has also obtained commitments to provide debt facilities from Deutsche Bank AG, Sydney Branch, National Australia Bank Limited and Commonwealth Bank of Australia, including for a facility of \$145 million for the purpose of funding the acquisition of Scheme Shares.	Section 9.
5 Scheme Meeting and Voting Requirements		
What is the Scheme Resolution?	The Scheme Resolution is a resolution to approve the Scheme. It will be voted on at the Scheme Meeting and is set out in the Notice of Scheme Meeting at Appendix A.	The Notice of Scheme Meeting contained in Appendix A sets out further details on the Scheme Meeting.
What voting majority is required to approve the Scheme?	<p>The Scheme needs to be approved by the requisite majorities of Healthia Shareholders at the Scheme Meeting, which is:</p> <ul style="list-style-type: none"> ● at least 75% of the total number of votes cast on the Scheme Resolution (in person, online, or by proxy, corporate representative or attorney), where each Healthia Share carries one vote; and ● a majority in number (more than 50%) of Healthia Shareholders present and voting (in person, online or by proxy, corporate representative or attorney), where each Healthia Shareholder counts as one vote. <p>The Court has the discretion to waive the second of these two requirements if it considers it appropriate to do so. If the Scheme is not approved by the requisite majorities of Healthia Shareholders and approved by the Court, the Scheme will not proceed.</p>	Section 5.2.
Am I entitled to vote?	Each Healthia Shareholder who is registered on the Healthia Share Register as at the Meeting Record Date, is entitled to vote at the Scheme Meeting.	The Notice of Scheme Meeting contained in Appendix A sets out further details on your entitlement to vote at the Scheme Meeting.

Question	Answer	More information
<p>What are my options?</p>	<p>You may:</p> <ul style="list-style-type: none"> ● vote for or against the Scheme Resolution to approve the Scheme (in person, online, or by proxy, corporate representative or attorney); or ● make no Election to receive Scrip Consideration or ● elect to receive the All Scrip Consideration or the Mix-and-Match Consideration regardless of whether you vote in favour of or against the Scheme or abstain; or ● sell your Healthia Shares on-market before the Effective Date or off-market before the Scheme Record Date; or ● abstain or do nothing, in which case: <ul style="list-style-type: none"> ○ if the Scheme becomes Effective, your Healthia Shares will be transferred to PEP BidCo and you will receive the Cash Consideration for all of your Healthia Shares held on the Scheme Record Date; and ○ if the Scheme does not become Effective, you will continue to hold your Healthia Shares. <p>If you are an eligible Healthia Shareholder and you wish to receive a Scrip Consideration Option instead of the Cash Consideration, you will need to complete and return a valid Election Form in accordance with the instructions on that Election Form by no later than the Election Date (currently expected to be 5.00pm AEDT (Sydney) on Wednesday 15 November 2023). You do not need to complete an Election Form if you wish to receive the Cash Consideration.</p>	<p>Section 3 provides a summary of some of the reasons why Healthia Shareholders might vote for and against the Scheme, as well as some additional considerations that may be relevant to Healthia Shareholders' vote in respect of the Scheme.</p>
<p>Can I sell my Healthia Shares now?</p>	<p>Yes. You can sell your Healthia Shares on market at any time before the close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration). You will not be able to sell your Healthia Shares on market after the Effective Date, as this will be the last day of trading in Healthia Shares on the ASX before trading in Healthia Shares on the ASX is suspended.</p> <p>You may however seek to sell your Healthia Shares off-market after the Effective Date but before the Scheme Record Date.</p> <p>If you sell your Healthia Shares before the Scheme Record Date, you:</p> <ul style="list-style-type: none"> ● may receive the proceeds from the sale of your Healthia Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration); ● may incur brokerage costs if you sell your Healthia Shares on market; and ● will not be able to participate in the Scheme or a Superior Proposal, if one emerges after the date on which you sell your Healthia Shares. 	<p>N/A</p>

Question	Answer	More information
How do I vote?	<p>You can vote on the Scheme Resolution:</p> <ul style="list-style-type: none"> ● in person, by personally attending the Scheme Meeting; ● online if you attend the Scheme Meeting virtually via the online meeting platform by entering the following URL https://meetings.linkgroup.com/HLASM23 into a web browser on your computer, tablet or smartphone; or ● by appointing a proxy (including by completing and returning the Proxy Form or lodging your proxy online before 10.00am AEST (Brisbane) on Monday 20 November 2023) or an attorney to participate on your behalf. You may also vote by corporate representative if that option is available to you. 	Section 5.5 and the Notice of Scheme Meeting contained in Appendix A set out further details on how to vote at the Scheme Meeting.
Is voting compulsory?	No. Voting is not compulsory. However, Healthia Directors believe that the Scheme is important for all Healthia Shareholders and the Healthia Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders.	The reasons for the Healthia Directors' unanimous recommendation and other matters that you may wish to consider are outlined in Section 3.
Why should I vote in favour of the Scheme?	Section 3.2 sets out some of the reasons as to why the Healthia Directors consider that you should vote in favour of the Scheme.	Section 3.2.
Why might I consider voting against the Scheme?	Section 3.3 sets out some of the reasons which may lead you to consider voting against the Scheme.	Section 3.3.
When and where will the Scheme Meeting be held?	The Scheme Meeting is currently expected to be held at 10.00am AEST (Brisbane) on Wednesday 22 November 2023 in person at the Inchcolm by Ovolo at 73 Wickham Terrace, Spring Hill QLD 4000 and online via the online meeting platform at https://meetings.linkgroup.com/HLASM23 .	Section 5.1 and the Notice of Scheme Meeting contained in Appendix A set out further details on the Scheme Meeting.
When will the result of the Scheme Meeting be known?	<p>The result of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX as soon as practicable.</p> <p>Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to approval of the Court.</p>	Section 0.
What happens to my Healthia Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective?	<p>If the Scheme becomes Effective and you are a Healthia Shareholder as at the Scheme Record Date, your Healthia Shares will be transferred pursuant to the Scheme and you will be entitled to receive the Scheme Consideration for your Healthia Shares. This is even if you did not vote, or voted against the Scheme.</p> <p>If the Scheme is not approved by Healthia Shareholders and the Court and does not become Effective, you will remain a Healthia Shareholder.</p>	Section 3.4.
What can I do if I oppose the Scheme?	<p>If you, as a Healthia Shareholder, oppose the Scheme, you may:</p> <ul style="list-style-type: none"> ● call the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia) to obtain further information; 	See Important notices, Section 3.3, Appendix A.

Question	Answer	More information
	<ul style="list-style-type: none"> attend the Scheme Meeting virtually, in person or by proxy, representative or attorney and vote against the relevant Scheme Resolution; and/or if Healthia Shareholders pass the Scheme Resolution at the Scheme Meeting and you wish to appear and be heard at the hearing on the Second Court Date, you must lodge Appearance Form (Form 6A) to appear at such hearing and indicate opposition to the Scheme. You should seek professional advice as to how to do this. 	
6	Clinic Class Shares	
<p>What will happen to Healthia's existing Clinic Class Shares if the Scheme becomes Effective?</p>	<p>PEP BidCo considers that Healthia's Clinic Class Shareholders are critical partners for its business and that the Clinic Class Shareholder model is important to Healthia's organic and acquisition-based growth opportunities outlined above. If the Scheme becomes Effective, it will not affect Healthia's Clinic Class Shareholder model and Clinic Class Shareholders will continue to hold their existing Clinic Class Shares.</p>	<p>Section 9.5</p>
7	Implementation of the Scheme	
<p>What will happen to Healthia if the Scheme becomes Effective?</p>	<p>If the Scheme becomes Effective, all of the Healthia Shares will be acquired by PEP BidCo and it is intended that Healthia will be removed from ASX's official list.</p>	<p>Section 7.</p>
<p>Are there conditions that need to be satisfied before the Scheme can proceed?</p>	<p>Yes. Implementation of the Scheme is subject to the satisfaction or waiver (as applicable) of a number of Conditions Precedent including:</p> <ul style="list-style-type: none"> Healthia Shareholder approval; approval by the Court; approval by the Foreign Investment Review Board; an Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders; no Material Adverse Change; no Prescribed Occurrences³⁰; no regulatory restraints; the Key Rolling Shareholders electing to receive Scheme Scrip Consideration for some or all of their holdings, representing not less than 15.74 million Healthia Shares in aggregate; and all outstanding performance rights vesting and being converted into Healthia Shares. <p>These Conditions Precedent are summarised in Section 7.1a) and set out in full in clause 3.1 of the Scheme Implementation Deed.</p> <p>As at the date of this Scheme Booklet, the Healthia Directors are not aware of any reason why any Condition</p>	<p>Section 7.</p>

³⁰ As that term is defined in the attached Scheme Implementation Deed, which includes statutory prescribed occurrences and other limbs including that Adjusted Net Debt will not exceed \$105 million.

Question	Answer	More information
	Precedent will not be satisfied or waived (if capable of waiver).	
When will the Scheme become Effective?	<p>The Scheme will become Effective if:</p> <ul style="list-style-type: none"> ● the Scheme is approved by the Requisite Majorities of Healthia Shareholders at the Scheme Meeting; ● the Court approves the Scheme on the Second Court Date; and ● all other Conditions Precedent are satisfied or waived (as applicable). <p>Subject to the above, the Scheme will become Effective on the Effective Date.</p>	Sections 3.4c) and 7.1.
When will Healthia Shares cease trading on the ASX?	Healthia Shares are expected to cease trading on the ASX from the close of trading on the Effective Date.	Sections 7.3d) and 12.2.
When will I receive the Scheme Consideration?	<p>If the Scheme becomes Effective, the Scheme Consideration will be provided to Scheme Shareholders on the Implementation Date.</p> <p>If the Scheme is not approved by the Requisite Majorities of Healthia Shareholders or the Court, the Scheme Consideration will not be provided.</p>	Section 1.
How will I be paid the Cash Consideration?	<p>All cash payments will be made by direct deposit into your nominated Australian bank account, as advised to the Healthia Registry as at the Scheme Record Date.</p> <p>If you have not nominated an Australian bank account, payment will be made by Australian dollar cheque sent by post to your Registered Address as shown on the Healthia Share Register.</p> <p>You can review and update your bank account details online at https://investorcentre.linkgroup.com before the Scheme Record Date.</p> <p>If you do not have an Australian bank account and are not able to bank the Australian dollar cheque, you may wish to register with OFX to have your payment paid to your currency of choice. Please visit https://www.ofx.com/linkmarketservices to get started with your registration. If you choose to use this service, you are entering into an arrangement directly with OFX for the conversion of your payment into the relevant foreign currency subject to certain terms and conditions, to which you would need to agree.</p>	Section 7.3g).
What are the tax implications of the Scheme?	<p>If the Scheme becomes Effective, there may be tax consequences for Scheme Shareholders which may include tax being payable on any gain or disposal of Healthia Shares.</p> <p>For further general information about the Australian tax consequences of the Scheme for certain Healthia Shareholders, see Section 11.</p> <p>The tax treatment may vary depending on your individual circumstances. Healthia encourages you to seek independent professional taxation advice in relation to your particular circumstances.</p>	Section 11.
Will I have to pay brokerage or stamp duty?	No, you will not have to pay brokerage or stamp duty if your Healthia Shares are acquired under the Scheme.	Section 3.2h)
What happens if the Scheme is not approved?	If the Scheme is not approved by the Requisite Majorities of Healthia Shareholders, or the Court, the Scheme will not proceed.	Section 5.2.

Question	Answer	More information
	<p>If the Scheme does not proceed:</p> <ul style="list-style-type: none"> ● the Scheme Consideration will not be provided to Scheme Shareholders; ● PEP BidCo will not acquire the Scheme Shares; ● Healthia will continue to be listed on the ASX; and ● you will continue to be a Healthia Shareholder and participate in the future financial performance of Healthia's business and continue to be subject to the specific risks associated with Healthia's business and other general risks. Details of these risks are set out in Sections 10.2 and 10.3. <p>The Scheme provides Healthia Shareholders with the opportunity to avoid these risks and uncertainties and allows Healthia Shareholders to fully exit their investment in Healthia at a price that the Healthia Board considers attractive.</p>	
<p>What happens if a Competing Proposal for Healthia emerges?</p>	<p>Although no Competing Proposal has emerged as at the date of this Scheme Booklet, if an unsolicited Competing Proposal for Healthia is received before the Scheme Meeting, the Healthia Directors will carefully consider it to determine whether it is a Superior Proposal and will inform you of any material developments.</p> <p>Healthia must notify PEP BidCo of, and PEP BidCo has a right to match, any Competing Proposal in accordance with the Scheme Implementation Deed.</p> <p>Healthia Shareholders should note that Healthia has agreed to certain exclusivity and break fee provisions in favour of PEP BidCo under the Scheme Implementation Deed.</p>	<p>Section 7.1.</p>
<p>When will the Break Fee be payable?</p>	<p>Healthia will be obliged to pay PEP BidCo the Break Fee in certain circumstances, including if during the Exclusivity Period, subject to certain exceptions, any Healthia Director withdraws, adversely changes, adversely modifies or adversely qualifies their recommendation to vote in favour of the Scheme or indicates they no longer recommend the Transaction or recommends, supports or endorses a Competing Proposal.</p>	<p>Sections 3.4f) and 7.1d) set out a detailed explanation of circumstances in which the Break Fee is payable.</p>
<p>8</p>	<p>Further information</p>	
<p>Where can I get further information?</p>	<p>For further information, you can call the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia) on Business Days at any time between 8.30am and 5.30pm AEDT (Sydney) on Monday to Friday..</p>	<p>Section 8.9.</p>



Section 5

SCHEME MEETING DETAILS AND INSTRUCTIONS ON HOW TO VOTE AND HOW TO MAKE AN ELECTION



5. Scheme Meeting details and instructions on how to vote and how to make an Election

5.1 Scheme Meeting details

The notice convening the Scheme Meeting is attached at Appendix A to this Scheme Booklet. A personalised Proxy Form for the Scheme Meeting accompanies this Scheme Booklet. The Proxy Form contains a control number that you will need if you wish to lodge your proxy online.

The Scheme Meeting is currently expected to be held at 10.00am AEST (Brisbane) on, Wednesday 22 November 2023, virtually through the online meeting platform at <https://meetings.linkgroup.com/HLASM23> and in person at the Inchcolm by Ovolo at 73 Wickham Terrace, Spring Hill QLD 4000.

Instructions on how to ask questions during the Scheme Meeting are outlined in the Notice of Scheme Meeting in Appendix A. Please note, only Healthia Shareholders may ask questions online and only once they have been verified. It may not be possible to respond to all questions raised during the Scheme Meeting. Healthia Shareholders are therefore encouraged to lodge questions prior to the Scheme Meeting at <https://investorcentre.linkgroup.com> by 10.00am AEST (Brisbane), Monday 20 November 2023.

5.2 Requisite Majorities

The Scheme needs to be approved by the Requisite Majorities of Healthia Shareholders at the Scheme Meeting, which is:

- at least 75% of the total number of votes cast on the Scheme Resolution by Healthia Shareholders present and voting (either in person or virtually (as applicable)), or by proxy, corporate representative or attorney); and
- a majority in number (more than 50%) of Healthia Shareholders present and voting (in person or virtually (as applicable), or by proxy, corporate representative or attorney) at the Scheme Meeting.

The Court has the discretion to waive the second of these two requirements if it considers it appropriate to do so.

If the Scheme is not approved by the Requisite Majorities of Healthia Shareholders and approved by the Court, the Scheme will not proceed.

5.3 Your vote is important

Healthia Directors urge Healthia Shareholders to vote on the Scheme Resolution. The Scheme affects your shareholding in Healthia and your vote on the Scheme Resolution is important in determining whether the Scheme becomes Effective.

5.4 Voting entitlements

Healthia Shareholders registered on the Healthia Share Register on the Meeting Record Date (currently expected to be 7.00pm AEDT (Sydney) on Monday 20 November 2023) will be entitled to vote at the Scheme Meeting.

5.5 How to vote

a) Voting in person

To vote in person at the Scheme Meeting, Healthia Shareholders must attend the Scheme Meeting. A Healthia Shareholder entitled to attend and vote at the Scheme Meeting will be admitted to the Scheme Meeting upon providing evidence of his or her name and address at the point of entry to the Scheme Meeting.

b) Voting online

Healthia Shareholders participating in the Scheme Meeting using the online meeting platform will be able to vote between the commencement of the Scheme Meeting and the closure of voting as announced by the Chair during the Scheme Meeting. If you are unable to attend, you may also lodge your vote online at <https://investorcentre.linkgroup.com>.

If you choose to participate in the Scheme Meeting online, registration will open at 9.30am AEST (Brisbane) on Wednesday 22 November 2023. To participate in the Scheme Meeting online, you can log in to the Scheme Meeting from your computer, or from your mobile device by entering the following URL into your web browser on your computer, tablet or smartphone: <https://meetings.linkgroup.com/HLASM23>.

Once on the meeting platform, Healthia Shareholders will need the following information to vote or ask questions during the Scheme Meeting in real-time:

1. Your Shareholder Reference Number (SRN) or Holder Identification Number (HIN).
2. Your postcode registered to your holding if you are an Australian Healthia Shareholder.
3. Overseas Healthia Shareholders should select the country of domicile.

c) Voting by proxy

A Proxy Form is enclosed with this Scheme Booklet.

Healthia Shareholders wishing to appoint a proxy to attend and vote at the Scheme Meeting must complete and return the Proxy Form in accordance with the instructions on the Proxy Form. The Proxy Form contains a control number that you will need if you wish to lodge your proxy online.

There are a number of ways Proxy Forms may be submitted. Proxy Forms may be lodged using one or more of the following methods:

Method	Instructions
Online	Lodge your vote online at https://meetings.linkgroup.com/HLASM23 Login to the Link Market Services website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, Healthia Shareholders will need their "Holder Identifier" ("Securityholder Reference Number" or "Holder Identification Number" as shown on the front of the Proxy Form).
Mobile device	The Healthia Registry voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code on the Proxy Form or by entering the voting link https://investorcentre.linkgroup.com into your mobile device. Log in using the 'Holder Identifier' and postcode for your Healthia Shares. To scan the code on the Proxy Form you will need a QR code reader application which can be downloaded for free on your mobile device.
Mail	Healthia Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia
Fax	+61 2 9287 0309
Hand delivery	Deliver during business hours (Monday to Friday, 9.00am - 5.00pm) to Link Market Services Limited, Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150

Proxy Forms must be received by the Healthia Registry by the Last Date for Proxy Forms. If you have an attorney sign a Proxy Form on your behalf, the original or a certified copy of the power of attorney or other evidence of your attorney's authority must be received by the Healthia Registry at the same time as the Proxy Form (unless previously provided to the Healthia Registry).

A proxy will be admitted to the Scheme Meeting upon providing evidence of their name and address at the point of entry to the Scheme Meeting.

Healthia Shareholders who have returned a Proxy Form may revoke the proxy by attending and voting at the Scheme Meeting.

d) Voting by attorney

Healthia Shareholders wishing to appoint an attorney to attend and vote at the Scheme Meeting on their behalf must, if they have not already done so, deliver an instrument appointing the attorney to the Healthia Registry by no later than 10.00am AEST (Brisbane) on the Last Date for Proxy Forms (currently expected to be Monday 20 November 2023). Persons attending the Scheme Meeting as an attorney should bring to the Scheme Meeting the original or a certified copy of the instrument under which they have been appointed as an attorney and authorised to attend and vote at the Scheme Meeting.

e) Voting by corporate representative

Healthia Shareholders who are bodies corporate may have a corporate representative attend and vote at a Scheme Meeting on their behalf. The appointment must comply with section 250D of the Corporations Act. Persons attending a Scheme Meeting as a corporate representative should bring to the Scheme Meeting evidence of their appointment, including any authority under which the document appointing them as corporate representative was signed.

5.6 Scheme Consideration Elections

You do not need to make an Election if you wish to receive the All Cash Consideration.

If you wish to receive a Scrip Consideration Option, you can make an Election by completing the Election Form (sent with this Scheme Booklet) and returning it in accordance with the instructions on the Election Form so that it is received by the Healthia Registry by no later than the Election Date (currently expected to be 5.00pm AEDT (Sydney) on Wednesday 15 November 2023).

An Election to receive the Scrip Consideration will only be valid if it is received by the Healthia Registry by the Election Date for at least 30% of your Healthia Shares. If you do not make a valid Election you will be deemed to have elected to receive the Cash Consideration. Under the Scheme, the Election will apply to a number of Healthia Shares calculated by applying the Elected percentage to the higher of your holding on the Election Date and the Scheme Record Date, provided it does not exceed your holding at the Scheme Record Date.

If you are an Ineligible Foreign Shareholder or a person who becomes a Healthia Shareholder after the Election Date you will also be deemed to have elected to receive the Cash Consideration.

If you need a replacement, a new Election Form may be requested by calling the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or 1800 990 475 (outside Australia).

You may also change your Election by completing and returning a new Election Form in accordance with the instructions on the Election Form. A new Election Form may be requested by calling the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or 1800 990 475 (outside Australia). Where a Healthia Shareholder returns more than one Election Form, the last valid Election Form that is received by the Healthia Registry before the Election Date will be treated as revoking for all purposes any other Election Form and will be used to determine your Election.

An Election can also be completed using the online election website outlined below. To complete this you will need your Security Reference Number or Holder Identification Number (SRN/HIN) and personal holder information to verify your holding before you can make your election. If you complete your election online you will not have to return your election form.

TO BE VALID, ELECTION FORMS OR AMENDED ELECTION FORMS MUST BE RECEIVED BY THE HEALTHIA REGISTRY BY NO LATER THAN THE ELECTION DATE (CURRENTLY EXPECTED TO BE 5.00PM AEDT (SYDNEY) ON WEDNESDAY 15 NOVEMBER 2023).

There are a number of ways Election Forms may be submitted:

Method	Instructions
Online	https://events.miraqle.com/hla-scheme
Mail	Healthia Limited C/-Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
Hand delivery	Deliver during business hours (Monday to Friday, 9:00am – 5:00pm) to Link Market Services Limited Locked Bag A14 Level 12 Sydney South NSW 1235 680 George Street Australia Sydney NSW 2000

Elections are subject to the Scheme becoming Effective, the Maximum Scrip Threshold and the operation of a pro rata Scrip Scale Back if the Maximum Scrip Threshold is exceeded. Therefore, even if you make a valid Election to receive a Scrip Consideration Option, there is no guarantee that you will receive any or all of it.

Healthia will announce the indicative results of the Election process to the ASX, including whether the Scrip Scale Back applies. The announcement is currently expected to be made on Thursday 16 November 2023.

Scheme Shareholders who make an Election to receive a Scrip Consideration Option agree to become members of TopCo and to be bound by the terms of the TopCo Constitution and the TopCo Shareholders' Deed. For copies of the TopCo Constitution and the TopCo Shareholders' Deed, see Appendix E and Appendix F.

You should read this Scheme Booklet in full before making an Election to receive a Scrip Consideration Option. You may also consider obtaining appropriate independent professional advice before making such an Election.

5.7 Further information

Please refer to the Notice of Scheme Meeting set out in Appendix A for further information on voting procedures and details of the Scheme Resolution to be voted on at the Scheme Meeting (including who is entitled to vote on the Scheme Resolution).



Section 6

TRANSACTION OVERVIEW



6. Transaction overview

6.1 Background

On 31 August 2023, Healthia announced that it had entered into a Scheme Implementation Deed with PEP BidCo under which it is proposed that PEP BidCo will acquire 100% of Healthia Shares³¹, subject to Healthia Shareholder and Court approval, and the satisfaction or waiver of a number of other Conditions Precedent. The Scheme Implementation Deed contains terms and conditions that are standard for these types of agreements, including in relation to the parties' obligations to implement the Scheme and Healthia's obligation to conduct its business in the ordinary course during the Scheme process.

The Scheme Implementation Deed sets out a framework for Healthia to propose a scheme of arrangement between itself and Healthia Shareholders under which PEP BidCo will acquire all of the Healthia Shares on issue as at the Scheme Record Date.

Healthia appointed Monash Advisory as its financial adviser and Clayton Utz as its legal adviser to help coordinate its discussions and negotiations with PEP BidCo with a view to maximising Healthia Shareholder value.

Having carefully considered PEP BidCo's proposal, the Healthia Directors unanimously recommend, based on the quantum of Cash Consideration, that Healthia Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Healthia Shareholders.³² Subject to those same qualifications, each of the Healthia Directors intend to vote all the Healthia Shares they hold or control in favour of the Scheme.

In forming their unanimous recommendation, the Healthia Directors have carefully considered the expected advantages of the Scheme and potential reasons to vote against the Scheme. These considerations are discussed in Section 3.

The key terms of the Scheme Implementation Deed are summarised in Section 7.1. A full copy of the Scheme Implementation Deed, as lodged with the ASX on 31 August 2023, may be obtained by calling the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia) or from Healthia's website: <https://www.healthia.com.au/>.

6.2 What will happen under the Scheme?

If the Scheme is approved by Healthia Shareholders and the Court (as discussed in Sections 5.2 and 7) and subject to the satisfaction or waiver (where capable of waiver) of the other Conditions Precedent in accordance with the terms of the Scheme Implementation Deed, all Healthia Shareholders who hold Healthia Shares as at the Scheme Record Date will participate in the Scheme, whether or not they voted for the Scheme (and even if they did not vote or voted against the Scheme).

If the Scheme becomes Effective:

- Healthia Shares will cease trading on ASX at the close of trading on the Effective Date;
- on the Implementation Date:
 - all Scheme Shares will be transferred to PEP BidCo (without any need for action by Scheme Shareholders); and
 - each Scheme Shareholder will receive the Scheme Consideration in exchange for each Scheme Share held by that Scheme Shareholder at the Scheme Record Date; and
- Healthia will be removed from the official list of the ASX and will cease to be listed on the ASX by the close of trading on the trading day immediately following the Implementation Date.

The detailed terms of the Scheme are set out in the Scheme Implementation Deed and the attachments to it. In support of its obligations to provide or procure the provision of the Scheme Consideration under the Scheme Implementation Deed, PEP BidCo and TopCo have executed the Deed Poll in favour of Healthia Shareholders, a copy of which is attached at Appendix D.

For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities of Healthia Shareholders and the Scheme must be approved by the Court. There are also other Conditions Precedent that need to be satisfied before the Scheme proceeds. The key Conditions Precedent are outlined in Section 7.1a).

³¹ On a fully diluted basis.

³² You should note when considering this recommendation the interests of each Healthia Director, including in Healthia Shares and Healthia Performance Rights, as set out in Sections 3.2a), 7.2 and 12.5 of this Scheme Booklet.

As noted above, if the Scheme is approved by the Requisite Majorities of Healthia Shareholders and by the Court and all other Conditions Precedent are satisfied or waived (where capable of being waived), then Healthia will become a wholly owned subsidiary of PEP BidCo and will be delisted from the ASX.

If the Scheme is not approved, then the Scheme will not be implemented, and:

- Healthia Shareholders will continue to hold Healthia Shares and will be exposed to general risks as well as risks specific to the Healthia Group, including those set out in section 10;
- Healthia Shareholders will not receive the Scheme Consideration;
- a Break Fee of \$2,600,000 may be payable by the Healthia Group to PEP BidCo under certain circumstances. The Break Fee will not be payable solely because Healthia Shareholders fail to approve the Scheme at the Scheme Meeting. Further information on the Break Fee is set out in section 7.1d);
- Healthia will continue as a stand-alone entity listed on the ASX with management continuing to implement the business plan and financial and operating strategies it had in place prior to 31 August 2023, being the date of announcement of the Scheme to the ASX; and
- the price of a Healthia Share on the ASX will continue to be subject to market volatility and may fall in the absence of a Superior Proposal.

6.3 What you will receive

If the Scheme becomes Effective and is implemented, Healthia Shareholders will receive the Scheme Consideration. The Scheme Consideration comprises the Cash Consideration, or may comprise or include the Scrip Consideration if you make a valid Election.

a) Cash Consideration

If the Scheme becomes Effective, each Healthia Shareholder (other than those who make a valid Election to receive a Scrip Consideration Option) will receive the Cash Consideration of \$1.80 for each Healthia Share held by that Healthia Shareholder as at the Scheme Record Date.

The default form of consideration under the Scheme is the Cash Consideration which provides Healthia Shareholders who participate in the Scheme with the opportunity to receive cash payments of \$1.80 per Healthia Share for all of their Healthia Shares. Healthia Shareholders do not need to make any Election to receive the Cash Consideration for all of their Healthia Shares. Under the Scheme, a Healthia Shareholder will receive the Cash Consideration for all the Healthia Shares held by that Healthia Shareholder on the Scheme Record Date in the absence of a valid Election to receive a Scrip Consideration Option. Ineligible Foreign Shareholders and persons who become Healthia Shareholders after the Election Date will also be deemed to have elected to receive the Cash Consideration.

It is important to note that if a Healthia Shareholder sells their Healthia Shares before the Scheme Record Date, they will not receive the Cash Consideration.

The Cash Consideration will be paid to Scheme Shareholders on the Implementation Date.

b) Scrip Consideration Options

As an alternative to receiving all Cash Consideration, Healthia Shareholders³³ have the option to elect to receive one of the scrip consideration options below that would enable Healthia Shareholders to retain an interest in the Healthia business after the proposed Scheme has been implemented.

Under the Scrip Consideration Options, Healthia Shareholders can elect to receive one of the following:

- All Scrip Consideration: 1 Class B Share in Topco, an unlisted newly incorporated Australian entity, for each Healthia Share held, subject to any scale back to ensure that the total number of Class B Shares do not exceed 30% of the total shares on issue in TopCo; or
- Mix-and-Match Consideration: Healthia Shareholders can elect to receive 1 Class B Shares in TopCo for each Healthia Share held in respect of between 30% and 100% of their Healthia Shares (subject to the Scrip Scale Back) and \$1.80 in cash for each remaining Healthia Share.

An Election to receive the Scrip Consideration will only be valid if you have made a valid Election as at the Election Date for at least 30% of your Healthia Shares. Unless the 30% threshold is satisfied, you will not receive the Scrip Consideration and will receive the

³³ Other than Ineligible Foreign Shareholders.

Cash Consideration for each of your Healthia Shares. Under the Scheme, the Election will apply to a number of Healthia Shares calculated by applying the Elected percentage to the higher of your holding on the Election Date and the Scheme Record Date, provided it does not exceed your holding at the Scheme Record Date.

In each of the Scrip Consideration Options, the Scrip Consideration will be 1 Class B Share per Scheme Share subject to the Maximum Scrip Threshold and the operation of a pro rata Scrip Scale Back if the Maximum Scrip Threshold is exceeded.

Healthia Shareholders should note the Independent Expert's assessment of the Scrip Consideration.

Healthia Shareholders who make a valid Election and receive a Scrip Consideration Option will become parties to the TopCo Shareholders' Deed and subject to the TopCo Constitution. Under the terms of the TopCo Shareholders' Deed, TopCo Shareholders will have different rights to those currently applicable to their Healthia Shares. The ultimate capital structure of TopCo depends on a number of factors, including the number of valid Elections received. Please refer to Section 9.6 for further information about the Class B Shares and illustrative examples of the possible TopCo capital structure, and Section 10 of this Scheme Booklet for further information on the risks associated with receiving the Scrip Consideration.

The Independent Expert has identified a number of factors that Healthia Shareholders should consider before making any election for a Scrip Consideration Option.

Healthia Shareholders should note that the Independent Expert has assessed the underlying value of the Scrip Consideration Options in the immediate or short term post implementation of the Scheme at between \$1.41 and \$1.76 per Healthia share.³⁴ This assessment of underlying value assumes the holder of TopCo Shares has 100% control of TopCo and an unfettered ability to transact in the equity securities. It is important for Healthia Shareholders to note that the underlying values do not incorporate any minority interest or lack of marketability / illiquidity discounts and accordingly, do not represent the values that may be realised if they theoretically sought to dispose of the TopCo Shares in the immediate or short term post implementation of the Scheme (i.e. theoretical cash equivalent).

After allowing for discounts which are commonly applied in practice, the Independent Expert has stated in its opinion, the realisable value of the Scrip Consideration Options immediately post implementation of the Scheme is likely to be materially less than:

- the Cash Consideration;
- its valuation of Healthia shares.

Having regard to the above, the Independent Expert has evaluated the Scheme by reference to the value of the Cash Consideration only.

The Healthia Board makes no recommendation in relation to the Scrip Consideration Options, except to note that eligible Healthia Shareholders who are considering making an Election to receive a Scrip Consideration Option should:

- note that they will face risks that apply to an investment in TopCo that are materially different from, and in addition to, those risks that apply to their existing investment in Healthia as an ASX listed company;
- note that any dividends will be at the sole discretion of the TopCo Board, having regard to the capital requirements (as well as the debt financing arrangements) of the TopCo Group, with the intention that no dividends will be declared or paid for a period of three years after the Implementation Date;
- consider that there will be no public market for the trading of shares in TopCo (an unlisted public company) post-implementation of the Scheme nor is there expected to be any such market in the future;
- take into account the Independent Expert's Report and the views expressed in relation to the Class B Shares set out in Appendix B of this Scheme Booklet, noting the the Independent Expert has concluded that the value of each of the Scrip Consideration Options is likely to be materially less than the Cash Consideration;
- take into account the Maximum Scrip Threshold and the Scrip Scale Back set out in Section 6;
- take into account that there are restrictions on the disposal of Class B Shares under the TopCo Shareholders' Deed that will restrict Class B Shareholders from trading their shares in TopCo;
- take into account that holders of Class B Shares would be subject to the rights and restrictions (including a restraint on competitive activities) set out in the TopCo Shareholders' Deed and the TopCo Constitution, copies of which are set out in Appendix E and Appendix F and described in Section 9.7 of this Scheme Booklet, and will have fewer rights as a shareholder in TopCo when compared to your current investment in Healthia. The TopCo Shareholders Deed also includes a restraint on competitive activities or providing substantially similar products or services in any country in which TopCo operates whilst a Class B Shareholder and for a period of up to 3 years after disposing of those shares;

³⁴ The Independent Expert has assessed the underlying value of TopCo equity on a controlling interest basis at between \$1.41 and \$1.65 and the Mix-and-Match Option (assuming the maximum Cash Consideration proportion of 70%) at between \$1.68 and \$1.76, in each case immediately post implementation of the Scheme.

- Healthia Shareholders who receive Class B Shares under the Scheme will be subject to risks inherent in minority shareholdings (as Healthia Shareholders who receive shares in TopCo under the Scheme will collectively have no more than a 30% interest in TopCo);
- take into account the Independent Expert's Report and the views expressed in relation to the Class B Shares set out in Appendix B of this Scheme Booklet, noting the Independent Expert has concluded that the value of each of the Scrip Consideration Options is likely to be materially less than the Cash Consideration;
- note that after the first anniversary of the implementation of the Scheme, the TopCo Board will have the power to require a Class B shareholder in TopCo who holds shares which had, at the time of the implementation of the Scheme, an aggregate value of \$10,000 or less to dispose of their Class B Shares in TopCo at a fair market value price determined by the TopCo Board, or if the shareholder disputes that price, at the market value of the shares as determined by an independent expert. That is, such shareholders may be forced to sell their Class B Shares in TopCo in any event after one year following the implementation of the Scheme;
- note that fees may be payable to the PEP Shareholders (or an Affiliate of PEP) to the extent it enters into a management services agreement with TopCo as described in Section 9.7;
- carefully consider the matters set out in Section 9 of this Scheme Booklet and the risk factors set out in Section 10 of this Scheme Booklet,
- consider the potential taxation implications under Australian income tax law and foreign tax laws in connection with the Scrip Consideration Options (see the Taxation Report set out in Section 11 for Australian tax implications); and
- consult with their appropriate legal, financial, tax or other professional advisers about whether an investment in TopCo meets their individual investment objectives.

Ultimately, the Healthia Board considers that it is a matter for each eligible Healthia Shareholder to decide whether or not to make an Election to receive a Scrip Consideration Option, having regard to their individual circumstances, financial situation, tax position, investment objectives and risk profile.

There is no assurance that the future value of the Class B Shares will be equal to or higher than the value of the Cash Consideration.

It is important to note that if a Healthia Shareholder sells their Healthia Shares before the Scheme Record Date, they will not receive the Scrip Consideration.

The Scrip Consideration will be paid to Scheme Shareholders on the Implementation Date, subject to the Maximum Scrip Threshold and the application of any pro rata Scrip Scale Back. Scheme Shareholders who have been issued Scrip Consideration will be sent a share certificate or holding statement shortly thereafter, to their Registered Address as it appears on the Healthia Share Register.

TopCo intends to appoint the Nominee, Pacific Custodians Pty Ltd, an independent third party trustee to hold Class B Shares on bare trust for Class B Shareholders in accordance with the terms of the TopCo Shareholders' Deed and Nominee Deed.

The intention of the nominee arrangements is that the Class B Shareholders will still have the rights as set out in the TopCo Shareholders' Deed, as if the Class B Shareholder were holding the Class B Shares directly, even if they transfer legal title to their Class B Shares to the Nominee.

c) Scrip Scale Back

The Scrip Consideration Options are also subject to a pro rata Scrip Scale Back that may apply depending on the number of valid Elections made by eligible Healthia Shareholders to receive the Scrip Consideration Options.

The Scrip Scale Back will apply if Elections made by eligible Healthia Shareholders would result in Healthia Shareholders holding, in aggregate, more than 30% of the total issued capital of TopCo on the implementation of the Scheme, being the Maximum Scrip Threshold. In these circumstances, the Scrip Scale Back will apply to ensure that the total number of Class B Shares issued under the Scheme does not exceed the Maximum Scrip Threshold.

Where the Scrip Scale Back applies, each Scheme Shareholder who makes a valid Election will receive the number of Class B Shares as reduced by the pro rata scale back (with any fractions rounded down to the nearest whole number of Class B Shares) and will receive the Cash Consideration for each Healthia Share in respect of which Scrip Consideration is not issued.

d) TopCo Shareholders' Deed

Eligible Healthia Shareholders who elect to receive a Scrip Consideration Option and, as a result, receive Class B Shares will become parties to the TopCo Shareholders' Deed. A summary of the TopCo Shareholders' Deed and a summary of the rights attaching to the Class B Shares is set out in Section 9.7. A copy of the TopCo Shareholders' Deed is also attached at Appendix E.

e) How to make an Election to receive a Scrip Consideration Option

Eligible Healthia Shareholders can (subject to the conditions outlined above) make an Election to receive a Scrip Consideration Option by completing and returning an Election Form. An Election will only be valid if it is made using an Election Form and is received by the Healthia Registry by no later than the Election Date (currently expected to be 5.00pm AEDT (Sydney) on Wednesday 15 November 2023). This form can be returned to;

Healthia Limited
C/-Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

An Election can also be completed using the online election website, <https://events.miraql.com/hla-scheme>. To complete this you will need your Security Reference Number or Holder Identification Number (SRN/HIN) and personal holder information to verify your holding before you can make your election. If you complete your election online you will not have to return your election form.

An Election Form will be sent to Healthia Shareholders with this Scheme Booklet. If required, Healthia Shareholders may contact the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or 1800 990 475 (outside Australia) on Business Days at any time between 8.30am and 5.30pm on Monday to Friday AEDT (Sydney) and request a new Election Form be sent to them.

An eligible Healthia Shareholder who makes an Election may subsequently vary or withdraw it by lodging a replacement Election Form so that it is received by the Healthia Registry by no later than the Election Date (currently expected to be 5.00pm AEDT (Sydney) on Wednesday 15 November 2023). The last valid Election Form received by the Healthia Registry before the Election Date will be used to determine the Election made by an eligible Healthia Shareholder and will apply to the Healthia Shares held by that eligible Healthia Shareholder on the Scheme Record Date.

Healthia Shareholders who do not submit a valid Election Form to the Healthia Registry, or who submit an Election Form to the Healthia Registry after the Election Date (currently expected to be 5.00pm AEDT (Sydney) on Wednesday 15 November 2023), will receive the Cash Consideration for all of their Healthia Shares held on the Scheme Record Date.

Healthia Shareholders who are Ineligible Foreign Shareholders or who become a Healthia Shareholder after the Election Date, will also receive the Cash Consideration for all of their Healthia Shares held on the Scheme Record Date.

Election Forms, duly completed in accordance with the instructions set out in the Election Form, must be returned to the Healthia Registry in the manner described in Section 5.6.

Healthia will announce the indicative results of the Election process to the ASX, including an indication of whether the Scrip Scale Back is likely. The announcement is currently expected to be made on Thursday 16 November 2023.

f) Foreign Offer Restrictions - New Zealand

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

The Class B Shares in TopCo are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than 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.

g) Ineligible Foreign Shareholders

A Healthia Shareholder whose Registered Address is shown on the Healthia Registry on the Scheme Record Date as a place outside Australia or New Zealand will be an Ineligible Foreign Shareholder unless Healthia and PEP BidCo agree in accordance with the Scheme Implementation Deed.

If your registered address is in New Zealand you will also be an Ineligible Foreign Shareholder unless you complete and return a New Zealand investor certificate certifying you are a “wholesale investor” (as defined in Schedule 1 of the Financial Markets Conduct Act 2013).

If you are a Healthia Shareholder whose Registered Address as shown in the Healthia Registry is in a place outside Australia or its external territories or New Zealand and you wish to receive a Scrip Consideration Option you should contact the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia) to enquire as to whether you may be an eligible Healthia Shareholder.

If you are an Ineligible Foreign Shareholder, you will not be entitled to receive the Scrip Consideration. If you make an Election to receive a Scrip Consideration Option and you are an Ineligible Foreign Shareholder, your Election will be invalid and have no effect, and you will receive the Cash Consideration for all of your Healthia Shares held on the Scheme Record Date if the Scheme becomes Effective. All Ineligible Foreign Shareholders will receive the Cash Consideration in respect of all of their Healthia Shares held on the Scheme Record Date if the Scheme becomes Effective.

h) Fractional entitlements and rounding

Any entitlement of an eligible Healthia Shareholder under the Scheme to be provided with a fraction of a Class B Share will be rounded down to the nearest whole number.

Any entitlement of a Healthia Shareholder under the Scheme to be provided with a fraction of a cent will be rounded down to the nearest whole cent.

6.4 Worked examples

The table below illustrates the potential outcomes for those Healthia Shareholders ignoring the impact of Scrip Scale Back

Scenario	What you receive
All Cash Consideration: Healthia Shareholder makes no Election	\$1.80 for each Healthia Share you hold at the Scheme Record Date
All Scrip Consideration: Healthia Shareholder makes Election to receive the All Scrip Consideration	1 Class B Share for each Healthia Share you hold at the Scheme Record Date
Mix-and-Match Consideration: Healthia Shareholder makes a partial Scrip Consideration Election of X% (the Elected Percentage)	<p>1 Class B Share for the Elected Percentage of the greater of the number of Healthia Shares you hold at the Election Time and Scheme Record Date provided it does not exceed your holding at the Scheme Record Date</p> <p>plus</p> <p>\$1.80 for each other Healthia Share you hold at the Scheme Record Date.</p> <p>If you sell Healthia Shares between the Election Time and the Scheme Record Date, your Election will still be calculated by applying your Election percentage to the higher number of Healthia Shares you held at the Election Time. This will effectively mean you will receive the Scrip Consideration Option for more than your Elected Percentage (and up to 100%) of the Healthia Shares you hold as at the Scheme Record Date (and the percentage of Healthia Shares you will receive the Cash Consideration for will be reduced). Alternatively, if you acquire additional Healthia Shares after the Election Time, your Election percentage will apply to the higher number of Healthia Shares you hold at the Scheme Record Date.</p> <p>If the number of Healthia Shares you hold between the Election Date and the Scheme Record Date does not change, then there will be no change.</p> <p>For example:</p>

	Elected Percentage	Shares held at Election Time	Shares held at Scheme Record Date	Consideration
	30%	100	100	30 Class B Shares and \$126 (being 70 x \$1.80)
			120	36 Class B Shares and \$151.20 (being 84 x \$1.80)
			60	30 Class B Shares and \$54 (being 30 x \$1.80)
			40	30 Class B Shares and \$18 (being 10 x \$1.80)
	50%	100	100	50 Class B Shares and \$90 (being 50 x \$1.80)
			120	60 Class B Shares and \$108 (being 60 x \$1.80)
			60	50 Class B Shares and \$18 (being 10 x \$1.80)
			40	40 Class B Shares and no cash consideration
	75%	100	100	75 Class B Shares and \$45 (being 25 x \$1.80)
			120	90 Class B Shares and \$54 (being 30 x \$1.80)
			60	60 Class B Shares and no cash consideration
			40	40 Class B Shares and no cash consideration
Scrip scale back - if the scrip scale back applies.	<p>If Elections received under the Scheme would result in Healthia Shareholders holding, in aggregate, greater than 30% of the total issued capital of TopCo as at the Implementation Date then the pro rata Scrip Scale Back will apply to ensure that the total number of Class B Shares issued under the Scheme does not exceed 30% of the total shares on issue in TopCo as at the Implementation Date.</p> <p>In effect this means that, a maximum of 30% of the total issued capital of TopCo is available to Healthia Shareholders. If, for example, Elections were received for, in aggregate, 40% of the total issued capital of TopCo, then only 75% of the aggregate number of TopCo Shares elected to be received would be available to the Healthia Shareholders. As a consequence each Healthia Shareholder who had made an Election would receive 75% of the Class B Shares they had elected to receive and the Cash Consideration for the remaining 25%.</p> <p>In this scenario if a Healthia Shareholder held 100 Healthia Shares at the Election Time and the Scheme Record Time and had made an Election to receive the Scrip Consideration in respect of 40% of their Healthia Shares, their Election would be scaled back so that they received 30 Class B Shares (instead of 40 Class B Shares) and \$126, being 70 x \$1.80 (instead of \$108, being 60 x \$1.80).</p>			

Healthia Shareholders should note that the Independent Expert has concluded that the value of each of the Scrip Consideration Options is likely to be materially less than the Cash Consideration.



Section 7

IMPLEMENTATION OF THE SCHEME



7. Implementation of the Scheme

7.1 Key Terms of the Scheme Implementation Deed

a) Conditions Precedent

Implementation of the Scheme is subject to the following outstanding Conditions Precedent:

- **FIRB Approval**

Before 8.00am on the Second Court Date, any of the following occur:

- PEP BidCo has received a written notice under FATA, from the Treasurer (or the Treasurer's delegate), stating, or to the effect, that the Commonwealth Government does not object to PEP BidCo acquiring an interest in Healthia pursuant to the Scheme, either unconditionally or on terms that are acceptable to PEP BidCo acting reasonably;
- the Treasurer becomes precluded by the passage of time from making an order or decision under Division 2 of Part 3 of the FATA in respect of the acquisition of the Healthia Shares contemplated by the Scheme; or
- where an interim order is made under section 68 of the FATA in respect of the acquisition of an interest in Healthia pursuant to the Scheme on the acquisition of the Healthia Shares contemplated by the Scheme, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer making such an order or decision,

(FIRB Approval).

- **ASIC and ASX**

Before 8.00am on the Second Court Date, ASIC and ASX issue or provide all consents, waivers, relief or approvals as are necessary or which Healthia and PEP BidCo agree (each acting reasonably) are desirable to implement the Scheme and such consents, approvals, waivers, relief or approvals have not been withdrawn, cancelled, revoked or adversely amended.

- **No restraint**

- no law, rule, regulation, restraining order, preliminary or permanent injunction or other preliminary or final decision, order or decree is made by a court of competent jurisdiction or Government Agency in Australia or in a place where the Healthia Group conducts business, which restrains, prohibits or impedes (or could reasonably be expected to restrain, prohibit or impede) implementation of the Scheme, the implementation of the transaction or the rights of PEP BidCo in respect of the Shares to be acquired under the Scheme; or
- no court of competent jurisdiction or Government Agency in Australia or in a place where the Healthia Group conducts business has commenced any investigations in consequence, or in connection with the Transaction which restrains, prohibits or prevents (or could be reasonably be expected to restrain, prohibit or prevent) the Scheme, the implementation of the Transaction or the rights of PEP BidCo in respect of the Shares to be acquired under the Scheme

and none of those things is in effect at 8.00am on the Second Court Date

- **Shareholder approval**

Healthia Shareholders agree to the Scheme by the Requisite Majorities at the Scheme Meeting.

- **Independent Expert**

The Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of Healthia Shareholders before the time when the Scheme Booklet is registered with ASIC and does not formally change its conclusion or withdraw its Independent Expert's Report before 8.00am on the Second Court Date.

- **Court approval**

The Court approves the Scheme in accordance with paragraph 411(4)(b) of the Corporations Act.

- **Minimum Elections**

Valid Elections to receive the Scheme Scrip Consideration have been received by Healthia from the Key Rolling Shareholders (and any of their Associates and any entities that any Control) and are not withdrawn by the Election Time which, based on the greater of their respective holdings of Healthia Shares in the Healthia Share Register at the Election

Date and at 7.00pm on the Business Day prior to the Second Court Date, represent not less than 15.74 million Healthia Shares.

- **No Prescribed Occurrences**

No Prescribed Occurrence occurs between (and including) the date of the Scheme Implementation Deed (31 August 2023) and 8.00am on the Second Court Date. The definition of Prescribed Occurrences extends beyond statutory prescribed occurrences and includes other limbs including that the Adjusted Net Debt of Healthia does not exceed \$105 million.

- **Material Adverse Change**

No Material Adverse Change occurs between the date of the Scheme Implementation Deed (31 August 2023) and 8.00am on the Second Court Date.

- **Healthia Incentives**

By 8.00am on the Second Court Date, Healthia has taken all necessary steps to ensure that all Outstanding Performance Rights will vest and be exercised and converted into Healthia Shares

As far as the Healthia Board is aware, as at the date of this Scheme Booklet, no circumstances have occurred which are likely to cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until 8.00am on the Second Court Date. In the event of any material change in status, Healthia will inform Healthia Shareholders of the status of the Conditions Precedent through an announcement to the ASX. Details regarding the Conditions Precedent are set out in full in clause 3 of the Scheme Implementation Deed.

Healthia Directors Glen Richards, Paul Wilson, Darren Stewart, Wesley Coote, Lisa Roach and Colin Kangisser and key management personnel (identified and defined as 'Key Rolling Shareholders' in the Scheme Implementation Deed) have stated to Healthia that, subject to no Superior Proposal emerging and the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Healthia Shareholders, they will elect to participate in the Scrip Consideration Options for not less than a total of 15.74 million Healthia Shares (being, in aggregate, approximately 11% of the Healthia Shares³⁵) that they respectively hold or control.

b) Healthia Board's recommendation

The Scheme Implementation Deed requires Healthia to use its best endeavours to procure that the Healthia Board collectively, and the Healthia Directors individually, do not adversely change, withdraw, adversely modify or adversely qualify (including by making any public statement supporting, endorsing or recommending a Competing Proposal and/or to the effect that he or she no longer supports the Scheme), its or their Recommendation unless:

- the Independent Expert concludes in the Independent Expert's Report (or any update of, or any revision, amendment or supplement to, that report) that the Scheme is not in the best interests of Healthia Shareholders;
- Healthia receives a Competing Proposal that the Healthia Board has determined (after compliance with the matching right procedure in clause 12.7 of the Scheme Implementation Deed) to be a Superior Proposal; or
- required to do so, or in order to comply with an order or other requirement of a court of competent jurisdiction, ASIC or the Takeovers Panel.

c) Exclusivity

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of PEP BidCo. These arrangements are in line with market practice in this regard and are summarised as follows:

- **No shop:** During the Exclusivity Period, Healthia must not and must ensure that none of its Related Persons directly or indirectly solicit, invite, encourage or initiate (including by the provision of non-public Information to any Third Party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which could reasonably be expected to encourage or lead to the making of, or with a view to obtaining, a Competing Proposal or communicate to any Third Party an intention to do any of those things.
- **No talk:** Subject to the Fiduciary Exception, during the Exclusivity Period, Healthia must not, and must ensure that each of its Related Persons does not, directly or indirectly:
 - enter into, facilitate, participate in or continue any negotiations or discussions with any person with respect to any inquiry, expression of interest, offer, proposal, discussion, negotiation or other communication by any person in relation to, or which could reasonably be expected to encourage or lead to the making of, any Competing Proposal;

³⁵ On a fully diluted basis.

- negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding any Competing Proposal;
- communicate to any person an intention to do any of those things; or
- approve or recommend a Competing Proposal or any proposal which may otherwise lead to the Transaction not being completed.
- **No due diligence:** Subject to the Fiduciary Exception, during the Exclusivity Period, Healthia must not and must ensure that each of its Related Persons does not, directly or indirectly, disclose or otherwise provide or make available any non-public Information to a Third Party in connection with, with a view to obtaining or which could reasonably be expected to encourage or lead to the formulation, development, finalisation, receipt or announcement of any Competing Proposal (including providing such information for the purposes of the conduct of due diligence investigations in respect of the Healthia Group), whether by that Third Party or another person, or communicate to any person an intention to do any of those things.
- **Notification:** During the Exclusivity Period, Healthia must as soon as reasonably practicable (and in any event within 48 hours) notify PEP BidCo in writing if it, or any of its Related Persons, becomes aware of:
 - any negotiations, discussions or other communications, or any other contact, with Healthia or any of its Related Persons that relate to an actual or potential Competing Proposal, or that may reasonably be expected to lead to a Competing Proposal;
 - any approach or proposal made to, or received by, Healthia or any of its Related Persons in connection with an actual or potential Competing Proposal, or that may reasonably be expected to lead to a Competing Proposal;
 - any request made by a Third Party to Healthia or any of its Related Persons for any Non-public Information (other than where the Healthia Board reasonably believes that such request is in the ordinary course of business and is not in connection with such Third Party formulating, developing or finalising a Competing Proposal); or
 - provision by Healthia or any of its Related Persons of any Non-public Information to any Third Party in connection with an actual or potential Competing Proposal, or that may reasonably be expected to lead to a Competing Proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise.

Such a notification must include all material details of the Competing Proposal (including the price and form of consideration, proposed timing, any conditions precedent, details of any break fee, cost recovery or cost sharing, and the identity of any Third Party that made, and/or any Third Party involved in, the Competing Proposal) to the extent known by Healthia and its Related Persons.

- **Matching right:** Without limiting the “No shop” and “No talk” provisions described above, during the Exclusivity Period, Healthia must not enter, and must procure that no member of the Healthia Group enters, into a legally binding agreement, arrangement or understanding to give effect to any actual, proposed or potential Competing Proposal and must use its best endeavours to procure that no Healthia Director withdraws or adversely changes, adversely modifies or adversely qualifies their Recommendation to publicly recommend any actual, proposed or potential Competing Proposal or otherwise publicly supports or endorses any actual, proposed or potential Competing Proposal, unless Healthia has given PEP BidCo at least two Business Days to provide a matching or superior proposal (**Bidder Counterproposal**) and either:
 - PEP BidCo does not provide a Bidder Counterproposal within the two Business Days; or
 - PEP BidCo provides a Bidder Counterproposal within the two Business Days, and the Healthia Board has, acting reasonably and in good faith, determined that the Bidder Counterproposal would not provide an equivalent or superior outcome to Healthia Shareholders (as a whole) compared with the Competing Proposal and PEP BidCo has been granted and allowed time to amend its Bidder Counterproposal in accordance with clause 12.7(b) and (e) of the Scheme Implementation Deed.

Healthia is not required to comply with its obligations under the ‘no talk’ and ‘no due diligence’ provisions in the Scheme Implementation Deed in relation to an actual, proposed or potential Competing Proposal, if the Healthia Board, acting in good faith, has determined:

- after consultation with its financial advisers, that the Competing Proposal would reasonably be expected to lead to a Superior Proposal; and
- after receiving written legal advice from its external legal advisers, that complying with the ‘no talk’ or ‘no due diligence’ provisions would, or would be reasonably likely to, constitute a breach of any of the fiduciary or statutory duties of any member of the Healthia Board,
(Fiduciary Exception).

These exclusivity provisions are set out in full in clause 12 of the Scheme Implementation Deed.

d) Break Fee

Healthia has agreed to pay PEP BidCo the Break Fee (which is approximately 1% of the equity value of Healthia) if:

- **Change in recommendation:** during the Exclusivity Period, any Healthia Director:
 - fails to make the Recommendation that Healthia Shareholders vote in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude in the Independent Expert's Report that the Scheme is in the best interests of Healthia Shareholders;
 - withdraws, changes, adversely modifies or adversely qualifies their Recommendation or otherwise makes a public statement indicating that they no longer support the Scheme; or
 - recommends, supports or endorses a Competing Proposal,

in each case provided that PEP BidCo has terminated the Scheme Implementation Deed, and other than in circumstances where:

- the Independent Expert concludes the Scheme is not in the best interests of Healthia Shareholders (except where that conclusion is a result of the existence, announcement or publication of a Competing Proposal (including, a Superior Proposal); or
- Healthia is entitled to terminate the Scheme Implementation Deed in accordance with clause 14.1(a) (*Termination for material breach*) or 14.2(b) (*Termination for breach of representations and warranties*) of the Scheme Implementation Deed and has given the appropriate termination notice to PEP BidCo;
- **Competing Proposal:** at any time before the End Date (or, if earlier, the date the Scheme Implementation Deed is terminated under clause 14 of the Scheme Implementation Deed) a Competing Proposal is announced and within 12 months of such announcement a Third Party (either alone or together with any Associate):
 - completes a Competing Proposal of the kind referred to in paragraphs (b), (c) or (d) of the definition of Competing Proposal; or
 - has a Relevant Interest in, or becomes the holder of, or otherwise acquires, directly or indirectly, 50% or more of Healthia Shares and that acquisition is unconditional; or
- **Material breach:** PEP BidCo terminates the Scheme Implementation Deed in accordance with clause 14.1(a)(i) (*Termination for material breach*) or 14.2(a) (*Termination for breach of representations and warranties*) and the Transaction does not complete.

The Healthia Directors consider that the Break Fee represents a genuine and reasonable pre-estimate of the costs that would be incurred by PEP BidCo in pursuing the Scheme, and believe that it is appropriate in the circumstances for Healthia to agree to the Break Fee in order to secure participation of PEP BidCo in the Transaction. For full details of the Break Fee, see clause 13 of the Scheme Implementation Deed.

e) Representation and warranties

The Scheme Implementation Deed contains customary representations and warranties given by each of Healthia and PEP BidCo to each other.

These representations and warranties are set out in Schedule 1 and 2 (in the case of Healthia) and Schedule 3 (in the case of PEP BidCo) of the Scheme Implementation Deed.

f) Termination

Either Healthia or PEP BidCo may terminate the Scheme Implementation Deed if:

- **Material breach:** the other party has materially breached a provision of the Scheme Implementation Deed or there is a breach of warranty which is material in the context of the Scheme taken as a whole and provided that:
 - the party entitled to terminate has given written notice to the party in breach of the Scheme Implementation Deed setting out the relevant circumstances and stating an intention to terminate the Scheme Implementation Deed; and
 - the other party in breach has failed to remedy the breach within ten Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given;
- **Failure of Conditions Precedent:** in relation to a Condition Precedent:

- a consultation notice has been served on the other party due to a breach or non-satisfaction of a Condition Precedent or a Condition Precedent becomes incapable of satisfaction, and in either case the breach or non-fulfilment has not been waived by the time or date specified in the Scheme Implementation Deed for the satisfaction of that Condition Precedent or the Scheme has not become Effective by the End Date as a result of the non-satisfaction of a Condition Precedent;
- after consultation with the other party, the parties are unable to agree the terms on which the relevant Condition Precedent may be waived; whether the Scheme may proceed by alternative means; to extend the time for satisfaction of the Condition Precedent or to change the date of the application to be made to the Court for orders to approve the Scheme; or to extend the End Date; and
- within five Business Days after the delivery of the consultation notice (or any shorter period ending at 5.00pm on the day before the Second Court Date), then, unless the relevant Condition Precedent has been waived or the party/each party entitled to waive the Condition Precedent confirms to the other party that it will not rely on the event or occurrence that would or does prevent the relevant Condition Precedent from being satisfied, or would mean the relevant Condition Precedent would or will not otherwise be satisfied, either Healthia or PEP BidCo may terminate the Scheme Implementation Deed,

provided that failure to satisfy the relevant Condition Precedent is not due to a breach by the terminating party of the Scheme Implementation Deed or the relevant Condition Precedent is stated to be for the sole benefit of the other party;

- **Scheme not approved:** if Healthia Shareholders do not approve the Scheme at the Scheme Meeting by the Requisite Majorities; or
- **End Date:** if the Scheme is not Effective by the End Date.

In addition PEP BidCo may also terminate the Scheme Implementation Deed at any time prior to 8.00am on the Second Court Date if any member of the Healthia Directors (i) fails to recommend the Scheme, (ii) withdraw, adversely change, adversely modify or adversely qualify their Recommendation or (iii) makes a public statement that to the effect they are no longer supporting the Scheme and indicating they no longer recommend the Transaction or recommend that Healthia Shareholders accept or vote in favour of a Competing Proposal (other than as a result of a court or Government Agency requirement or request that a Healthia Director abstains from making a recommendation).

Further, Healthia may also terminate the Scheme Implementation Deed at any time prior to 8.00am on the Second Court Date if a majority of the Healthia Directors (i) fails to recommend the Scheme, (ii) withdraw, adversely change, adversely modify or adversely qualify their Recommendation or (iii) makes a public statement that to the effect they are no longer supporting the Scheme and indicating they no longer recommend the Transaction or recommend that Healthia Shareholders accept or vote in favour of a Competing Proposal (other than as a result of a court or Government Agency requirement or request that a Healthia Director abstains from making a recommendation).

7.2 Healthia Incentives

a) Overview of arrangements

Healthia operates an Employee Performance Rights Plan under which Performance Rights are offered to senior executives and key employees as an incentive to align their interests with those of Healthia Shareholders. Each Performance Right entitles the holder to be allocated one Healthia Share, subject to the satisfaction of certain conditions.

Accordingly, senior executive and key employees have previously received, and have on foot, a number of existing incentive arrangements which will be impacted by the Scheme (depending on the relevant offer terms).

As at the date of the Scheme Booklet, Healthia had on issue 4,256,402 Performance Rights.

b) Treatment of Healthia Performance Rights

Subject to the Scheme becoming Effective, under Scheme Implementation Deed, Healthia must take such action as is necessary to ensure that, prior to the Scheme Record Date, 4,256,402 Performance Rights will vest in accordance with their terms and be exercised (if applicable) and have any applicable restrictions removed (if applicable), with the effect that the holders of the Performance Rights can participate in the Scheme and receive the Scheme Consideration.

After commercial agreement with BidCo was reached on the Scheme, including the Scheme Consideration, it was determined that, due to vesting conditions not being met, approximately 23% of the Performance Rights on issue as at the date of the Scheme Implementation Deed (Amended Performance Rights) would otherwise lapse before the Scheme Record Date.

As required under the Scheme Implementation Deed and permitted under the Employee Performance Rights Plan, Healthia's Board (with the executive Directors who hold Performance Rights abstaining in respect of Performance Rights held by them) resolved, subject to the Scheme becoming Effective, to amend the terms of the Amended Performance Rights so that the holders of the Amended Performance Rights would be entitled to participate in the Scheme in respect of those Performance Rights if the Scheme becomes Effective.

In addition, if the Scheme becomes Effective, the vesting conditions on all other remaining Performance Rights which remain on issue prior to the Effective Date will be waived and the Performance Rights will automatically on the Effective Date in accordance with the Employee Performance Rights Plan.

The result is that, as required under the Scheme Implementation Deed, subject to the Scheme becoming Effective, the holders of the 4,256,402 Performance Rights will be issued Healthia Shares prior to the Scheme Record Date and will participate as Scheme Shareholders in the Scheme and receive the Scheme Consideration.

If the Scheme does not become Effective, those Performance Rights which would otherwise have lapsed but for the requirement under the Scheme Implementation Deed that they participate in the Scheme, will lapse. The remainder of the Performance Rights will vest or lapse in accordance with their terms of issue.

Section 12.5 sets out further information about the Performance Rights held by Healthia's senior executives who are Directors.

7.3 Key steps to implement the Scheme

a) Deed Poll

On 12 October 2023, PEP BidCo and TopCo executed the Deed Poll pursuant to which PEP BidCo and TopCo agreed, subject to the Scheme becoming Effective, to comply with their respective obligations under the Scheme. A copy of the Deed Poll is attached at Appendix D.

b) Scheme approval requirements

The Scheme will only become Effective and be implemented if:

- it is approved by the Requisite Majorities of Healthia Shareholders at the Scheme Meeting;
- it is approved by the Court on the Second Court Date; and
- the other Conditions Precedent to the Scheme outlined in Section 7.1a) are satisfied or waived (as applicable) prior to the implementation of the Scheme.

The requisite majorities for the Scheme Resolution are set out in section 411(4)(a)(ii) of the Corporations Act, and they are:

- at least 75% of the votes cast on the Scheme Resolution at the Scheme Meeting (either virtually, in person or by proxy, representative or attorney); and
- a majority in number (more than 50%) of the Healthia Shareholders present and voting at the Scheme Meeting (either virtually, in person or by proxy, representative or attorney).

The Court has the power to waive the second requirement in the paragraph above.

c) Court Hearings

The Court has ordered that Healthia convene the Scheme Meeting for the purposes of Healthia Shareholders considering the Scheme. The Scheme Meeting is currently expected to be held at 10.00am AEST (Brisbane) on, Wednesday 22 November 2023, virtually through the online meeting platform at <https://meetings.linkgroup.com/HLASM23> and in person at the Inchcolm by Ovolo at 73 Wickham Terrace, Spring Hill QLD 4000.

The order of the Court convening the Scheme Meeting is not, and should not be treated as, an endorsement of the Court, or any other expression of opinion by the Court on, the Scheme.

If the Scheme is approved by the Requisite Majorities of Healthia Shareholders at the Scheme Meeting, Healthia will apply to the Court (on the Second Court Date) for an order approving the Scheme. The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the Requisite Majorities of Healthia Shareholders at the Scheme

Meeting. The Second Court Date is currently expected to be held at 9.15am AEDT (Sydney) on Wednesday 29 November, though a different date may be sought.

d) Actions by Healthia and PEP BidCo

If the Court order approving the Scheme is obtained, the directors of each of Healthia and PEP BidCo will take or procure the taking of the steps required for the Scheme to be implemented.

In particular, Healthia will lodge with ASIC, copies of the Court order under section 411 of the Corporations Act, approving the Scheme and the Scheme will become Effective on the date the office copy of the Court order from the Second Court Date is lodged with ASIC.

e) Suspension of trading of Healthia Shares

If the Court approves the Scheme, it is expected that the suspension of trading on the ASX in Healthia Shares will occur from the close of trading on the Effective Date.

f) Scheme Record Date – Determination of who are Scheme Shareholders

For the purposes of establishing the identity of Scheme Shareholders, dealings in Healthia Shares or other alterations to the Healthia Share Register will be recognised by Healthia if:

- in the case of dealings of the type to be effected on CHESS, the transferee is registered in the Healthia Share Register as the holder of the relevant Healthia Shares before the Scheme Record Date; and
- in all other cases, registrable transmission applications or transfers in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Healthia Share Register is kept,

and Healthia will not accept for registration, nor recognise for any purpose (except a transfer to PEP BidCo pursuant to the Scheme and any subsequent transfer by PEP BidCo or its successors in title), any transfer or transmission application or other request in respect of Healthia Shares received after the Scheme Record Date or received prior to the Scheme Record Date but not in registrable or actionable form (as appropriate).

Healthia will, until the Scheme Consideration has been provided and PEP BidCo has been entered into the Healthia Share Register as the holder of all of the Scheme Shares, maintain the Healthia Share Register in accordance with clause 7.2(a) of the Scheme and the Healthia Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all certificates and statements of holding for Healthia Shares (other than statements of holding in favour of PEP BidCo and its successors in title) will cease to have effect as documents relating to title in respect of such Healthia Shares; and
- each entry on the Healthia Share Register (other than entries on the Healthia Share Register in respect of PEP BidCo) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Healthia Shares relating to that entry.

g) Provision of Aggregate Cash Consideration

If the Scheme becomes Effective, by no later than 5.00pm AEDT (Sydney) on the Business Day before the Implementation Date, PEP BidCo must deposit, or procure the deposit of, an amount in cleared funds at least equal to the Aggregate Cash Consideration payable into the Trust Account, to be held on trust for the Scheme Shareholders, except that any interest on the amount deposited (less bank fees and other charges) will accrue to the benefit of PEP BidCo.

On the Implementation Date, subject to the funds having been deposited by PEP BidCo in the manner described in the previous paragraph, Healthia will pay, or procure the payment, from the Trust Account to each Scheme Shareholder an amount equal to the amount of Cash Consideration which that Scheme Shareholder is entitled to receive for each Scheme Share registered in the name of that Scheme Shareholder as at the Scheme Record Date by (in Healthia's absolute discretion and despite any election made or given by the Scheme Shareholder):

- paying, or procuring the payment of, the relevant amount in Australian currency by electronic transfer to a bank account nominated by the Scheme Shareholder, where the Scheme Shareholder has made a valid election prior to the Scheme Record Date in accordance with the requirements of the Healthia Registry to receive dividend payments from Healthia into that bank account;

- paying, or procuring the payment of, the relevant amount in Australian currency by electronic transfer to a bank account nominated by the Scheme Shareholder by an appropriate authority received from the Scheme Shareholder to Healthia; or
- sending or procuring the dispatch to each Scheme Shareholder by prepaid ordinary post to the address of the Scheme Shareholder recorded in the Healthia Share Register as at the Scheme Record Date of a pre-printed cheque for the aggregate amount of Scheme Cash Consideration due to that Scheme Shareholder in accordance with the Scheme.

h) Provision of Aggregate Scrip Consideration

If the Scheme becomes Effective, by no later than 12pm AEDT (Sydney) on the Implementation Date (or such other time as PEP BidCo and Healthia agree in writing), TopCo must issue the Aggregate Scrip Consideration in accordance with the Scheme, by:

- issuing to the Nominee to be held as bare trustee for those Scheme Shareholders in accordance with this Scheme or each Scheme Shareholder the number of Class B Shares the Scheme Shareholder is entitled to receive in accordance with the terms of the Scheme (including following any application of the Scrip Scale Back) and the Election of that Scheme Shareholder; and
- entering into the TopCo Register the name and address of the Nominee or each Scheme Shareholder (as applicable) in respect of the Class B Shares to be issued to or for the benefit of that Scheme Shareholder.

As soon as practicable, after the Implementation Date, TopCo must send a holding statement to relevant Scheme Shareholders reflecting the Class B Shares that are held by the Nominee as bare trustee for that Scheme Shareholder.

i) Healthia Shares held in joint names

In the case of Healthia Shares that are held by Scheme Shareholders in joint names:

- any Class B Shares to be issued under the Scheme are to be issued to, and registered in the names of:
 - the joint holders and entry into the TopCo Register must be in the same order as the holders' names currently appear in the Register; or
 - the Nominee to hold as bare trustee for the joint holders, and the joint holders will have joint beneficial ownership of those Class B Shares; and
- any cheque that is required to be sent to a Scheme Shareholder under the Scheme must be payable to the joint holders and sent, at the sole discretion of the Healthia, to the address of the holder whose name first appears in the Healthia Share Register as at the Scheme Record Date or to the joint holders.

j) Implementation Date

If the Scheme becomes Effective, it will be implemented on the Implementation Date. On that date, all Healthia Shares will be transferred to PEP BidCo, subject to the provision of the Scheme Consideration in the manner described above.

k) Warranty by Healthia Shareholders

If the Scheme is implemented, on the Implementation Date each Scheme Shareholder is deemed to have warranted to Healthia and PEP BidCo, and appointed and authorised Healthia as its attorney and agent to warrant to PEP BidCo, that all of their Scheme Shares (including any rights and entitlement attaching to those Scheme Shares) will, at the time of their transfer to PEP BidCo pursuant to the Scheme, be fully paid, free from all Encumbrances and third party rights or interests of any kind and free from all restrictions on transfer of any kind, and that they have full power and capacity to sell and transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to PEP BidCo pursuant to the Scheme. Each Scheme Shareholder is also deemed to have warranted to Healthia and PEP BidCo, and appointed and authorised Healthia as its attorney and agent to warrant to PEP BidCo, that the relevant Scheme Shareholder has no existing right to be issued any Healthia Shares, Healthia Performance Rights or any other Healthia equity securities. Healthia undertakes that it will provide such warranty to PEP BidCo as agent and attorney for each Scheme Shareholder.

l) Delisting of Healthia

Following the implementation of the Scheme, Healthia will apply for the termination of official quotation of Healthia Shares on the ASX and for Healthia to be removed from the official list of the ASX by the close of trading on the trading day immediately following the Implementation Date.



Section 8

INFORMATION ABOUT HEALTHIA



8. Information about Healthia

8.1 Overview of Healthia

Healthia is a leading integrated allied healthcare organisation, which includes networks of optometry, podiatry, physiotherapy, and hand therapy clinics with a diversified portfolio of 340 businesses across Australia and New Zealand. It owns and operates more than 30 brands including Allsports Physiotherapy, Back in Motion, My FootDr and The Optical Co.

The company's purpose is to connect people with exceptional allied healthcare products and services, creating healthier lives and happier communities and its vision is to be the leading diversified allied healthcare provider across Australia and New Zealand.

Healthia listed on the ASX (ASX: HLA) in September 2018 and since then has more than tripled its portfolio of owned allied health businesses from 104 to 340. Growth of Healthia's allied health businesses via acquisitions and new partnerships has been a key focus area and strategic priority for the company.

Healthia employs over 2,700 staff of which approximately 1,300 are clinicians and is headquartered in Brisbane, QLD.

a) Operations

Healthia is organised into the three divisions, which are summarised below:

Division	Bodies & Minds	Feet & Ankles	Eyes & Ears
Description	Network of physiotherapy, hand therapy, occupational therapy, speech pathology clinics and other allied health services located throughout Australia and New Zealand.	Network of podiatry clinics and retail footwear stores located throughout Australia. The Feet & Ankles division also includes orthotic manufacturing business iOrthotics in Australia and iOrtho USA in the USA and podiatry wholesale business DBS Medical Supplies.	Network of optometry and audiology stores located in Australia. The division also includes eye frame distributor Australian Eyewear Distributors (AED).
Revenue (FY23)	\$148.3 million	\$61.0 million	\$43.2 million
Number of businesses	170	111	59
Key brands	Allsports Physiotherapy Back in Motion	My FootDr iOrthotics	The Optical Co

Healthia also operates a centralised support function, which includes administrative tasks such as bookkeeping, payroll, marketing, information technology, education and operational business support.

8.2 Healthia Board and senior management

a) Healthia Board

The Healthia Board comprises the following directors:

- Glen Richards - Independent Non-Executive Chairman
- Lisa Dalton - Non-Executive Director
- Paul Wilson - Non-Executive Director
- Wesley Coote - Managing Director & Chief Executive Officer
- Darren Stewart - Executive Director
- Colin Kangisser - CEO Eyes & Ears Division & Executive Director
- Lisa Roach - Chief Partnerships Officer & Executive Director

b) Executive leadership team

Members of Healthia's executive leadership team are:

- Wesley Coote - Managing Director & CEO
- Damien Peters - Chief Financial Officer
- Julia Murfitt - General Counsel & Company Secretary
- Tony Ganter - Chief Business Development & Strategy Officer
- Colin Kangisser - CEO Eyes and Ears
- Aaron Kangisser - Chief Operating Officer Eyes and Ears
- Roy Walker - CEO Bodies, Minds, Feet & Ankles
- Dean Hartley - Chief Technology Officer
- Lisa Roach - Chief Partnerships Officer
- Dr Kerrie Evans - Chief Education & Research Officer

8.3 Capital structure

As at the date of this Scheme Booklet, the capital structure of Healthia is as follows:

Type of security	Number on issue
Fully paid ordinary Healthia Shares	140,191,977
Performance Rights	4,256,402

8.4 Recent share price history

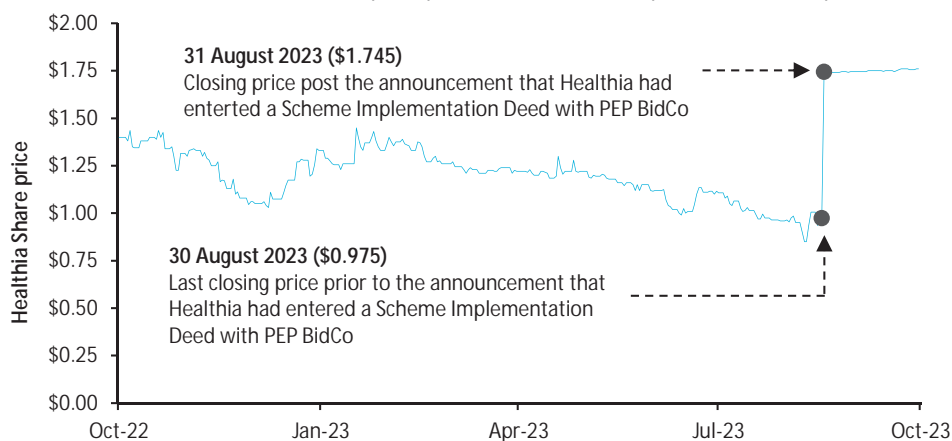
Healthia Shares are listed on the ASX under the code 'HLA'.

As at 30 August 2023, being the last trading day for Healthia Shares prior to the announcement of Healthia's entry into the Scheme Implementation Deed:

- the closing price of Healthia Shares on the ASX was \$0.975;
- the highest daily closing price for Healthia Shares on the ASX in the previous 3 months was \$1.16 on 31 May 2023 and 2 June 2023; and
- the lowest daily closing price for Healthia Shares on the ASX in the previous 3 months was \$0.85 on 22 August 2023 and 23 August 2023.

On 31 August 2023, being the day of the announcement of the Scheme Implementation Deed, the Healthia Share price closed at \$1.745. From 1 September 2023 to 13 October 2023³⁶, the closing prices of Healthia Shares has ranged between \$1.74 and \$1.76.

The chart below shows Healthia's share price performance over the past 12 months up to and including 13 October 2023³⁷:



Source: S&P Capital IQ

³⁶ Being the last trading day prior to the date of this Scheme Booklet.

³⁷ Being the last trading day prior to the date of this Scheme Booklet.

8.5 Healthia substantial shareholders

Based on the latest information provided to Healthia, the following persons were substantial holders with Relevant Interests of 5% or more of Healthia Shares:

Healthia Shareholder	Number of Healthia Shares	Voting power
MA Financial Group Limited ⁽¹⁾	14,713,700	10.50%
Wilson Asset Management Group ⁽¹⁾	14,484,325	10.33%
BW South Asia, Ltd	9,711,416	6.93%
Entities associated with Darren Stewart	8,021,333	5.72%
Entities associated with Glen Richards	7,966,777	5.68%

(1) As announced on 31 August 2023, Pacific Equity Partners Fund VI (Australasia) Pty Ltd ATF Pacific Equity Partners Fund VI (Australasia) Unit Trust has reached agreements to buy in aggregate a total of 19.9% of the issued shares in Healthia (being 27,898,203 Healthia Shares) pursuant to the call option deeds with MA Financial Group Limited and Wilson Asset Management Group. Refer to Section 9.8 for further detail.

8.6 Historical financial information

a) Basis of preparation

The following section contains audited historical financial information about the consolidated entity consisting of Healthia and the entities it controlled at the end of, or during, the periods ended 30 June 2022 (FY22) and 30 June 2023 (FY23).

The financial information in this Scheme Booklet is in an abbreviated form and does not contain all of the presentations and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act, and should therefore be read in conjunction with the financial statements of Healthia for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements.

The information has been extracted from the audited financial reports of Healthia for the periods ended 30 June 2022 and 30 June 2023, which were each audited and reviewed by BDO.

Further details about Healthia's financial performance can be found on Healthia's website at <https://www.healthia.com.au/>.

b) Healthia's consolidated statement of profit or loss

Below is a summary of Healthia's audited historical consolidated statement of profit or loss for the full financial years ended 30 June 2022 and 30 June 2023.

	Consolidated FY22 \$'000	Consolidated FY23 \$'000
Revenue from contracts with customers	200,264	252,556
Other income	2,520	3,358
Fair value movement of contingent consideration	1,550	1,106
Expenses		
Changes in inventories	2,527	3,685
Raw materials and consumables used	(20,785)	(24,293)
Employee benefits expense	(129,189)	(155,196)
Occupancy costs	(4,758)	(6,816)
Marketing costs	(3,218)	(3,470)
Other expenses	(11,335)	(13,447)
Impairment of receivables	(268)	(625)
Acquisition costs	(5,219)	(3,505)
Integration and restructuring costs	(2,183)	(3,790)
Share-based payments expense	(1,395)	(1,000)
Depreciation expense	(19,341)	(23,019)
Amortisation expense	(1,685)	(1,946)
Finance costs	(5,895)	(9,336)
Profit before income tax expense	1,590	14,262
Income tax expense	(1,247)	(3,926)
Profit after income tax expense for the year	343	10,336
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	343	10,336
Profit for the year is attributable to:		
Non-controlling interest	3,672	4,869
Owners of Healthia Limited	(3,329)	5,467
	343	10,336
Total comprehensive income for the year is attributable to:		
Non-controlling interest	3,672	4,869
Owners of Healthia Limited	(3,329)	5,467
	343	10,336

c) Healthia's underlying financial performance

Information about the underlying performance of Healthia is presented in the Table 1 below, which excludes the impact of acquisition and integration costs of the 29 (FY22: 95) allied health businesses acquired during the period and is adjusted for other one-off, non-recurring items of income and expense. Healthia's Directors believe that this information is useful for Healthia Shareholders as it presents Healthia's financial performance as if these non-recurring transactions or circumstances had not occurred.

Healthia's underlying performance is provided on an unaudited basis in Table 1 below and a reconciliation between underlying and statutory performance is provided further below in Table 2.

Table 1: Underlying Financial Performance

	FY22 (\$m)	FY23 (\$m)
Underlying Revenue	202.8	255.9
Underlying EBITDA (removing impact of AASB 16 ³⁸)	24.5	37.5
Underlying NPATA	12.0	22.3
Non-controlling interest (NCI)	3.7	4.9
Net post-tax P&L impact of AASB 16 adoption	0.9	0.9
Underlying NPATA attributable to the owners of Healthia Limited (removing impact of AASB 16)	9.2	18.3

Table 2: Reconciliation of Underlying EBITDA to Statutory NPAT

	FY22 (\$m)	FY23 (\$m)
Underlying EBITDA (pre-AASB 16)	24.5	37.5
Less: Finance costs (pre-AASB 16)	(2.8)	(6.3)
Less: Tax expense (underlying)	(5.5)	(3.9)
Less: Depreciation (pre-AASB 16)	(3.3)	(4.0)
Less: NCI (underlying)	(3.7)	(4.9)
Underlying NPATA attributable to the owners of Healthia Limited	9.2	18.3
Less: COVID-19 related expenses	(3.4)	(1.0)
Less: Acquisition costs	(6.9)	(3.5)
Less: Integration costs	(1.5)	(0.8)
Less: Restructuring costs and discontinued operations	(2.2)	(3.9)
Less: Share-based payments expense and associated costs	(1.4)	(1.0)
Less: Doubtful debts	(0.0)	(0.5)
Less: Amortisation	(1.7)	(1.9)
Less: Net impact of AASB 16	(0.9)	(0.9)
Add: Fair value movements of contingent consideration	1.6	1.1
Net taxation impact	3.9	(0.4)
Statutory NPAT attributable to the owners of Healthia Limited	(3.3)	5.5

³⁸ Australian Accounting Standard AASB 16 – Leases (AASB 16).

d) Healthia's consolidated statement of financial position

Below is a summary of Healthia's audited historical consolidated statement of financial position for the full financial years ended 30 June 2022 and 30 June 2023.

	Consolidated FY22 \$'000	Consolidated FY23 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	5,666	5,589
Trade and other receivables	8,204	12,972
Inventories	10,532	14,217
Income tax refund due	97	221
Other assets	3,199	3,833
Total current assets	27,698	36,832
Non-current assets		
Investments accounted for using the equity method	19	21
Property, plant and equipment	17,075	21,451
Right-of-use assets	59,073	63,539
Intangibles	246,326	267,334
Deferred tax	7,845	6,761
Total non-current assets	330,338	359,106
TOTAL ASSETS	358,036	395,938
LIABILITIES		
Current liabilities		
Trade and other payables	19,089	15,534
Borrowings	1,954	2,000
Lease liabilities	17,116	19,165
Employee benefit obligations	11,318	10,331
Provisions	357	1,087
Other liabilities	2,914	4,203
Total current liabilities	52,748	52,320
Non-current liabilities		
Borrowings	77,117	95,425
Lease liabilities	46,853	50,434
Derivative financial instruments	14	
Employee benefit obligations	904	968
Provisions	2,975	2,618
Other liabilities	4,961	1,939
Total non-current liabilities	132,824	151,384
TOTAL LIABILITIES	185,572	203,704
NET ASSETS	172,464	192,234
Equity		
Issued capital	146,213	159,312
Reserves	(2,124)	(1,124)
Accumulated losses	(7,801)	(5,094)
Equity attributable to the owners of Healthia Limited	136,288	153,094
Non-controlling interest	36,176	39,140
TOTAL EQUITY	172,464	192,234

e) Healthia's consolidated statement of cash flows

Below is a summary of Healthia's audited historical consolidated statement of cash flows for the full financial years ended 30 June 2022 and 30 June 2023.

	Consolidated FY22 \$'000	Consolidated FY23 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	198,056	251,774
Payments to suppliers (inclusive of GST)	(171,818)	(217,032)
Interest received	1	46
Government grants (COVID-19)	622	-
Interest and other finance costs paid	(5,895)	(9,336)
Income taxes paid	(3,770)	(2,861)
Net cash from operating activities	17,196	22,591
Cash flows from investing activities		
Payment for purchase of businesses, net of cash acquired	(79,456)	(17,641)
Payments of contingent and deferred business purchases consideration	(1,554)	(3,358)
Payments for property, plant and equipment	(3,495)	(7,420)
Payments for intangibles	-	(141)
Proceeds from disposal of property, plant and equipment	50	-
Net cash used in investing activities	(84,455)	(28,560)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	62,570	13,742
Share issue transaction costs	(2,677)	(643)
Proceeds from issue of clinic class shares	1,154	1,271
Buy-back of clinic class shares	(220)	(1,637)
Proceeds from borrowings	29,065	18,308
Repayment of lease liabilities	(14,877)	(17,759)
Dividends paid to non-controlling interest	(3,394)	(4,676)
Dividends paid	(4,792)	(2,760)
Net cash from financing activities	66,829	5,846
Net decrease in cash and cash equivalents	(430)	(123)
Cash and cash equivalents at the beginning of the financial year	4,142	3,712
Cash and cash equivalents at the end of the financial year	3,712	3,589

8.7 Material changes to Healthia's financial position since 30 June 2023

As at the date of this Scheme Booklet, within the knowledge of the Healthia Directors and other than as disclosed in this Scheme Booklet or announced on the ASX, there have been no material changes to the financial position of Healthia since 30 June 2023, being the date of Healthia's audited accounts for the full financial year ending 30 June 2023.

8.8 Healthia Directors' intentions for the business

The Corporations Act requires a statement by the Healthia Directors of their intentions regarding Healthia's business. If the Scheme is implemented, the existing Healthia Directors (other than Wesley Coote) will resign and the Healthia Board will be reconstituted in accordance with the instructions of PEP BidCo after the Implementation Date. Accordingly, it is not possible for the Healthia Directors to provide a statement of their intentions after the Scheme is implemented regarding:

- the continuation of the business of Healthia;
- any major changes, if any, to be made to the business of Healthia; and
- the future employment of the present management of Healthia.

If the Scheme is implemented, PEP BidCo will have 100% control of Healthia. The current intentions of PEP BidCo with respect to these matters are set out in Section 9.

If the Scheme is not implemented, the Healthia Directors intend to continue to operate the business of Healthia in the ordinary course of the business.

8.9 Publicly available information on Healthia

As a company listed on the ASX and a disclosing entity under the Corporations Act, Healthia is subject to regular reporting and disclosure obligations. Broadly, these require Healthia to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. The ASX maintains files containing publicly disclosed information about all companies listed on the ASX. Information disclosed to the ASX by Healthia is available on the ASX's website at www.asx.com.au. Further announcements concerning developments at Healthia will continue to be made available on this website after the date of this Scheme Booklet.

Healthia is required to prepare and lodge with ASIC and the ASX both annual and half yearly financial statements accompanied by a statement and report from the Healthia Directors and an audit or review report. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and on the Healthia website at <https://www.healthia.com.au/>.

Healthia Shareholders may also obtain copies of the Healthia annual report for the financial year ended 30 June 2023 free of charge by calling the Healthia Shareholder Information Line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia).

A woman with her hair in a bun, wearing a dark blue tank top and black shorts, is lifting a barbell in a gym. The background shows other gym equipment and a person in the distance. A blue semi-transparent overlay covers the middle of the image.

Section 9

INFORMATION ABOUT PEP BIDCO, TOPCO AND PEP



9. Information about PEP BidCo, TopCo and PEP

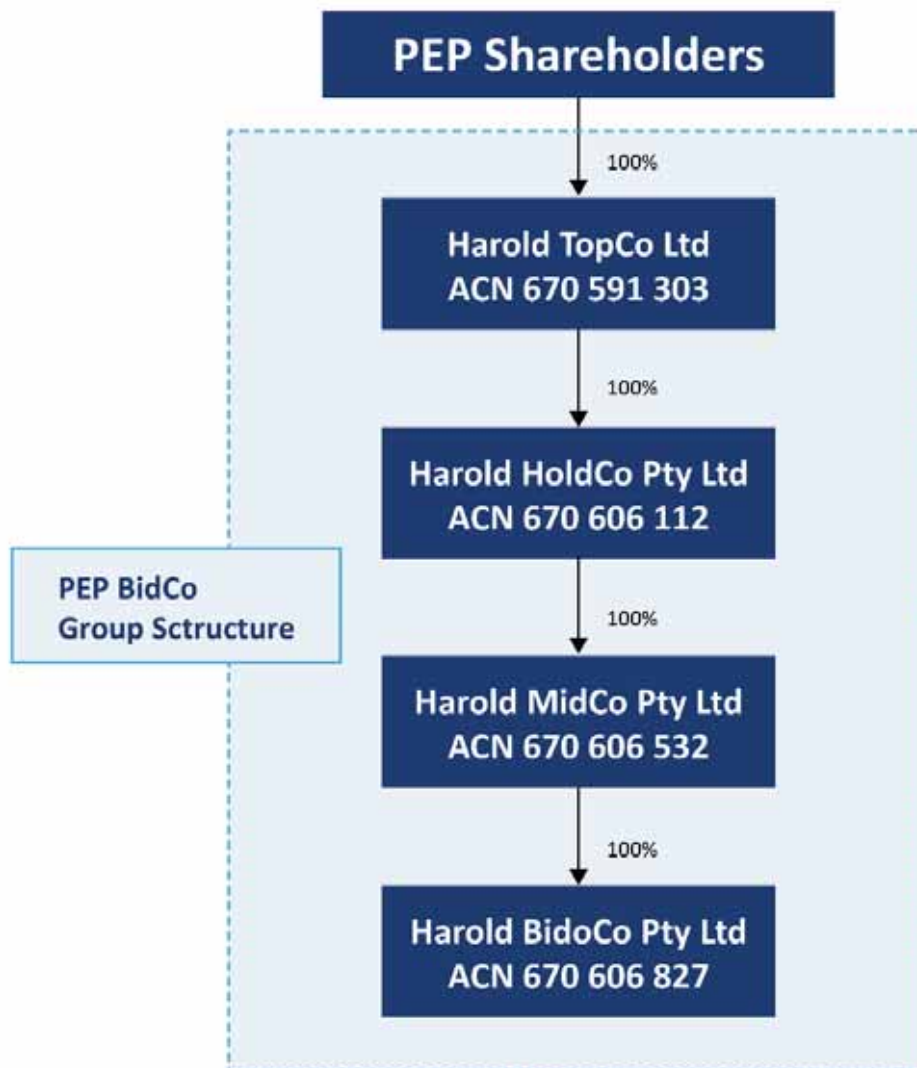
This Section 9 has been prepared by PEP BidCo. The information concerning PEP BidCo and any Bidder Group Member and the intentions, views and opinions contained in this Section 9 are the responsibility of PEP BidCo. Healthia Group and its officers and advisors do not assume any responsibility for the accuracy or completeness of this information.

9.1 Ownership Structure

a) Before implementation of the Scheme

As at the date of this Scheme Booklet, PEP BidCo is a wholly owned subsidiary of Harold MidCo Pty Ltd ACN 670 606 532 (**MidCo**), which in turn is a wholly owned subsidiary of Harold HoldCo Pty Ltd ACN 670 606 112 (**HoldCo**), which in turn is a wholly owned subsidiary of TopCo. TopCo is wholly owned by the PEP Shareholders (who will subscribe for additional Class A Shares prior to Implementation of the Scheme to provide the equity funding required for the Cash Consideration as described further in Section 9.4, below) as illustrated in Figure 1 below:

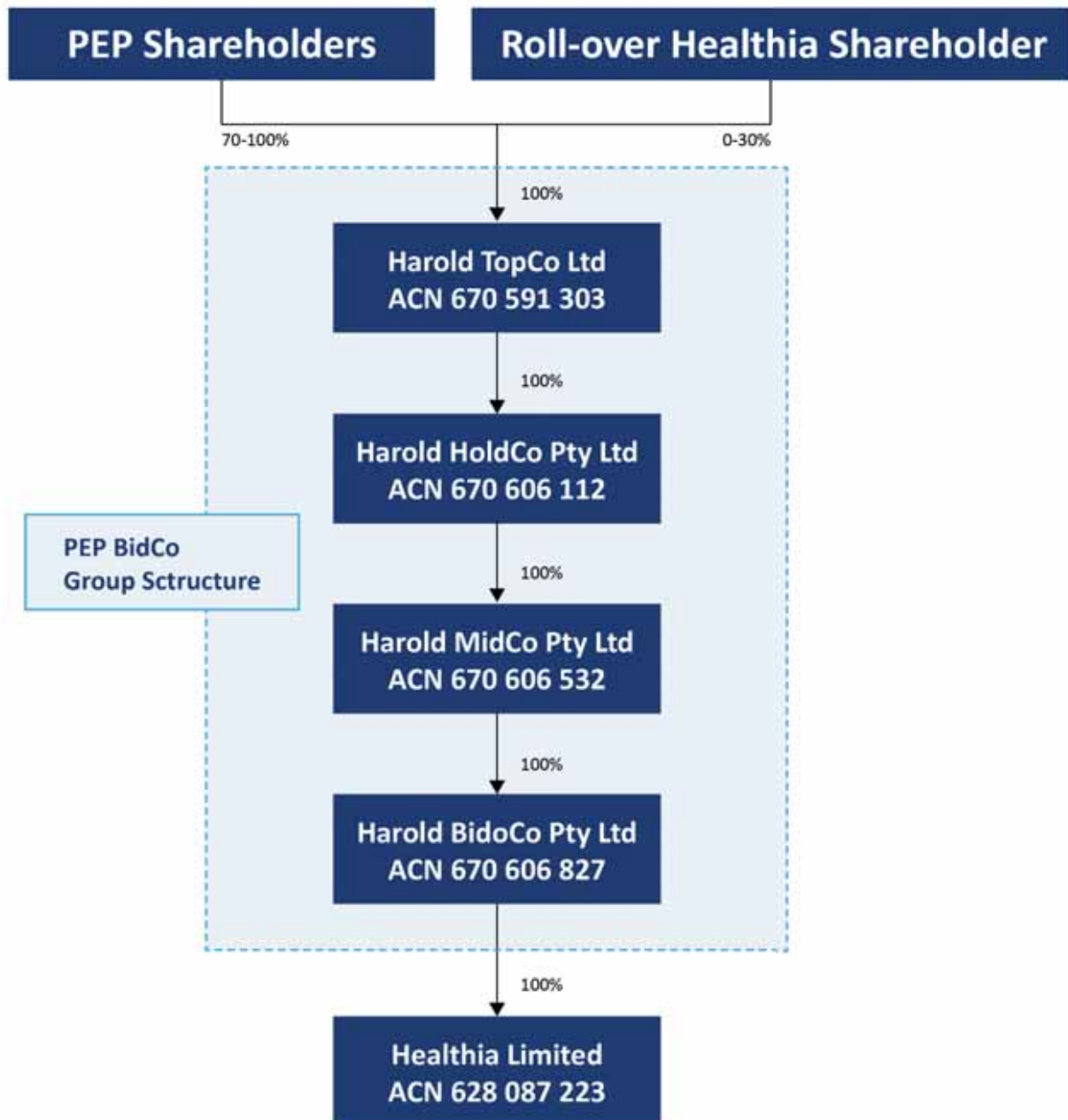
Figure 1: Current group structure chart of Bidder Group



b) After Implementation of the Scheme

If the Scheme is implemented, the PEP Shareholders and eligible Healthia Shareholders who validly make an Election, will directly and wholly own TopCo. TopCo will own Healthia through its wholly owned subsidiaries, HoldCo, MidCo and BidCo, as illustrated in Figure 2 below:

Figure 2: Post implementation group structure chart of Bidder Group



9.2 Overview of Bidder Group

a) PEP BidCo

PEP BidCo is a special purpose company that was incorporated on 17 August 2023 for the purpose of acquiring all of the Scheme Shares under the Scheme. PEP BidCo is an unlisted Australian proprietary company and has not undertaken any trading activities and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrance of costs, fees and expenses in connection with the Scheme). All of the shares in PEP BidCo are owned by MidCo. If the Scheme becomes Effective, PEP BidCo will hold all of the Scheme Shares on or shortly after the Implementation Date.

b) MidCo

MidCo is a special purpose company that was incorporated on 17 August 2023 for the purpose of acquiring all of the shares in PEP BidCo. MidCo is an unlisted Australian proprietary company and has not undertaken any trading activities and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrance of costs, fees and expenses in connection with the Scheme). All of the shares in MidCo are owned by HoldCo

c) HoldCo

HoldCo is a special purpose company that was incorporated on 17 August 2023 for the purpose of acquiring all of the shares in MidCo. HoldCo is an unlisted Australian proprietary company and has not undertaken any trading activities and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrance of costs, fees and expenses in connection with the Scheme). All of the shares in HoldCo are owned by TopCo.

d) TopCo

TopCo is a special purpose company that was incorporated on 17 August 2023 for the purposes of:

- directly holding all of the shares in HoldCo and indirectly holding all of the shares in MidCo and PEP BidCo; and
- issuing Class B Shares to eligible Scheme Shareholders who make a valid Election.

TopCo is an unlisted Australian public company and has not undertaken any trading activities, and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrance of costs, fees and expenses in connection with the Scheme).

The affairs of TopCo are regulated under the TopCo Constitution and, on implementation of the Scheme, by the TopCo Constitution, TopCo Shareholders' Deed and the Nominee Deed. The TopCo Shareholders' Deed and TopCo Constitution are set out in Appendices E and F to this Scheme Booklet. A summary of key rights and obligations attaching to Class B Shares under the TopCo Constitution and the TopCo Shareholders' Deed are set out in Section 9.7.

e) PEP Shareholders

PEP is a member of a group of companies that manages or advises a number of unit trusts and limited partnerships operating as a single investment fund known as Pacific Equity Partners Fund VI or PEP Fund VI (the **Fund**).

Certain entities and funds which comprise the Fund will be indirectly participating in the Scheme and have an ownership interest in TopCo. Such entities and funds are:

- Pacific Equity Partners Fund VI, L.P. acting via its general partner Pacific Equity Partners Fund VI GP (Jersey) Limited;
- Pacific Equity Partners Fund VI (Australasia) Pty Limited as trustee for Pacific Equity Partners Fund VI (Australasia) Unit Trust;

- Pacific Equity Partners Fund VI-A (Australasia) Pty Limited as trustee for Pacific Equity Partners Fund VI-A (Australasia) Unit Trust;
- Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust A;
- Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust B; and
- PEP Investment Pty Limited,
(together, the **PEP Shareholders**).

The Fund has been established to invest in business opportunities in Australia and New Zealand, and as at the date of this Scheme Booklet the Fund has approximately A\$2.5 billion equity funds under management. The PEP Shareholders are advised or managed by PEP.

PEP was founded in 1998 and is a leading Australian based private equity firm which focuses on growth and expansion capital in Australia and New Zealand.

Since 1998, PEP has managed or advised funds on 41 operating company investments and more than 150 bolt-on acquisitions across a broad range of industries. As at the date of this Scheme Booklet, PEP has approximately A\$8 billion in assets under management.

Relevant investments made by funds managed or advised by PEP include:

- Health Care – Leading Australian private hospital network operator;
- Magentus (formerly, Citadel Group Limited) – a provider of core software for medical specialists and secure records management software, technology and professional services to a diversified set of government clients in Australia and the UK;
- iNova – Over the counter pharmaceuticals provider in Australia, Asia and South Africa focused on cold & flu and antibacterial products;
- Evolution Healthcare – provider of private hospital and rehabilitation services in New Zealand; and
- Lifehealthcare – independent distributor of advanced medical devices and equipment in Australia and New Zealand.

Further information on PEP is available from its website at: www.pep.com.au.

f) Directors of Bidder Group Entities

As at the date of this Scheme Booklet, the directors of TopCo, HoldCo, MidCo and PEP BidCo are Mr David Brown, Mr David Emmanuel, Mr Scott McKnight and Mr Shannon Wolfers. The profiles of these directors are set out below:

Director	Profile
David Brown	Mr David Brown is a Managing Director at PEP and joined the firm at the start of 2004. Prior to joining PEP, he spent his analyst years in the Investment Banking Division of JP Morgan. Mr Brown received a PLD from Harvard Business School and first class honours degrees (BCom and LLB) from the University of Queensland where he was awarded a University Medal.
David Emmanuel	Mr David Emmanuel joined Pacific Equity Partners in 2013. Prior to joining PEP, David was an investment banker with Morgan Stanley. He received a Bachelor of Commerce & Bachelor of Laws (Honours) from the University of Sydney as a Dean's List Scholar.
Scott McKnight	Mr Scott McKnight joined Pacific Equity Partners in 2015. Prior to joining PEP, he was an investment banker with Goldman Sachs in New Zealand. Scott received a Master of Business with distinction and a Bachelor of Commerce from the University of Otago and is a CFA charter holder.
Shannon Wolfers	Mr Wolfers is a Managing Director at PEP and joined the firm in 2006. Prior to joining PEP, Shannon was with Bain & Company in Australia and SE Asia. Mr Wolfers was a University of Sydney Scholarship holder where he received a first class honours degree (BEcon) and the University Medal.

9.3 Connection to the Scheme

The Scheme contemplates the acquisition of all Healthia Shares such that from the Implementation Date, PEP BidCo will hold 100% of the shares in Healthia. Under the Scheme, Healthia Shareholders will receive the Cash Consideration for their Healthia Shares or may elect to receive Scrip Consideration (being Class B Shares in TopCo) in respect of 30% to 100% of their Healthia Shares, subject to any scale back to ensure that the total number of Class B Shares do not exceed 30% of the total shares on issue in TopCo (and, for the avoidance of doubt, will receive Cash Consideration for any Healthia Shares in respect of which they do not elect to receive Scrip Consideration).

Eligible Healthia Shareholders may:

- receive the total value of their Scheme Consideration as Cash Consideration; or
- subject to any Scrip Scale Back, elect to receive some or all of the value of their Scheme Consideration as Scrip Consideration in the form of Class B Shares, in which case:
 - where a Healthia Shareholder has made an Election to receive All Scrip Consideration, it will receive the entirety of its Scheme Consideration in respect of the Healthia Shares it holds at the Scheme Record Date in the form of Scrip Consideration; or
 - where a Healthia Shareholder has made a Mix-and-Match Election (that is, has made a valid Election in respect of at least 30% of its Healthia Shares), it will receive a combination of Scrip Consideration in respect of those Healthia Shares which are the subject of the valid Election and will receive the Cash Consideration in respect of the remaining Healthia Shares held by that Healthia Shareholder which are not the subject of a valid Election. The number of Healthia Shares the subject of an Election to receive Scrip Consideration will be the greater of the Elected percentage of the Healthia Shares held by the eligible Healthia Shareholder at the Election Time and the Scheme Record Date provided it can never exceed the number of Healthia Shares at the Scheme Record Date.

Ineligible Foreign Shareholders will only be entitled to receive Cash Consideration under the Scheme. If no Valid Election is made by a Scheme Shareholder by the Election Time they will receive the Cash Consideration.

If eligible Healthia Shareholders make a valid Election to receive Scrip Consideration then, subject to the Scrip Scale Back, they will receive 1 Class B Share in TopCo for each Healthia Share held by that Healthia Shareholder on the Scheme Record Date subject to the Valid Election.

Class B Shares issued as consideration under the Scheme will be fully paid and will rank equally with all other Class B Shares. TopCo will appoint the Nominee to hold all of the Class B Shares on bare trust for each Class B Shareholder pursuant to the terms of the TopCo Shareholders Deed and a Nominee Deed to be entered into between TopCo and the Nominee. A copy of the TopCo Shareholders Deed is set out in Appendix E of this Scheme Booklet which includes a copy of the Nominee Deed.

Healthia Shareholders who receive Scrip Consideration under the Scheme will become parties to the TopCo Shareholders Deed as Class B Shareholders.

The PEP Shareholders will also subscribe for Class A Shares in TopCo to partially fund the Cash Consideration and other amounts with the remainder of the Cash Consideration and other amounts being funded through the Debt Facilities. Following implementation of the Scheme the Fund will hold all of the Class A Shares in TopCo. The proportion of the total shares on issue in TopCo made up of Class A Shares will depend on the total cash funding required in connection with the implementation of the Scheme which will depend on the matters noted below including the number of eligible Healthia Shareholders who make Valid Elections to receive the Scrip Consideration, the Minimum Election Threshold and the potential Scrip Scale Back.

As at the date of the Scheme Booklet, TopCo has 10,000 Class A Shares on issue which are held by the PEP Shareholders. There are no Class B Shares on issue as at the date of this Scheme Booklet.

9.4 Funding the Scheme Consideration

a) Maximum Cash Consideration

If the Scheme is implemented, the Scheme Consideration payable to Scheme Shareholders under the Scheme will be satisfied by a combination of:

- the Cash Consideration; and/or

- the issue of a number of Class B Shares that are the subject of valid Elections.

Based on the number of Healthia Shares on issue as at the date of this Scheme Booklet:

- the maximum theoretical amount of Cash Consideration that PEP BidCo may be required to pay to Scheme Shareholders under the Scheme is \$260,007,082.20 (Maximum Cash Consideration), although the amount will likely be considerably less to the extent that eligible shareholders make Valid Elections to receive the Scheme Scrip Consideration. For example, if the Key Rolling Shareholders (and any of their Associates and any entities that any Control) were to make Valid Elections as they have indicated to Healthia representing 15,740,000 Healthia Shares the maximum amount of Cash Consideration would be \$231,675,082.20; and
- the maximum number of Class B Shares that would be issued by TopCo (on the assumption that every Scheme Shareholder made a valid Election to receive All Scrip Consideration) is 43,334,514 Class B Shares given the operation of the Scrip Scale Back.

The Scheme Implementation Deed is not subject to a financing condition.

b) Cash funding arrangements

PEP BidCo intends to fund the Cash Consideration through a combination of:

- equity funding sourced from the Fund; and
- the Syndicated Acquisition Facilities (subject to meeting conditions precedent to drawdown).

Each of the funding sources is described below.

Funding from the Fund

PEP BidCo has a legally binding equity commitment letter from the Fund dated 30 August 2023 as amended (**Equity Commitment Letter**) under which each of the entities constituting the Fund irrevocably commits to:

- pay to TopCo, by way of subscribing for fully paid Class A Shares issued by TopCo, such amounts as are necessary to meet PEP BidCo's obligations to fund the Cash Consideration under the Scheme (less the amount of the Debt Facilities which may be used to pay the Cash Consideration) in each entity's relevant proportion as set out in the Equity Commitment Letter and reproduced below (Equity Funding); and
- cause TopCo to contribute that Equity Funding to PEP BidCo (including via any intermediate holding company of PEP BidCo) in sufficient time to allow PEP BidCo to pay, to the extent necessary, the Cash Consideration in accordance with the Scheme.

The amount available under the Equity Commitment Letter is (together with the amount available under the Debt Facilities referred to below) sufficient to fund the Maximum Cash Consideration.

The entities constituting the Fund are severally responsible for providing the Equity Funding to PEP BidCo under the Equity Commitment Letter in the proportions set out in the table below.

	Entity	Respective Proportion
1	Pacific Equity Partners Fund VI, L.P. (a Cayman Islands exempted limited partnership) acting via its general partner Pacific Equity Partners Fund VI GP (Jersey) Limited	68.99%
2	Pacific Equity Partners Fund VI (Australasia) Pty Limited (ACN 630 504 960) as trustee of the Pacific Equity Partners Fund VI (Australasia) Unit Trust	9.67%
3	Pacific Equity Partners Fund VI-A (Australasia) Pty Limited (ACN 632 814 861) as trustee of the Pacific Equity Partners Fund VI-A (Australasia) Unit Trust	19.66%
4	Eagle Coinvestment Pty Limited (ACN 119 182 688) as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust A	0.38%
5	Eagle Coinvestment Pty Limited (ACN 119 182 688) as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust B	0.80%
6	PEP Investment Pty Limited (ACN 083 026 984)	0.50%
		100%

The obligations under the Equity Commitment Letter are subject to the Scheme becoming Effective and terminate on the earlier of: (a) the time of implementation of the Scheme; (b) termination of the Scheme Implementation Deed; and (c) PEP BidCo receiving in full the Equity Funding pursuant the Equity Commitment Letter.

External Debt Facilities

PEP BidCo has entered into a binding debt commitment letter with, among others, the Lenders, dated 25 August 2023 (**Debt Commitment Letter**). Under the Debt Commitment Letter, the Lenders have agreed to provide senior secured syndicated facilities to PEP BidCo (**Syndicated Acquisition Facilities**).

The proceeds that will be available to PEP BidCo under the Syndicated Acquisition Facilities, together with the Equity Financing, are in excess of the amount that is required to fund the Scheme Consideration.

The proceeds under the Syndicated Acquisition Facilities will be available to PEP BidCo for the purpose of (among other things):

- funding part of the purchase price for the acquisition of the Scheme Shares;
- refinancing of certain existing debt facilities of the Healthia Group;
- paying certain costs and expenses incurred in connection with the Scheme and associated transactions; and providing for certain acquisition and growth financing.

The funding of the Syndicated Acquisition Facilities is subject to the satisfaction of certain conditions precedent, which are customary for facilities of this kind and include (among other matters):

- confirmation that the Effective Date (as defined in the Scheme Implementation Deed) has occurred;
- confirmation that there has been no amendment, variation, waiver or termination under the Scheme Implementation Deed to the extent such matter would reasonably be expected to materially and adversely affect the interests of the Lenders (unless the Lenders have otherwise consented); and
- execution of definitive long-form syndicated facilities documentation (and related definitive financing documentation) as described below.

It is expected that prior to the Second Court Date, the Debt Commitment Letter will be superseded by a definitive long-form syndicated facilities agreement and related definitive financing documentation between the parties to the Debt Commitment Letter and others. The material terms and conditions of such financing documents are specified in the Debt Commitment Letter.

It is expected that the abovementioned conditions precedent will be satisfied before the Second Court Date (other than certain conditions which are intended to be satisfied concurrently with, or prior to, the first drawdown under the Syndicated Acquisition Facilities on the Implementation Date, including the payment of fees and expenses).

If all of the conditions precedent are satisfied or waived, then subject to the provisions set out in the paragraph below and provided that it is not unlawful for the Lenders to do so, the Lenders must provide the funds for their portion of the commitments under the Syndicated Acquisition Facilities. As at the date of the Scheme Booklet PEP BidCo is not aware of any reason why any of the conditions precedent will not be satisfied, and is confident they will be satisfied in time to allow payment in full of the aggregate Scheme Consideration for the Scheme Shares as and when due under the terms of the Scheme.

The availability of the Syndicated Acquisition Facilities is subject to:

- the correctness of certain representations (as are customary for facilities of this kind);
- that certain events of default (as are customary for facilities of this kind) are not subsisting or would result from the drawing of the applicable facilities; or
- that a change of control in respect of PEP BidCo and/or TopCo has not occurred.

As at the date of this Scheme Booklet, PEP BidCo is not aware of the occurrence of any misrepresentation, event of default or change of control, or any circumstance that would lead to any misrepresentation, event of default or change of control which would then give rise to a right to the Lenders to terminate the applicable facilities.

The representations and warranties to be given by PEP BidCo in relation to the Syndicated Acquisition Facilities are customary for a facility of this nature. As at the date of this Scheme Booklet, PEP BidCo is not aware of any breach of a representation or warranty, or any circumstance that would lead to a breach of a representation or warranty.

As at the date of the Scheme Booklet, PEP BidCo is not aware of any reason why the Syndicated Acquisition Facilities will not be available to be drawn down for the purposes of acquiring the Scheme Shares as contemplated by the Scheme.

c) Scrip Consideration

PEP BidCo and TopCo have entered into the Deed Poll to covenant in favour of the Scheme Shareholders to perform their respective obligations in relation to the Scheme. This includes the obligation to provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of the Scheme, including to issue all Class B Shares which are the subject of valid Elections by the Scheme Shareholders under the terms of the Scheme.

d) Reasonable basis

On the basis of the arrangements described above, PEP BidCo believes it has reasonable grounds for holding the view, and holds the view, that PEP BidCo will be able to satisfy its obligation to fund the Scheme Consideration as and when it is due and payable under the terms of the Scheme. Accordingly, PEP BidCo does not have in place nor does it believe it requires alternative sources of funding to discharge the Scheme Consideration.

9.5 Intentions if the Scheme is implemented

a) Introduction

If the Scheme is implemented, PEP BidCo will become the holder of all Healthia Shares, and accordingly Healthia will become a wholly owned subsidiary of PEP BidCo.

This section sets out PEP BidCo's current intentions if the Schemes are implemented in relation to:

- the continuation of the business of Healthia;
- any major changes to be made to the business of Healthia; and
- the future employment of the present employees of Healthia. The intentions of BidCo are the same as the intentions of Midco, HoldCo and TopCo.

The intentions set out in this Section 9.5 are statements of current intention only and are based on the facts and circumstances that are known to PEP BidCo as at the date of this Scheme Booklet.

The intentions and statements of future conduct set out in this Section 9.5 must be read as being subject to the law (including the Corporations Act) and the Listing Rules as well as the legal obligations of the Healthia Directors at the time.

These intentions are based on facts and information concerning Healthia (including Non-public Information made available by Healthia to PEP BidCo prior to entering into the Scheme Implementation Deed) and the general business environment known to PEP BidCo at the time of preparation of the Scheme Booklet. PEP BidCo does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, tax and financial implications of its current intentions. Final decisions in relation to these matters will only be reached after PEP BidCo has had an opportunity to undertake a detailed review of Healthia's business following implementation of the Scheme. Accordingly, the intentions described below are statements of current intention only and may change as new information becomes available or as circumstances change.

b) Delisting

If the Scheme is implemented, it is intended that quotation of the Healthia Shares on the ASX will be terminated and Healthia will be removed from the official list of the ASX on or around the day following the Implementation Date and Healthia will be converted to a proprietary company limited by shares.

c) Head office

PEP BidCo currently intends for Healthia to maintain its current head office in Brisbane following the Implementation Date.

d) Board of directors

Pursuant to clause 6.6 of the Scheme Implementation Deed, the Healthia Board will be reconstituted with as soon as practicable on the Implementation Date.

The TopCo Shareholders Deed contemplates that, the directors of Healthia with effect on and from the Implementation Date will be the chief executive officer and chief financial officer, from time to time, of Healthia and such other persons appointed to the Healthia Board from time to time in accordance with the TopCo Shareholders' Deed and the constitution of Healthia at the relevant time.

As contemplated by the TopCo Shareholders' Deed, chief executive officer Mr Wesley Coote will be invited to join the TopCo board. Depending on the valid Elections received by Healthia, certain non-PEP Shareholders will be entitled to appoint one or two directors in aggregate to the TopCo board of directors.

e) Employees

Healthia is a people driven business. PEP BidCo considers that a well-trained and motivated workforce is critical to maintaining the high standards of the business, and that the retention and incentivisation of staff is an essential component to the future success of the company.

PEP BidCo considers Healthia's employees to be critical to the future success of the business and does not anticipate any material changes to the current organisation structure, with current Managing Director Mr Wesley Coote continuing in his role. Whilst ensuring focus on its current operations and needs, following implementation of the Scheme, PEP BidCo will review Healthia's business operations and organisational structure to ensure Healthia has the appropriate mix and level of employees and skills to enhance the business going forward.

f) Management incentive plan

Following implementation of the Scheme, PEP BidCo expects to implement a customary management incentive plan for eligible management of Healthia. The terms of, and participation in, any such management incentive plan will be developed by PEP BidCo following implementation of the Scheme.

g) Business continuity and operations

It is the current intention of PEP BidCo to continue Healthia's focus on its integrated allied healthcare business and largely operate Healthia in its current form while providing support to pursue organic and acquisition-based growth opportunities as appropriate.

PEP BidCo intends to continue to operate Healthia under its current name.

As described previously, following implementation of the Scheme PEP BidCo, in partnership with management, will undertake a strategic review of Healthia and its operations to determine how best to operate and further develop and grow the company and any decisions regarding these matters will be made following that review.

It is intended that Healthia's existing finance facilities will be refinanced on or after the Implementation Date using part of the proceeds of the debt funding described in Section 9.4.

Any dividends will be at the sole discretion of the TopCo Board, having regard to the capital requirements (as well as the debt financing arrangements) of the TopCo Group, with the intention that no dividends will be declared or paid for a period of three years after the Implementation Date.

Consistent with strategic investments of this nature, PEP BidCo may seek to 'exit' its investment in Healthia in the future. Any decision to exit will be subject to prevailing market conditions, the businesses' performance and other factors which may be considered relevant at the time. The optimal timing of exit will be determined at some stage in the future.

h) Clinic Class Shares

PEP BidCo considers that Healthia's Clinic Class Shareholders are critical partners for its business and that the Clinic Class Shareholder model is important to Healthia's organic and acquisition-based growth opportunities outlined above. If the Scheme becomes Effective, it will not affect Healthia's Clinic Class Shareholder model and Clinic Class Shareholders will continue to hold their existing Clinic Class Shares.

i) Changes to Healthia's constitution

Consistent with their intention to convert Healthia into a proprietary company limited by shares, PEP BidCo intends to replace Healthia's existing constitution with a constitution appropriate for a company limited by shares (and which is a subsidiary of TopCo) following implementation of the Scheme.

The constitution will be considered as part of PEP BidCo's broader review of Healthia. As the sole shareholder of Healthia, PEP BidCo will alone be able to make changes to Healthia's constitution.

Following implementation of the Scheme, the key governance documents relating to the Bidder Group (including the Healthia Group) will be the TopCo Constitution, TopCo Shareholders' Deed and the Nominee Deed.

9.6 Broader Transaction overview

a) Features of the Class B Shares to be received as Scrip Consideration

Class B Shares will be ordinary shares issued as fully paid and will rank equally (including from an economic perspective) with each other Class B Share and, unless otherwise provided in the TopCo Shareholders' Deed or the TopCo Constitution, with each other Class A Share, in each case, from an economic perspective.

Class B Shares are subject to certain restrictions which include, but are not limited to, restrictions with regard to shareholder approvals, director appointment rights, exit rights and restraints. Furthermore, any dividends will be at the sole discretion of the TopCo Board, having regard to the capital requirements (as well as the debt financing arrangements) of the TopCo Group, with the intention that no dividends will be declared or paid for a period of 3 years after the Implementation Date. A summary of the TopCo Shareholders' Deed and significant rights and obligations attaching to Class B Shares is set out in Section 9.7. The summary is not exhaustive and should be read subject to the full terms of the TopCo Shareholders' Deed and TopCo Constitution, which are included in Appendices E and F to this Scheme Booklet.

Healthia Shareholders should note that their investment in TopCo will be regulated differently than their investment in Healthia because TopCo will not be admitted to the ASX and therefore the Listing Rules will not apply to TopCo or Class B Shares. In particular, a consequence of the change in regulatory regimes means that, subject to certain conditions, the continuous disclosure rules, takeover regime and certain minority protection rights relevant to Healthia will not apply to TopCo. Material differences between the rights and obligations of a shareholder in an ASX listed company such as Healthia and in TopCo are explained by PEP BidCo in Section 10.3m). Because TopCo will not be admitted to the list of a stock exchange there will be no active market for the sale of Class B Shares and Healthia Shareholders who receive Class B Shares under the Scheme will only be able to sell or transfer their Class B Shares in certain very limited circumstances as permitted under the TopCo Shareholders' Deed. Class B Shareholders will have access to substantially less information and reports about the Healthia Group than Healthia Shareholders currently receive.

Please refer to Sections 10.3 and 10.3m) of this Scheme Booklet for discussion of the risks associated with the Scrip Consideration.

Healthia Shareholders considering the Scrip Consideration should consult their legal or financial advisers, accountant or stockbroker if they are uncertain about whether an investment in TopCo suits their particular investment objectives and they should also carefully consider the information in Section 9.7 about the Class B Shares that comprise the Scrip Consideration.

b) Nominee arrangements

It is a requirement under the TopCo Shareholders' Deed that TopCo has no more than 50 shareholders.

To give effect to this requirement, TopCo intends to appoint the Nominee, Pacific Custodians Pty Ltd, an independent third party trustee to hold Class B Shares on bare trust for Class B Shareholders in accordance with the terms of the TopCo Shareholders' Deed and Nominee Deed.

The intention of the nominee arrangements is that the Class B Shareholders will still have the rights as set out in the TopCo Shareholders' Deed, as if the Class B Shareholder were holding the Class B Shares directly, even if they transfer legal title to their Class B Shares to the Nominee. Clause 24 of the TopCo Shareholders' Deed sets out the terms on which this intention is to be achieved, including how the provisions in the TopCo Shareholders' Deed and the definitions in the TopCo Shareholders' Deed are intended to operate where a Class B Shareholder holds Class B Shares through the Nominee.

The nominee arrangements may be imposed by TopCo upon issue of the Class B Shares or at any time after the Implementation Date.

Where Class B Shares are held through the nominee structure, each Class B Shareholder will continue to have the benefit of, and be bound by, all the provisions of the TopCo Shareholders Deed which would have otherwise applied to them had they held legal title to their Class B Shares directly. In addition, they undertake not to take any action, or omit to take any action (including actions through the Nominee they would not be permitted to take under the TopCo Shareholders Deed) which would breach its obligations under the TopCo Shareholders' Deed. For example, any references in the TopCo Shareholders' Deed and the TopCo Constitution to disposing of Class B Shares includes disposals of a beneficial interest in any Class B Shareholder's Class B Shares.

c) Ineligible Foreign Shareholders and non-Electing Shareholders to receive Cash Consideration

Restrictions in jurisdictions outside of Australia (including its external territories) and New Zealand may make it commercially impractical or unlawful for Class B Shares to be issued under the Scheme to Healthia Shareholders located in those jurisdictions, or for Healthia Shareholders in these jurisdictions to receive Class B Shares under the Scheme. Any Healthia Shareholder whose address at the Scheme Record Date (currently expected to be 7.00pm AEDT (Sydney) on Monday 4 December 2023) is a place outside of Australia or New Zealand will be an Ineligible Foreign Shareholder for the Purposes of the Scheme unless Healthia and PEP BidCo agree in writing in accordance with the Scheme Implementation Deed.

Only Healthia Shareholders whose Registered Address is within Australia (including its external territories) and New Zealand (where the Healthia Shareholder completes and returns a New Zealand investor certificate certifying the shareholder is a “wholesale investor” (as defined in Schedule 1 of the Financial Markets Conduct Act 2013) are entitled to make an Election, if they wish.

If a Healthia Shareholder does not make an Election in accordance with the terms and conditions of the Scheme, that Healthia Shareholder will receive Cash Consideration for their Healthia Shares under the Scheme. If an Ineligible Foreign Shareholder makes an Election, that purported Election will not be valid and the Ineligible Foreign Shareholder will receive Cash Consideration under the Scheme.

d) Election percentage

The number of Healthia Shares the subject of an Election to receive Scrip Consideration will be the greater of the Elected percentage of the Healthia Shares held by the eligible Healthia Shareholder at the Election Time and the Scheme Record Date provided it can never exceed the number of Healthia Shares at the Scheme Record Date.

e) Trustee and nominee holdings of Healthia Shares

Healthia Shareholders that hold parcels of Healthia Shares as trustee or nominee for, or otherwise on account of, another person can make an Election in respect of the Scrip Consideration Options for each parcel. A nominee needs to manage the underlying owners' separate Elections in the following manner. Where a nominee wishes to nominate separate Elections to reflect the instructions of different underlying beneficiaries, that nominee should establish separate holdings on the Healthia Register (each with a different Holder Identification Number (HIN)) and lodge by the Election Date an Election in relation to each such beneficiary. However, if at the Scheme Record Date, the nominee holds fewer Healthia Shares than it held at the time it made the Elections, then, unless it has at the time of any sale of Healthia Shares notified Healthia whether the Healthia Shares sold relate to any such separate Election (and if so, which separate Election the Healthia Shares sold relate to), it will be treated as not having made a valid Election in respect of any of its Healthia Shares or in any other manner that PEP BidCo and Healthia agree is fair to Healthia Shareholders in all the circumstances acting reasonably.

f) Anticipated ownership structure in TopCo

The Scheme Implementation Deed is subject to a condition that Valid Elections to receive the Scheme Scrip Consideration have been received by Healthia from the Key Rolling Shareholders (and any of their Associates and any entities that any Control) and are not withdrawn by the Election Time which, based on the greater of their respective holdings of Healthia Shares in the Healthia Register at the Election Time and at 7.00pm on the Business Day prior to the Second Court Date, represent not less than 15.74 million Healthia Shares. For the purposes of illustration we have set out the possible capital structure of TopCo in Figure 3 below based on 2 scenarios reflecting the minimum Valid Election to satisfy the condition under the Scheme Implementation Deed and also the maximum 30% rollover.

Figure 3: Illustrative capital structure of TopCo

TopCo Shares	Scrip Election			
	Minimum Scrip Consideration to satisfy Scheme condition (ie 15.74m) ³⁹		Maximum Scrip Consideration (ie 30%)	
	Number (million)	Percentage of TopCo Shares	Number (million)	Percentage of TopCo Shares
Total PEP Shareholders (Class A Shares)	128.7	89%	101.1	70%
Total Scrip Consideration (Class B Shares)	15.7	11%	43.3	30%
Total TopCo Shares	144.4	100%	144.4	100%

As contemplated in Section 9.5f) the TopCo Shareholders' Deed also permits the Board to adopt a management incentive plan (MIP) and issue MIP Shares to employees, contractors, consultants, executive directors or non-executive directors of the TopCo Group. If issued, MIP Shares will be fully paid, will rank equally with all other MIP Shares, and will not have voting rights.

g) Illustrative sources and uses of funds under various scenarios

The scenarios set out in the table below illustrate the potential sources and uses of funds of the consolidated Healthia and Bidder Group and the ownership structure of TopCo which may eventuate at the Implementation Date.

The consolidated sources and uses of funds shown in the table below are based on both PEP BidCo and Healthia assumptions around various items as at the Implementation Date, including:

- the total of the Scheme transaction costs (which includes assumptions made by Healthia and PEP BidCo in respect of their respective transaction costs);
- the level of Healthia net debt and net working capital (which are based on assumptions made by Healthia); and
- the number of Healthia Shareholders who make valid Elections to receive Scrip Consideration.

The actual outcome at the Implementation Date may differ from the assumptions made in this Section 9.6g) resulting in changes to the sources and uses of funds at the Implementation Date and, consequently, may result in changes to the illustrative ownership structures of TopCo at the Implementation Date.

³⁹ Note that if the 15.74 million Scheme Condition is satisfied, the actual number of TopCo Shares received by the Key Rolling Shareholders may be more or less depending on their holdings as at the Scheme Record Date or the operation of the Scrip Scale Back (if applicable).

Sources and Uses of Funds (\$Am)	Scrip Consideration Election	
	Minimum Scrip Consideration to satisfy Scheme Condition	Maximum Scrip Consideration
Sources:		
Cash Provided by Debt Facilities	\$145.0m	\$145.0m
Rolled Aggregate Scrip Consideration	\$28.3m	\$78.0m
Cash Provided by PEP Shareholders	\$231.7m	\$182.0m
Total Sources of funds	\$405m	\$405m
Uses:		
Payment of Cash Consideration	\$231.7m	\$182.0m
Rolled Aggregate Consideration	\$28.3m	\$78.0m
Total Scheme Consideration	\$260m	\$260m
Repayment of Healthia's existing debt and debt like items (1)	\$100.7m	\$100.7m
Cash for business requirements	\$20.7m	\$20.7m
Third party transaction costs	\$23.6m	\$23.6m
Total uses of funds	\$405m	\$405m

(1) Estimated Net Debt at Implementation plus debt like obligations

h) Scrip Scale Back

PEP Shareholders intend to own at least approximately 70% of TopCo on implementation of the Scheme. There will be a scale back if the aggregate amount of Elections would otherwise result in Scheme Shareholders owning more than approximately 30%, and therefore PEP Shareholders owning less than approximately 70%, of TopCo on implementation of the Scheme. This means that there will be a scale back if valid Elections are made for more than 43,334,514 Class B Shares. Any scale back will be on a pro rata basis. If there is a scale back, you will receive the Cash Consideration in place of those Class B Shares which you would have received, but which were not issued to you due to the scale back. The ownership percentages noted in this Section 9.6h) and in the table above in Section 9.6f) are approximate percentages and may vary slightly based on the factors outlined in Section 9.6g). Healthia intends to announce to the ASX (www.asx.com.au) the indicative amount of Elections made by Scheme Shareholders on Thursday 16 November 2023. See clause 6.6 of the Scheme for further details on the Scrip Scale Back.

9.7 Summary of Shareholders' Deed, Constitution and rights attaching to Class B Shares

A summary of the key rights and obligations attaching to Class B Shares is set out below. This summary is not exhaustive and should be read subject to the full terms of the TopCo Shareholders' Deed and the TopCo Constitution are included as Appendix E and Appendix F). The TopCo Constitution and TopCo Shareholders' Deed provide that the terms of the TopCo Shareholders' Deed will prevail in the event of any inconsistency between the provisions of the TopCo Constitution and the TopCo Shareholders' Deed.

Capitalised terms used in this section which are not defined in this Scheme Booklet have the meanings given to them in the TopCo Shareholders' Deed.

Topic	Overview
Parties	<p>PEP Shareholders</p> <p>Scheme Shareholders who make a valid Election</p> <p>TopCo</p>
Issue and Ranking	<p>Immediately following implementation of the Scheme, TopCo will have two classes of shares on issue, being Class A Shares and Class B Shares.</p> <p>Class A Shares will be held by PEP Shareholders and their affiliates.</p> <p>Class B Shares will be held by Scheme Shareholders who make a valid Election (either directly or through the Nominee on behalf of such Scheme Shareholders) subject to the Scrip Scale Back arrangements.</p> <p>Class B Shares will be ordinary shares issued as fully paid and will rank equally (including from an economic perspective) with each other Class B Share and, unless otherwise provided in the TopCo Shareholders' Deed or the TopCo Constitution, with each other Class A Share, in each case, from an economic perspective.</p> <p>PEP Shareholders will have rights under the TopCo Shareholders' Deed and the TopCo Constitution that will be significantly more favourable to the PEP Shareholders than the rights and obligations of Class B Shareholders. Among other things, under the TopCo Shareholders' Deed, PEP Shareholders will exercise effective control over TopCo and will have the ability to determine the timing and terms of any Exit (including through rights to appoint a majority of the TopCo Board which will in turn control the management of the TopCo Group).</p>
Dividends	<p>The payment of any dividends will be at the sole discretion of the TopCo Board, subject to the Corporations Act, TopCo Constitution and the TopCo Shareholders' Deed. However, it is the intention that no dividends will be declared or paid for a period of 3 years after the Implementation Date.</p>
Appointment of Directors and Chairperson	<p>The Board must be constituted by a minimum of three Directors in accordance with the requirements of the Corporations Act. The maximum number of Directors permitted under the terms of the TopCo Shareholders' Deed is ten or such other maximum number as determined by the Board.</p> <p>Subject to certain exceptions, the Class B Shareholders will have the right to appoint, remove and replace:</p> <ul style="list-style-type: none"> ● 2 directors to the Board of TopCo, if Class B Shares represent 20% or more of the total shares on issue in TopCo; and ● 1 director to the Board of TopCo, if Class B Shares represent less than 20% but more than 10% of the total shares on issue in TopCo. <p>Any director nominated by Class B Shareholders must be a "qualified person" (which is determined having regard to any applicable commercial or other conflicts of interest), have the necessary knowledge, skills and expertise, having regard to the business conducted by TopCo, to serve as a Director of TopCo and be approved by the directors appointed by the PEP Shareholders (with such approval not to be unreasonably withheld).</p> <p>The PEP Shareholders may, from time to time, nominate one or more Independent Directors to be appointed to the TopCo Board. Any Independent Director so appointed may at any time be removed by the TopCo Board.</p> <p>The PEP Shareholders also have the right to appoint the CEO as a Director.</p> <p>After allowing for the appointment of any Class B Directors, the appointment of the CEO as a Director and the appointment of any Independent Directors, the PEP Shareholders will have the right to appoint, remove and replace the remaining balance of the TopCo Board.</p> <p>PEP Shareholders have the right to appoint, remove and replace the Chairperson of the TopCo Board.</p>
Board Meetings	<p>Other than as required under any applicable law or by any relevant Governmental Agency:</p> <ul style="list-style-type: none"> ● the quorum is 2 Directors, of whom at least 1 must be a PEP Director and, for such time as the Board comprises a Class B Director, at least 1 must be a Class B Director;

Topic	Overview
	<ul style="list-style-type: none"> ● if a quorum is not present at a meeting of the Board, the meeting must be adjourned to the time and place determined by the Directors present provided at least 48 hours' notice is given to each Director before the reconvened meeting; and ● if the quorum requirements are not met for two consecutively scheduled Board meetings, then the next Board meeting may proceed provided there is at least one PEP Director present. <p>Each PEP Director and Class B Director will have the number of votes equal to the number of shares held by the PEP Shareholders or Class B Shareholders respectively, divided by the number of PEP Directors or Class B Directors (as applicable) present at the meeting and eligible to vote on the resolution. Each other Director will have one vote.</p> <p>The chairperson will not have a casting vote.</p> <p>All decisions are by simple majority vote.</p>
Shareholders Meetings	<p>The quorum is 2 or more shareholders, of whom at least 1 is a PEP Shareholder and, where the Class B Shareholders hold 10% or more of the total shares on issue in TopCo, at least 1 is a Class B Shareholder.</p> <p>Each shareholder is entitled to that number of votes which is equivalent to the number of fully paid up shares in TopCo held by it.</p> <p>Subject to the Corporations Act and the TopCo Shareholders' Deed, all shareholder decisions are made by the affirmative vote of a simple majority of TopCo Shareholders.</p> <p>Meetings of Class B Shareholders (Class B Meetings) will be held in order to facilitate the exercise of Class B Shareholders' rights to appoint, remove and replace directors to the TopCo Board. Any action or resolution in a Class B Meeting will be made by the affirmative vote of a simple majority of Class B Shareholders. 2 Class B Shareholders are required to form a quorum for a Class B Meeting.</p>
Shareholder Special Majority Resolutions	<p>In addition to any requirements under the Corporations Act, the following decisions require approval by a majority of the votes cast by the PEP Shareholders who are present and entitled to vote and a majority of all votes cast by or on behalf of Class B Shareholders who are present and entitled to vote:</p> <ul style="list-style-type: none"> ● an amendment to the TopCo Constitution or TopCo Shareholders' Deed that materially adversely affects the rights of Class B Shares (other than in a way that impacts the Class A Shares equally); ● the creation of a new class of securities in TopCo that ranks ahead of the Class B Shares in a winding up (other than where such securities also rank ahead of Class A Shares in the same manner); ● the issue of new securities other than in accordance with the TopCo Shareholders' Deed; ● the wind-up of TopCo or any of its subsidiaries (except where the relevant entity is dormant or no longer conducting any business), <p>unless such matter is in connection with a Structural Simplification (see below).</p>
Special Resolution of Appointing Beneficiaries	<p>An amendment or variation to the "conversion and termination provisions" in relation to the nominee arrangements (see below for details of the "conversion and termination provisions") set out in clause 24.9 of the TopCo Shareholders' Deed requires approval by at least 75% of the votes cast by Appointing Beneficiaries where:</p> <ul style="list-style-type: none"> ● only Appointing Beneficiaries can vote on the resolution; ● each Appointing Beneficiary is entitled to cast a vote for each Security held on trust for, or on behalf of, the Appointing Beneficiary under the nominee arrangements; and ● the provisions of Part 2G.2 of the Corporations Act apply as if the Appointing Beneficiary is a member of TopCo. <p>Pursuant to the conversion and termination provisions in relation to the nominee arrangements, if TopCo applies to ASIC to change its company type to a proprietary company at a time when it has more than 50 non-employee Appointing Beneficiaries:</p> <ul style="list-style-type: none"> ● the bare trustee arrangements set out in the TopCo Shareholders' Deed will terminate on the date on which the change of company type takes effect (Termination Date); and

Topic	Overview
	<ul style="list-style-type: none"> the Nominee must as soon as reasonably possible (and, in any event, before the Termination Date) transfer legal title in respect of all of the Beneficial Securities held by it to the relevant Appointing Beneficiaries who must be registered in the register of members of TopCo as the legal holders of such Beneficial Securities.
Issue of Further Shares	<p>If TopCo proposes to issue any new Securities after the Scheme is implemented, it must first offer the existing TopCo Shareholders the right to subscribe for those Securities. The issue price per new Securities must be equal to Fair Market Value as determined by the Board in good faith, at the date of the Issue Notice.</p> <p>These pre-emptive rights on new issuances are subject to certain exceptions which permit TopCo to issue new Securities in certain circumstances without giving other TopCo Shareholders a right to subscribe for those new Securities, including:</p> <ul style="list-style-type: none"> to PEP Shareholders and Scheme Shareholders in connection with the Scheme; in connection with the Management Incentive Plan or Employee Share Option Plan; in connection with a Structural Simplification; as part of emergency funding provided by PEP or any of its affiliates (provided that the emergency funding is followed by an ability for other TopCo Shareholders to subscribe for Shares to retain their relevant proportion); in connection with any dividend reinvestment plan; as consideration for a bona fide, arms' length acquisition or merger (other than to PEP or an Affiliate of PEP); to PEP or an Affiliate of PEP, if the Board determines that equity funding is required to implement an arms' length, bona fide acquisition by the Group, if: <ul style="list-style-type: none"> the timing required to implement the pro-rata issue described above would adversely affect the prospects of the Group implementing the transaction; and the pro-rata issue process is followed after such injection of funds to give all other Shareholders the opportunity to subscribe for or acquire from PEP or its Affiliate Securities to maintain their relevant equity interest. in connection with an IPO; under a bonus issue, subdivision or consolidation or other reorganisation or reconstruction of share capital where it does not dilute the interests of any Shareholder; and where all of the Directors consent in writing, provided PEP Directors are not the only Directors of TopCo. <p>If TopCo proposes to issue any new shares under the pre-emptive rights provisions (Offer Shares) and eligible TopCo Shareholders do not take up all of the Offer Shares, then any TopCo Shareholder who accepted their entitlement of Offer Shares in full may take up any Offer Shares not taken up by the other TopCo Shareholders. Should any new Securities remain not subscribed for, TopCo may issue the Securities to any TopCo Shareholder or third party approved by the Board on terms no more beneficial to those set out in the pro-rata offer.</p>
Disposals	<p>A TopCo Shareholder must not dispose of any of its shares or other Securities in TopCo other than:</p> <ul style="list-style-type: none"> to a Permitted Transferee as provided for in the TopCo Shareholders' Deed; in relation to re-transfers where a permitted transferee ceases to be a permitted transferee; to the Nominee; under the drag along provision; under the tag along provision; in a trade sale, asset sale or IPO; under the compulsory transfer regime if there is an event of default; under the compulsory transfer regime for Small Holdings;

Topic	Overview
	<ul style="list-style-type: none"> ● if there has been an emergency funding matter, in any subsequent exercising of “catch-up” rights in accordance with the terms of the TopCo Shareholders' Deed; ● if there has been an urgent M&A funding matter, in any subsequent exercising of “catch-up” rights in accordance with the terms of the TopCo Shareholders' Deed; ● pursuant to the Management Incentive Plan; or ● as approved by the Board with at least one Class B Director (to the extent there is one) and the majority of PEP Directors voting in favour.
Drag Along	<p>If the PEP Shareholders wish to sell all or a proportion of their shares in TopCo to one or more buyers on arm's length terms, no other TopCo Shareholders have a right of pre-emption and the PEP Shareholders may require each other TopCo Shareholder to sell the same proportion of their shares in TopCo to the third party buyers on terms no less favourable than the terms offered by the third party buyers to the PEP Shareholders.</p> <p>Management Shareholders may be required to give additional representations and warranties (provided that TopCo procures warranty and indemnity insurance), give non-compete, non-solicit, non-interference and no-poach undertakings on customary terms, and to roll shares into the acquirer.</p>
Tag Along	<p>If the PEP Shareholders wish to sell all or a proportion of their Shares in TopCo to a third party buyer, and have not issued a drag along notice, or have withdrawn such drag along notice, the other TopCo Shareholders must be invited to sell the same proportion of their Shares to the third party buyer on terms no less favourable to the other TopCo Shareholders than the terms offered by the third party buyer to the PEP Shareholders.</p> <p>As noted above, Management Shareholders may be required to give additional representations and warranties (provided that TopCo procures warranty and indemnity insurance), give non-compete, non-solicit, non-interference and no-poach undertakings on customary terms, and to roll shares into the acquirer.</p> <p>The tag along rights do not apply to the following Disposals of shares or other securities in TopCo:</p> <ul style="list-style-type: none"> ● Disposals to a TopCo Shareholder who has a “catch-up” right following an issue of Securities in TopCo in connection with an emergency funding matter or an urgent M&A funding matter; ● in connection with an IPO; or ● in connection with a Disposal to a permitted transferee of a TopCo Shareholder, which in the case of the PEP Shareholders includes their affiliates..
Exit	<p>The PEP Shareholders may, at any time, require the Board of TopCo to appoint a financial adviser or investment bank to act on behalf of the TopCo Shareholders to assist the Board with its evaluation on whether to proceed with an Exit to a third party (not being an affiliate of the PEP Shareholders).</p> <p>If the Board decides to proceed with an Exit, each party must use their best endeavours to ensure the Exit occurs on terms approved by the Board and must not object to the Exit. The other TopCo Shareholders must do all things, execute all documents and provide all assistance requested by TopCo or the PEP Shareholders to facilitate the Exit, including agreeing to escrow restrictions recommended by the underwriters or managers of an IPO (if applicable).</p> <p>In the context of an IPO, the PEP Shareholders will determine the extent to which other TopCo Shareholders may sell Shares as part of the IPO having regard to the advice of advisers and managers (as applicable).</p>
Management Services Agreement	<p>Subject to approval by the TopCo board of directors, TopCo and its subsidiaries may enter into a management services agreement with the PEP Shareholders (or an Affiliate of PEP) pursuant to which it may charge fees for advisory services and cost reimbursement. Any such agreement will be on arm's length or subject to TopCo shareholder approval.</p>
Structural Simplification	<p>The TopCo board may look to simplify the Healthia group structure via the potential issue by TopCo of equivalent Securities having similar economics and rights to any current or formerly issued 'clinic class</p>

Topic	Overview
	<p>shares' (or similarly named shares) in any TopCo Group Member, and each TopCo Shareholder must do all things which are in the Board's opinion required or desirable to effect that simplification.</p>
<p>Compulsory Transfer</p>	<p>A TopCo Shareholder (other than a PEP Shareholder) and its permitted transferees (Defaulting Shareholder) will be subject to a compulsory disposal regime where an "Event of Default" has occurred in relation to it.</p> <p>An Event of Default occurs where a Defaulting Shareholder or a Relevant Manager:</p> <ul style="list-style-type: none"> ● has committed a breach of its obligations under the restrictions on Disposals which cannot be remedied or is not remedied by the Defaulting Shareholder within 20 Business Days; ● has committed a breach of any of its material obligations under any Transaction Document, which cannot be remedied or is not remedied by the Defaulting Shareholder within 20 Business Days; ● has breached the restraint provisions in clause 27 of the TopCo Shareholders Deed; ● has become the subject of an Insolvency Event; ● has become a shareholder of TopCo pursuant to a transfer of shares in breach of the TopCo Shareholders Deed; ● has become subject to a change of control that circumvents the restrictions on Disposals in the TopCo Shareholders' Deed; ● in the case of a Management Shareholder (including in respect of any Class B Shares acquired under the Scheme) : <ul style="list-style-type: none"> ○ is required (pursuant to a court order or otherwise) to transfer any or all of its shares to its relevant manager's spouse or partner in connection with relationship proceedings between its relevant manager and his or her spouse or partner; ○ ceases to be an affiliate of its relevant manager and its relevant manager fails to arrange for the transfer of the shares held by it to the relevant manager or another affiliate of the relevant manager approved by the Board within 20 Business Days of it ceasing to be an affiliate of the relevant manager; or ○ a Good Leaver Event or Bad Leaver Event occurs; or ● is guilty of a criminal offence in any jurisdiction which would, in the reasonable opinion of the Board materially affect the Business or the duties of that Shareholder or Relevant Manager in respect of the Business. <p>If an Event of Default has occurred, the Defaulting Shareholder's shares in TopCo (Default Sale Shares) may be sold to TopCo, by way of a purchase, buy-back, cancellation as part of a reduction of capital or redemption, or to the PEP Shareholders or their nominee.</p> <p>The Sale Price of the Default Sale Shares will be:</p> <ul style="list-style-type: none"> ● in the case of an Event of Default relating to relationship proceedings or a Good Leaver Event, the Fair Market Value of the Default Sale Shares; or ● in any other case, the lower of the Fair Market Value and the Net Cost of the Default Sale Shares, as determined in accordance with the TopCo Shareholders' Deed. The Fair Market Value will be determined by the TopCo Board in good faith. If a Defaulting Shareholder disputes the Fair Market Value determined by the TopCo Board, the Fair Market Value will be determined by an independent valuer.
<p>Disposal of Small Holdings</p>	<p>After the first anniversary of the Implementation Date, the TopCo Board may elect to require a Small Shareholder to dispose of its Class B Shares. A Small Shareholder is a Class B Shareholder who holds Class B Shares which had, at the time or times of their issue, an aggregate issue price and/or face value of their entire holding of \$10,000 or less.</p> <p>If the TopCo Board makes such an election, the Small Shareholder must sell or otherwise dispose of its Class B Shares in the manner determined by the TopCo Board, which may include a buy-back, redemption, cancellation, or the transfer of those Class B Shares to a nominated purchaser (which may be a third party purchaser or an existing TopCo Shareholder). In either case, the sale price for the Class B Shares will be their</p>

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	<p>Fair Market Value as at the date on which the TopCo Board gives notice that the compulsory disposal provision will apply to the Small Shareholder. That Fair Market Value will be determined by the TopCo Board, or if a Small Shareholder disputes the Fair Market Value determined by the TopCo Board in good faith, the Fair Market Value will be determined by an independent valuer.</p> <p>Under the TopCo Shareholders Deed, each TopCo Shareholder must take all actions required by the TopCo Board to give effect to this compulsory disposal provision, including entering into and executing all documentation. The power of attorney given by all Class B Shareholders may be utilised by the PEP Directors to give effect to this compulsory disposal provision.</p>
<p>Nominee Arrangements</p>	<p>Refer to Section 9.6b) above. The key terms of the custodian arrangements under the Nominee Deed in respect of the Healthia Shareholders who elect to receive Scrip Consideration (each an Appointing Beneficiary) will be as follows:</p> <ul style="list-style-type: none"> ● the Nominee holds the right, title and interest in the relevant Class B Shares of an Appointing Beneficiary on a separate bare trust for that Appointing Beneficiary; ● the Nominee must, to the maximum extent permitted by law, act on the instructions of the Appointing Beneficiaries, with the intent that each Appointing Beneficiary exercises day-to-day control over the operation of the bare trust of which it is the Appointing Beneficiary; ● the Nominee will only transfer or otherwise dispose of the property of a bare trust as the relevant Appointing Beneficiary of that bare trust or any attorney on behalf of that Appointing Beneficiary directs; ● to the extent reasonably practicable, the Nominee must attend and/or vote at meetings of TopCo Shareholders which the Nominee is instructed by an Appointing Beneficiary to attend and/or vote at (as applicable) (and in the absence of such a valid instruction, the Nominee will not attend any such meetings); ● TopCo will procure that any cash distribution or dividend that would otherwise be paid to the Nominee in respect of Class B Shares held by the Nominee as bare trustee for an Appointing Beneficiary is paid directly to the Appointing Beneficiary in place of the Nominee (or as it directs); ● each Appointing Beneficiary indemnifies TopCo and the Nominee for all claims and liabilities which TopCo or the Nominee incurs arising out of or in connection with: <ul style="list-style-type: none"> ○ anything done by the Nominee at the instruction of that Appointing Beneficiary; and ○ that Appointing Beneficiary's Class B Shares being registered in the name of the Nominee; and ● any breach of the TopCo Shareholders' Deed or the Nominee Deed by the Appointing Beneficiary or the Nominee on the instruction of the Appointing Beneficiary.
<p>Restraint</p>	<p>During the Restraint Period, each Class B Shareholder, Relevant Manager and Management Shareholder (Restrained Party) undertakes to TopCo that it will not:</p> <ul style="list-style-type: none"> ● become involved within the Restraint Area in any capacity in any business or activity which competes with, or which offers the same or substantially similar products or services as those offered by TopCo or by the business of any TopCo Group Member; ● directly or indirectly seek to prejudice any TopCo Group Member's relationship with, or solicit the custom of any person who is, or was a customer of TopCo or any TopCo Group Member during the period which the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) is or was a TopCo Shareholder or in the 12-month period following the date the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) ceased to be a TopCo Shareholder in respect of the same or substantially similar products or services provided by the Business or by the business of any TopCo Group Member during that 12-month period; and ● directly or indirectly entice or endeavour to entice from any TopCo Group Member any person who is, or was during the period which the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) is or was a TopCo Shareholder or in the 12-month period following the date the Restrained Party (or in the case of a Relevant Manager, its

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	<p>associated Management Shareholder) ceased to be a TopCo Shareholder, an employee, consultant or officer in a managerial role of any TopCo Group Member.</p> <p>Each Restrained Party must procure that its Related Entities comply with these restraints.</p> <p>Unless unenforceable, the Restraint Area comprises each country in which the TopCo Group Members have operations on the Disposal Date, and the Restraint Period is the period during which the Restrained Party is a Shareholder and three years after the Disposal Date, unless that period is held invalid for any reason by a court of competent jurisdiction, then the period during which the Restrained Party is a Shareholder.</p>
Information	Class B Shareholders and Management Shareholders will have the right to receive Audited Financial Statements of the TopCo Group on written request.
Amendment	<p>The TopCo Shareholders Deed may only be amended by a document signed by TopCo and the PEP Shareholders, unless:</p> <ul style="list-style-type: none"> ● the amendment would materially adversely affect the rights or obligations of Class B Shareholders under the TopCo Shareholders' Deed (other than in a way that impacts Class A Shares and Class B Shares equally), in which case the consent of the affected TopCo Shareholders holding more than 75% of the relevant class of Shares is required; or ● the amendment is to the "conversion and termination provisions" set out in clause 24.9 of the TopCo Shareholders' Deed, in which case a Special Resolution of Appointing Beneficiaries is required.

9.8 Interests in Healthia Shares

a) Interests in Healthia Shares

As at the date of the Scheme Booklet PEP BidCo has a relevant interest and voting power in 27,898,203 Healthia Shares representing 19.9% of the total Healthia Shares on issue. This relevant interest arises as a result of the entry into by PEP BidCo on 30 August 2023 of two call option deeds (in substantially similar form) with:

- MAF in respect of 14,713,700 Healthia Shares; and
- A number of WAM entities in respect of 13,184, 503 Healthia Shares.

Each call option gives PEP BidCo the right but not the obligation to acquire the optioned shares at \$1.80 per Healthia Share (being the same price as the Cash Consideration under the Scheme). The grant of the call options are subject to receipt of non-objection to the grant and exercise under the FATA. The call option may only be exercised in the event that there is a public announcement of a competing proposal to the Scheme after 30 August 2023. The call option deeds also contain customary adjustment provisions in the event that PEP BidCo exercises the option and then sells the option shares into a competing proposal or it pays a higher price under the Scheme.

b) Dealings in Healthia Shares in the previous four months

None of PEP, PEP BidCo, MidCo, HoldCo or TopCo, nor any of their associates, have provided, or agreed to provide, consideration for Healthia Shares under a purchase or agreement during the period of four months before the date of this Booklet except for the Scheme Consideration which PEP BidCo has agreed to provide under this Scheme (as reflected in the Implementation Deed and the Deed Poll) and the call options noted in Section 9.8a) above.

c) Benefits given during previous four months

In the opinion of PEP BidCo and TopCo, neither of PEP BidCo and TopCo, nor any of their associates, during the period of four months before the date of this Booklet, gave, or offered to give or agreed to give, a benefit to another person which was likely to induce the other person, or an associate, to:

- vote in favour of the Scheme; or
- dispose of Healthia Shares, and which benefit was not offered to all Healthia Shareholders under the Scheme.

PEP BidCo and TopCo both note that PEP BidCo has entered into the call options noted in Section a) above, but do not consider them a benefit as each call option gives PEP BidCo the right but not the obligation to acquire the optioned shares at \$1.80 per Healthia Share (being the same price as the Cash Consideration under the Scheme).

PEP BidCo notes that under the TopCo Shareholders' Deed the Healthia CEO and CFO will be the directors of Healthia. Further as contemplated by the TopCo Shareholders' Deed Mr Wesley Coote as CEO will be invited to join the TopCo board of directors. Depending on the outcome of Elections, Healthia Shareholders receiving Scrip Consideration will be entitled under the TopCo Shareholders' Deed to appoint one or two directors in aggregate to the TopCo board of directors.

d) Benefits to current Healthia Directors

Neither PEP BidCo nor TopCo will be making any payment or giving any benefit to any current Healthia Director as compensation or consideration for, or otherwise in connection with, their resignation from the Healthia Board, if the Scheme becomes effective and, other than as required under the relevant person's employment or services contract with Healthia, the terms of the Scheme and if they make a Valid Election to receive Scrip Consideration under the terms of the TopCo Shareholders' Deed and Constitution.

PEP BidCo notes that under the TopCo Shareholders' Deed the Healthia CEO and CFO will be the directors of Healthia. Further as contemplated by the TopCo Shareholders' Deed Mr Wesley Coote as CEO will be invited to join the TopCo board of directors. Depending on the outcome of Elections, Healthia Shareholders receiving Scrip Consideration will be entitled under the TopCo Shareholders' Deed to appoint one or two directors in aggregate to the TopCo board of directors.

e) Other agreements or arrangements

None of PEP BidCo or TopCo has made any agreement or arrangement with a Healthia Director in connection with or conditional on the outcome of the Scheme.

PEP BidCo notes that under the TopCo Shareholders' Deed the Healthia CEO and CFO will be the directors of Healthia. Further as contemplated by the TopCo Shareholders' Deed Mr Wesley Coote as CEO will be invited to join the TopCo board of directors. Depending on the outcome of Elections, Healthia Shareholders receiving Scrip Consideration will be entitled under the TopCo Shareholders' Deed to appoint one or two directors in aggregate to the TopCo board of directors.

9.9 No other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other PEP BidCo Information that is material to the making of a decision in relation to the Scheme, being PEP BidCo Information that is within the knowledge of any director of PEP BidCo, at the date of this Scheme Booklet, which has not previously been disclosed to the Healthia Shareholders.

An elderly couple is walking away from the camera on a grassy path in a park. The man is on the left, wearing a white t-shirt and tan trousers, with his right arm around the woman's shoulder. The woman is on the right, wearing a light blue t-shirt and white trousers, with her left arm around the man's shoulder. They are both smiling and appear to be enjoying their walk. The background is filled with green trees and a bright, sunny sky. A semi-transparent blue graphic overlay is positioned in the lower half of the image, containing text.

Section 10

INVESTMENT RISK / WHAT IF THE SCHEME IS NOT IMPLEMENTED?



10. Investment risk / What if the Scheme is not implemented?

10.1 Introduction

The Scheme presents a number of potential risks that Healthia Shareholders should consider when deciding how to vote on the Scheme. In making your decision, you should carefully read this Scheme Booklet in its entirety. You should also carefully consider the risk factors outlined in this Section and your personal circumstances. This Section is general in nature only and does not take into account your individual objectives, financial situation, tax position or particular needs.

This Section outlines some of the:

- risks relating to the business and operations of Healthia, including your current investment in Healthia Shares (see Sections 10.2 and 10.3);
- risks relating to Class B Shares (see Section 10.3m)); and
- risks relating to the Scheme (see Section 10.4).

If the Scheme is implemented, the risks in Sections 10.2, 10.3 and 10.3m) will not apply to Healthia Shareholders who do not elect to receive a Scrip Consideration Option and instead receive the Cash Consideration, as they will not hold Class B Shares. The risk factors in Sections 10.2, 10.3 and 10.3m) will apply to Healthia Shareholders who elect to receive a Scrip Consideration Option, as they will hold Class B Shares.

If the Scheme is not implemented, Healthia Shares will remain quoted on the ASX and all Healthia Shareholders will continue to be subject to the risks in Sections 10.2 and 10.3.

The outline of risks in this Section 10 is a summary only and should not be considered exhaustive. This Section 10 does not purport to list every risk that may be associated with an investment in Healthia now or in the future or which may prevent the Scheme from becoming Effective or being implemented. The occurrence or consequences of some of the risks described in this Section 10 may be partially or completely outside the control of Healthia and PEP BidCo or their respective directors and senior management teams.

The risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Healthia Shareholders. Before making any Election to receive a Scrip Consideration Option, you should have a sufficient understanding of these matters having regard to your own individual risk profile, portfolio strategy, investment objectives, financial circumstances and taxation position.

You should carefully consider the risk factors discussed in this Section 10, as well as the other information contained in this Scheme Booklet before voting on the Scheme.

10.2 General investment risk

If the Scheme does not become Effective, Healthia Shares and future distributions made to Healthia Shareholders will be influenced by a number of macroeconomic factors including:

- changes in investor sentiment and overall performance of the Australian and international stock markets;
- changes in credit markets;
- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels, wage rates, population growth, retail sales and consumer demand;
- there may be few or many potential buyers or sellers of Healthia Shares on the ASX at any time and this may affect the volatility of the market price of Healthia Shares. It may also affect the prevailing market price at which shareholders are able to sell their Healthia Shares;
- a change to the current taxation regime may affect Healthia and Healthia Shareholders (personal tax liabilities are the responsibility of each individual investor in Healthia and Healthia is not responsible for taxation or penalties incurred by investors in Healthia);
- the ongoing global impact of the COVID-19 pandemic, and the continuously developing advice and responses from health and regulatory authorities;

- changes in government fiscal, monetary and regulatory policies, including foreign investment and immigration;
- the impact of rising rates of inflation globally;
- natural disasters and catastrophes, whether on a global, regional or local scale; and
- accounting standards which affect the financial performance and position reported by Healthia.

10.3 Risk factors relating to the business and operations of Healthia

In considering the Scheme, you should be aware that there are a number of general risk factors, as well as risks specific to the industries in which Healthia operates, which could materially and adversely affect the future operating and financial performance of Healthia.

Many of these risks are currently relevant to Healthia Shareholders and will continue to be relevant to Healthia Shareholders if:

- the Scheme does not become Effective and you retain your current investment in Healthia; or
- the Scheme becomes Effective and you have made a valid Election for a Scrip Consideration Option, so that you receive Class B Shares which gives you indirect exposure to the business of Healthia through TopCo's shareholding in PEP BidCo and PEP BidCo's holding of 100% of the shares in an unlisted Healthia.

a) Healthia share price volatility

If the Scheme does not become Effective, Healthia Shares will remain quoted on the ASX and will continue to be subject to market volatility, including as a result of general stock market movements and the impact of general economic conditions.

If the Scheme does not become Effective, the price at which Healthia Shares trade may fall.

b) Past acquisitions

Healthia has in part historically grown its business by acquisition, and the growth through acquisition strategy may remain a part of Healthia's strategy in the future. This growth has placed, and may continue to place, significant demands on management, information and reporting resources and financial and internal controls and systems. Effective management of Healthia's growth will require continued development and appropriate resourcing of these controls and systems, failing which Healthia may not be able to take advantage of market opportunities, satisfy customer requirements, execute its business plan or respond to competitive threats. There are a range of additional risks associated with strategic acquisitions, including one or more past or future acquisitions giving rise to significant actual or contingent liabilities or loss which it cannot recover under the relevant acquisition agreement, Healthia may fail to achieve expected synergies and cost savings in relation to an acquisition, customers and key employees of acquired businesses may not be retained after completion of the acquisition and the services contracts of acquired businesses may contain unusual or onerous terms, including in relation to termination rights. Any of the above factors, either individually or in combination, may have a material adverse effect on the Healthia Group's financial position and future prospects.

c) Increased competition

Healthia operates in a fragmented and competitive industry. Healthia competes on the basis of a number of factors, including the variety and quality of its products and services, brand recognition, reputation, and price. There is no assurance that competitors or new market entrants in the Australian allied health industry will not succeed in offering services or products that are more economic or otherwise more desirable than those being offered by Healthia, which will have negative effects on Healthia's market position. The decline in Healthia's competitive position could adversely affect its market share and lead to a decline in Healthia's revenue and earnings.

d) Consumer spend and behaviour

Consumer spend for allied healthcare products and services can be affected by the state of the broader economy, including interest rates, the unemployment rate and consumer and business sentiment. There is a risk that Australian economic conditions worsen, leading to lower spend for Healthia's services.

e) Personnel risk

A key driver of Healthia's performance is the recruitment and retention of effective and qualified employees (e.g. physiotherapists, podiatrists and optometrists). Healthia faces risks of loss of key management personnel, loss of other key employees, delay in finding suitable replacements for lost personnel and the inability to find suitably qualified personnel to meet Healthia's business

needs as it grows. If any of these risks were to materialise, they could have a material adverse impact on Healthia's business, financial performance and financial condition.

f) Cybersecurity / central technology systems risks

Healthia relies on operational and central technology systems. Despite the measures and plans implemented by Healthia, cyber-attacks or IT systems could cause operational disruption, personal and sensitive data loss, financial loss, and reputational damage.

g) Intangible assets

Healthia has a material amount of intangible assets on its balance sheet relating to goodwill and identifiable intangible assets such as client contracts and relationships, software and licences. Under Australian Accounting Standards, goodwill and indefinite life intangible assets must be regularly tested for impairment. If impaired, Healthia would need to write down the value of its intangible assets, which would result in an expense in the income statement, thereby potentially materially impacting Healthia's financial condition and reported earnings.

h) Availability of funding and service of debt financing

Healthia has a number of debt facilities in place. The breach or termination of any debt facility may negatively impact Healthia's ability to obtain new or renew existing debt finance. This may negatively impact Healthia's operations and/or financial position and performance.

i) Future dividends

The future payment of dividends (if any) by Healthia is determined at the discretion of the Healthia Board and in accordance with the Corporations Act from time to time. This is dependent on several factors such as profitability, capital structure and strategic initiatives of Healthia.

j) Changes in laws and regulations

Healthia's business is influenced and affected by laws, regulations and government policy. Political and/or regulatory change, including (amongst others) changes to laws, industry practice standards and employment, could impact Healthia's current operations or future strategic initiatives.

k) Reputational damage

Healthia's brands are crucial to the assets of the business. There is a risk that Healthia's brand and reputation may be tarnished by incidents such as negative publicity, a data security breach or one-off unforeseen events that negatively impact Healthia's operations. The occurrence of any such incidents may lead to client loss and the failure to attract new clients, which, in turn, may have an adverse impact on Healthia's financial performance.

l) Claims and litigation

As with any business, Healthia faces a risk of disputes, claims or legal proceedings. Involvement in such disputes, claims or legal proceedings could disrupt Healthia's operations, lead to significant legal costs being incurred, and impede management's ability to focus on day-to-day operations.

m) Risk factors relating to Class B Shares

This Section 10.3m) sets out some of the key risks relating to Class B Shares which are known to PEP BidCo as at the date of this Scheme Booklet. These risks will only apply to Scheme Shareholders who make a valid Election to receive a Scrip Consideration Option.

n) Risks associated with an investment in TopCo post implementation of the Scheme

Healthia Shareholders should carefully read this Scheme Booklet in its entirety and specifically consider these risks before making an Election (noting that the Healthia Directors make no recommendation in relation to the Scrip Consideration due to the speculative nature of the Class B Shares and the fact that whether the Scrip Consideration is appropriate will depend significantly on the characteristics and risk profile of the individual Healthia Shareholder).

Healthia Shareholders who elect a Scrip Consideration Option should consider a number of risks that can be broadly classified as risks specific to an investment in Class B Shares post implementation of the Scheme and general risks relating to investing in unquoted securities. These risks may, individually or in combination, have a material adverse effect on TopCo's future financial performance, financial position, cash flows distributions and/or your ability to dispose of Class B Shares if you wish to do so and, consequently, on the value of your Class B Shares.

You should note that this Section 10.3m) is not an exhaustive list of the risks associated with an investment in TopCo post implementation of the Scheme. Further, many of these risks are outside the control of PEP BidCo or PEP BidCo and either cannot be mitigated or can only be partially mitigated.

You should also carefully consider these factors in the light of your personal circumstances and seek professional advice from your accountant, tax adviser, stockbroker, lawyer or other professional adviser before deciding whether to make an Election to receive Scrip Consideration. There is no guarantee that PEP BidCo will achieve its stated objectives or any of its statements of current future intent as described in Section 9.5, or that any dividends or distributions will be paid to TopCo shareholders post implementation of the Scheme.

You should read the Scheme Booklet in its entirety and specifically consider the factors contained within this Section 10.3m) before making an Election to receive a Scrip Consideration Option.

The risk factors that apply to an investment in TopCo post implementation of the Scheme are materially different from those that apply to your existing investment in Healthia.

Despite the operating history of Healthia, an investment in TopCo post implementation of the Scheme should be considered a speculative investment.

o) Risks specific to TopCo and Class B Shares post implementation of the Scheme

(i) Different regulatory regime

Many of the protections available to shareholders of Australian listed companies are not available to shareholders of unlisted companies. For example, ASX listed companies are subject to continuous disclosure obligations under the Listing Rules.

As TopCo will be an unlisted public company and Healthia will be removed from the official list of the ASX following the Implementation Date, the Listing Rules and, subject to certain conditions, Australia's takeover regime will not apply to the acquisition of Class B shares and information that may have required disclosure under the Listing Rules may not be available to shareholders.

There is a risk that, because of the different regulatory regime that applies to an investment in TopCo, TopCo Shareholders may not realise the outcome with respect to their investment that they intended, or which might have been available were their investment in a listed entity.

Healthia at present	Description of lost protection following implementation
Continuous disclosure (Listing Rules – Chapter 3)	
Chapter 3 of the Listing Rules contains obligations on listed entities to immediately disclose material price sensitive information to the market	<p>If TopCo has less than 100 shareholders, TopCo will not have an obligation to provide any disclosure to TopCo Shareholders which could be comparable to the continuous disclosure obligations currently applicable to Healthia as a listed company.</p> <p>Subject to limited exceptions, it is a requirement under the TopCo Shareholders' Deed, that TopCo has no more than 50 shareholders. TopCo intends to rely on the nominee arrangements described in Section 9.6b) to give effect to this requirement.</p>
Securities (Listing Rules — Chapter 6)	
Chapter 6 of the Listing Rules provides that each class of equity security must be appropriate and equitable in the ASX's view. It also provides protections in relation to voting rights of holders of ordinary and preference shares.	The terms of the Class B Shares are not subject to ASX approval.

Changes in capital and share issues (Listing Rules — Chapter 7)	
Chapter 7 of the Listing Rules requires issuers who issue more than 15% of a listed entity's capital in a 12-month period to seek security holder approval, subject to certain exceptions. It also imposes limits on the ability of listed entities to issue securities under a rights issue, dividend or distribution plan or during a takeover unless prescribed conditions are met.	Holdings of Class B Shares may be more easily diluted.
Transactions with persons of influence (Listing Rules — Chapter 10)	
Chapter 10 of the Listing Rules imposes restrictions on persons in a position of influence, such as related parties, a subsidiary, or a substantial holder, from entering into certain transactions with the listed entity unless certain conditions are met. In prescribed cases, transactions of this nature will require security holder approval.	<p>As an unlisted public company, TopCo must comply with the provisions contained in:</p> <p>Division 2 of Part 2D.1 of the Corporations Act, which excludes directors of public companies with material personal interests in certain matters attending directors meetings about, or voting on these matters; and</p> <p>Chapter 2E of the Corporations Act, which requires public companies to obtain shareholder approval to provide a financial benefit to a related party, subject to certain exceptions.</p> <p>However, following implementation of the Scheme, TopCo will not be subject to broader provisions contained in Chapter 10 of the Listing Rules which impose restrictions on entering into transactions with persons in a position of influence.</p>
Significant transactions (Listing Rules — Chapter 11)	
Chapter 11 of the Listing Rules requires a listed entity to obtain the approval of security holders in certain circumstances (and where required by the ASX), if it proposes to make a significant change to the nature or scale of its activities.	A significant change to the operations of TopCo, MidCo, PEP BidCo and/or Healthia may not require shareholder approval.

The takeover provisions in Chapter 6 of the Corporations Act will only apply to TopCo if it has more than 50 shareholders. As outlined above, subject to limited exceptions, it is a requirement under the TopCo Shareholders' Deed, that TopCo has no more than 50 shareholders.

Chapter 6 of the Corporations Act sets out Australia's takeovers regime (which is supplemented by ASIC Regulatory Guides and guidance notes issued by the Australian Takeovers Panel). These provisions prohibit a person from acquiring relevant interests in the securities of a listed entity where it would have the effect of causing the person's or someone else's voting power in the company to increase from 20% or below to above 20%, or to increase from a starting point of above 20% and below 90%, unless an exception applies. Exceptions include where the person increases its voting power by way of a takeover bid or a scheme of arrangement. Chapter 6 also requires public disclosure whether a shareholder holds 5% or more of the voting shares in a company or changes that position by 1% or more.

The purpose of Chapter 6 of the Corporations Act is to ensure such increases in voting power occur in a manner which provides shareholders with sufficient time to enable them to assess an offer put to them by an acquirer, sufficient information and disclosure about the offer and allows them to have an equal opportunity to participate in the offer and any control premium offered by the acquirer.

If TopCo has less than 50 shareholders, then there is no specific regime under the Corporations Act regulating acquisitions of shares in TopCo. However, the TopCo Shareholders' Deed restricts TopCo Shareholders from transferring or disposing of shares in TopCo (see Section 9.7 of this Scheme Booklet for details).

(i) **Lack of Dividends**

Whilst each Class B Share and Class A Share ranks equally with each other for payment of dividends, the declaration and payment of any dividends will be at the sole discretion of the TopCo Board.

The TopCo Shareholders Deed provides that the parties agree and acknowledge that there is no intention, as at the date of the TopCo Shareholders Deed, for any dividends to be declared or paid for the 3-year period commencing on the Implementation Date of the Scheme.

The TopCo Board's determination in respect of any dividend will have regard to matters including the working capital and other capital requirements of the TopCo Group as well as any restrictions imposed by the third party debt financing arrangements of the Bidder Group from time to time.

To the extent TopCo pays any dividends in the future, the level of franking on any dividends on Class B Shares will be affected by the level of TopCo's available franking credits and distributable profits. TopCo's level of franking credits may be affected by a wide range of factors, including its business performance, the jurisdictions in which Healthia makes profits and pays tax and any other franked dividends it may receive (if any). TopCo's distributable profits may also be affected by a wide range of factors including its level of earnings. The level of franking on any dividend may vary over time and dividends may be partially, fully or not franked. The value and availability of franking credits to a Class B Shareholder will depend on that Class B Shareholder's particular circumstances.

(ii) Lack of Liquidity

TopCo, post implementation of the Scheme, will be an unlisted public company. As such, there will be no public market for the trading of TopCo Shares post implementation of the Scheme, nor is there expected to be any such market in the future. As noted above, there are also substantial restrictions on the ability of TopCo Shareholders to transfer their TopCo Shares under the TopCo Shareholders Deed. See Section 9.7 for further information. This will result in TopCo Shares being substantially illiquid. This may also affect the value of TopCo Shares post implementation of the Scheme as well as your ability to dispose of them, either at all or in a timely manner. The PEP Shareholders may transfer their TopCo Shares to a Permitted Transferee (as defined in the TopCo Shareholders Deed) without you having the right to exit your investment in your Class B Shares at the same time.

(iii) Lack of information

Healthia will not be an ASX listed company following the implementation of the Scheme and TopCo is an unlisted public company. This means that, after the Implementation Date, Class B Shareholders will receive significantly less information and reports about the Healthia Group than Healthia Shareholders currently receive.

Under the TopCo Shareholders Deed, Class B Shareholders are entitled to receive a copy of the latest audited financial statements of the TopCo Group if requested. Class B Shareholders will not however receive reports such as remuneration reports or corporate governance reports and TopCo will not be required to comply with the extensive continuous disclosure obligations set out in Chapter 3 of the Listing Rules and, provided TopCo has less than 100 shareholders, section 674 of the Corporations Act.

A summary of some of the key information differences is set out in the table below. The summary is not exhaustive.

Healthia at present	Description of lost protection following implementation
Financial reporting (Corporations Act — Chapter 2M)	
<p>Chapter 2M of the Corporations Act requires public companies of every size to disclose their annual financial report and directors' report. The financial report includes the audited financial statements for the year, and the directors' declaration about the statements.</p> <p>A listed public company's annual financial report and directors' report must include additional information specified by the Corporations Act.</p> <p>A listed public company's financial statements must include a declaration by the CEO and CFO regarding those financial statements, including that they give a true and fair view.</p> <p>A listed public company's directors' report must include an 'operating and financial review' which contains information that shareholders would reasonably require to make an informed assessment of the company's operations, financial position, business strategies, and prospects for future financial years.</p>	<p>TopCo, being a public company (but not a disclosing entity) must lodge with ASIC an annual financial report and directors' report. The financial report includes the audited financial statements for the year, and the directors' declaration about the statements.</p> <p>There is no requirement for TopCo's financial statements to include:</p> <ul style="list-style-type: none"> ● a declaration by the CEO and CFO that they give a true and fair view; ● an 'operating and financial review'; and ● financial report and directors' report for each half-year.

<p>If the public company is listed, they must also make their remuneration report available, which is voted on at its Annual General Meeting. A disclosing entity must also provide a financial report and directors' report for each half-year.</p>	
<p>Corporate Governance Statements (Listing Rules — Chapter 4)</p>	
<p>Chapter 4 of the Listing Rules requires each listed company to include in its annual report either a corporate governance statement or a website address where such statement is located.</p>	<p>There is no requirement for TopCo to provide a corporate governance report.</p>

(iv) **TopCo Shareholders Deed**

Healthia Shareholders who receive Class B Shares under the Scheme will become bound by the TopCo Shareholders' Deed, which is intended to govern the relationship between investors in TopCo. The TopCo Shareholders' Deed provides TopCo Shareholders with certain rights and obligations in connection with, amongst other things, the governance of TopCo and the disposal of shares and other securities in TopCo and include a restraint on competition activities.

(v) **Exit**

Consistent with usual private equity practice, the Fund may seek to 'exit' its investment in the Healthia business in the future. This is subject to the PEP Shareholders' preferences, prevailing market conditions, the performance of the business and other factors which may be considered relevant at the time. As such, the time period for the Exit is currently unknown and is at the discretion of the PEP Shareholders.

There is no guarantee that Class B Shareholders will be able to sell their Class B Shares if a decision to Exit is not made by the PEP Shareholders. In particular, there will be no active market for the sale and purchase of Class B Shares following implementation of the Scheme and there are restrictions, in the TopCo Shareholders' Deed, on the ability of Class B Shareholders to sell or transfer their Class B Shares other than in very limited circumstances.

Conversely, there is no guarantee that Class B Shareholders will want to sell their Class B Shares at the same time as a decision to Exit is made by the PEP Shareholders. Despite this, if a decision to Exit is made, Class B Shareholders will be forced to sell their Class B Shares under the TopCo Shareholders' Deed. Class B Shareholders may not agree with the exit strategy adopted by TopCo or receive the price and return on investment they expect. For further information about the exit rights of Class B Shareholders see Section 9.7.

Further, the PEP Shareholders may transfer their TopCo Shares to an Affiliate without you having the right to exit at the same time.

(vi) **Dilution**

TopCo may need to raise additional capital through the issue of new shares in the future in order to meet the operating and/or financing requirements of itself and Healthia. TopCo is likely to issue Securities to its management team through the establishment of a management incentive scheme. Future capital raisings, equity funded acquisitions by the TopCo Group or issuance of shares to management undertaken in accordance with the TopCo Shareholders' Deed, may dilute the holdings of a particular Class B Shareholder relative to other TopCo Shareholders. However, in most instances where TopCo raises additional capital, TopCo Shareholders will have the right to participate in such capital raisings (which would be effected at market value) to maintain their shareholding proportion in TopCo.

In the event that further equity funding is required, existing TopCo Shareholders may be offered to participate and, if they do not take up their proportional share of any pro rata issue of shares offered to them, have their stakes diluted relative to other TopCo Shareholders who elected to take up their proportional share of any pro rata issue.

See Section 9.7 for further information.

(vii) **Leverage**

One source of funding for the cash component of the Scheme Consideration is the commitments obtained by PEP BidCo under the Debt Facilities. Subject to applicable financial assistance shareholder approvals following the Implementation Date, Healthia and its subsidiaries will become guarantors and security providers under the Debt Facilities. Further TopCo may operate the Healthia business with a higher level of debt or leverage than is currently the case which will increase the risk of your investment and the volatility of TopCo's earnings.

(viii) **Fewer rights as minority shareholders**

As Healthia Shareholders who receive Class B Shares under the Scheme will collectively have no more than approximately a 30% interest in TopCo, they will be subject to risks that are inherent in minority shareholdings. However, Class B Shareholders will have access to certain protections provided under the TopCo Shareholders' Deed, such as pre-emptive rights on the issue of new shares, the right to be dragged on terms that are no less favourable than the terms offered to the PEP Shareholders and matters that require certain levels of TopCo Shareholder approval (see the "Issue of Further Shares", "Drag Along" and "Shareholder Special Majority Resolutions" sections of the table in Section 9.7 for further details). Furthermore, under the Corporations Act there are remedies available to minority shareholders against minority oppression.

Healthia Shareholders who receive Scrip Consideration under the Scheme will be issued Class B Shares, which carry with them limited voting rights under the TopCo Shareholders' Deed. Class A Shares carry rights to appoint a majority of the directors to the TopCo Board (including the Chairman of TopCo) so the holder of Class A Shares will be able to exercise majority voting power, and will be in a position to determine the outcome of most decisions relating to TopCo and the TopCo Group more generally. An individual Class B Shareholder or group of Class B Shareholders, acting together, will not be able to affect those matters relating to TopCo. Healthia Shareholders who receive the Class B Shares under the Scheme will therefore, in most cases, be subject to the decisions made by holders of Class A Shares in relation to TopCo and the TopCo Group.

The TopCo Shareholders' Deed contains provisions under which Class B Shareholders may be compelled to transfer their Class B Shares. For example, the TopCo Shareholders' Deed includes a "drag along" provision, which allows holders of a majority of Class A Shares to require each other Class B Shareholder to transfer their Class B Shares to the same transferee in certain circumstances (see the "Drag Along" rights section of the table in Section 9.7 for further details).

(ix) PEP Fees

As noted, in section 9.7, subject to approval by the TopCo board of directors, TopCo and its subsidiaries may enter into a management services agreement with the PEP Shareholders (or an Affiliate of PEP) pursuant to which it may charge fees for advisory services and cost reimbursement. The amount of fees charged under such arrangements would reduce TopCo earnings which may otherwise be available for dividends or distributions, operational expenditure or capital expenditure or repayment of debt.

(x) Due diligence and reliance on information

Before executing the Scheme Implementation Deed, the PEP BidCo Group undertook due diligence in respect of the Healthia Group on information provided for the purpose of considering the acquisition of Healthia and negotiating the Scheme Implementation Deed. Such investigations were carried out in a limited timeframe. PEP BidCo is satisfied that it has sufficient information to proceed with the Scheme. The PEP BidCo Group has prepared these risks on the basis of information regarding the Healthia Group that is known to the PEP BidCo Group and accordingly there may be other risks associated with the Healthia Group that are currently unknown to PEP BidCo. Additionally, there is a risk that the information currently available to the PEP BidCo Group in respect of the Healthia Group may contain inaccuracies or have changed due to changes in the economy or other risk factors outside of the control of either the PEP BidCo Group or the Healthia Group.

(xi) Change of control

Upon implementation of the Scheme, a change of control in Healthia will occur.

Certain material contracts to which a Healthia Group Member is a party are subject to pre-emptive rights, review or termination upon a change of control. While PEP BidCo is not aware of any counterparty that may wish to terminate a material contract, should any such contracts be terminated, the Healthia Group Member would lose the benefit of the contract and may be unable to obtain similar terms upon entry into replacement contracts (should such replacement contracts be available).

(xii) Regulatory approval delays

As set out in Section 7.1, the Scheme is subject to a number of Scheme Conditions, including approval by the Court and FIRB Approval. There is a risk that such approvals may not be obtained, or may be obtained subject to conditions upon which PEP BidCo, Healthia or both (as applicable) are not prepared to accept (acting reasonably), or may be delayed. Post implementation Healthia will be a foreign person for the purposes of the FATA.

(xiii) Transaction costs

PEP BidCo and Healthia will incur transaction costs in connection with the Scheme. Both PEP BidCo and Healthia will pay transaction fees and other expenses related to the Scheme, including financial advisers' fees, filing fees, legal and accounting fees, regulatory fees and mailing costs. Some of these costs may be reduced by the Scheme not being implemented, while other costs may be incurred irrespective of the Scheme outcome.

10.4 Risks in relation to the Scheme

a) Risks relating to implementing the Scheme

The Scheme is subject to various Conditions Precedent that must be satisfied or waived (if capable of waiver) in order for the Scheme to be implemented. These Conditions Precedent are outlined in Section 7 and set out in full in clause 3.1 of the Scheme Implementation Deed. The failure of a Condition Precedent to be satisfied or waived (if capable of waiver) may also give rise to a right of either Healthia or PEP BidCo to terminate the Scheme Implementation Deed.

The Conditions Precedent include approval by the Court, approval by Healthia Shareholders, and FIRB Approval. There is the risk that the Court may not approve the Scheme, or may only be willing to approve the Scheme subject to conditions that Healthia and PEP BidCo (as applicable) are not prepared to accept. There is also a risk that some or all of the aspects of the Healthia Shareholder approval, Court approvals or Regulatory Approvals required for the Scheme to proceed may be delayed.

b) Implications for Healthia and Healthia Shareholders if Scheme is not implemented

If the Scheme does not become Effective and is not implemented, Healthia Shareholders will not receive the Scheme Consideration and Healthia will continue, in the absence of a Superior Proposal, to operate as a standalone entity and remain listed on the ASX.

Unless Healthia Shareholders choose to sell their Healthia Shares on the ASX, Healthia Shareholders will continue to hold Healthia Shares and be exposed to both the risks (including those set out in this Section 10) and potential future benefits in retaining exposure to Healthia's business and assets.

The Healthia share price will also remain subject to market volatility and is likely to fall in absence of a Superior Proposal.

c) Tax consequences for Scheme Shareholders

If the Scheme becomes Effective, there will be tax consequences for the Scheme Shareholders which may include tax being payable. For further detail regarding general Australian tax consequences of the Scheme, refer to Section 11 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Healthia Shareholders should seek professional taxation advice in this regard.

A photograph of a woman and a young boy splashing water on a wooden deck. The woman is on the left, laughing, and the boy is on the right, also laughing. Water is splashing everywhere, creating a bright, bubbly scene. The background is a bright, overexposed sky. The image is overlaid with a semi-transparent blue banner that contains the text.

Section 11

TAXATION IMPLICATIONS FOR SCHEME SHAREHOLDERS



11. Taxation implications for Scheme Shareholders

11.1 Introduction

a) Tax implications addressed in this Section

This Section 11 sets out a general summary of the key Australian income tax, goods and services tax (GST) and stamp duty consequences of the Scheme for Scheme Shareholders. The purpose of the summary is to assist Healthia Shareholders to understand the potential Australian tax consequences of being a Scheme Shareholder.

This summary is based on the Australian tax laws, regulations, interpretations of such laws and regulations, and administrative practices in effect as at the date of the Scheme Booklet. The laws are complex and subject to change periodically as is their interpretation by the courts and tax authorities.

The information contained within this summary is of a general nature only. It does not constitute specific tax advice and should not be relied upon as such. Healthia Shareholders should seek independent professional advice on the consequences of the Scheme becoming Effective, based on their specific circumstances. This summary considers the following Australian tax implications of the Scheme:

- the Australian income tax consequences of the disposal of Healthia Shares under the Scheme;
- certain Australian tax implications of acquiring TopCo Shares; and
- certain stamp duty and GST implications.

This summary applies to Australian tax resident and non-resident shareholders who hold their shares on capital account for Australian income tax purposes. However, this summary will not apply to Healthia Shareholders who:

- hold their Healthia Shares as trading stock, as part of a profit-making undertaking or scheme, under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes, or otherwise on revenue account;
- are subject to the Taxation of Financial Arrangements provisions under Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains or losses on their Healthia Shares;
- are financial institutions, insurance companies, partnerships, tax exempt organisations, dealers in securities or shareholders who change their tax residency while holding shares and are subject to special tax rules;
- are 'temporary residents' as that term is defined in section 995-1 of the Income Tax Assessment Act 1997 (Cth);
- are not tax residents for Australian income tax purposes and who hold their Healthia Shares as an asset of a permanent establishment in Australia;
- are not tax residents for Australian income tax purposes who, together with their associates, hold 10% or more of the shares in Healthia; or
- are subject to the Investment Manager Regime under Subdivision 842-I of the Income Tax Assessment Act 1997 (Cth).

This summary does not take into account the tax laws of jurisdictions other than Australia. Accordingly, Scheme Shareholders who may be subject to tax in any jurisdiction outside of Australia should obtain independent professional taxation advice on their particular circumstances.

b) Class Ruling

Healthia has lodged a Class Ruling application with the ATO seeking the Commissioner of Taxation's view on specific Australian income tax implications for Healthia Shareholders of implementing the Scheme as outlined in this Section 11. The Scheme is not conditional on the receipt of the Class Ruling.

The Class Ruling has not been issued by the ATO as at the date of this Scheme Booklet. When published, the Class Ruling will be available at www.ato.gov.au and Healthia will make an ASX announcement in respect of its publication. Scheme Shareholders should review the final Class Ruling when it is issued by the ATO.

Subject to receiving the Class Ruling Healthia expects that the income tax implications for the Scheme Shareholders are as described below. However, no assurance can be given as to the content of the Class Ruling.

11.2 Disposal of Healthia Shares

a) Australian Tax Residents

Australian Capital Gains Tax (CGT)

The disposal of Healthia Shares by a Healthia Shareholder who is an Australian tax resident will constitute a CGT event for Australian income tax purposes. The CGT event will occur when the change of ownership of the Healthia Shares occurs, i.e. on the Implementation Date.

Healthia Shareholders will:

- make a capital gain if the capital proceeds from the disposal of their Healthia Shares is greater than the cost base of the Healthia Shares (subject to the application of partial rollover relief discussed below); or
- make a capital loss if the capital proceeds from the disposal of their Healthia Shares is less than the reduced cost base of their Healthia Shares.

Healthia Shareholders who make a capital gain upon disposal of their Healthia Shares will be required to include the net capital gain (if any) for the income year in their assessable income. Specific CGT rollover provisions are relevant to the Scheme, and these are outlined in Section b) below.

Capital Proceeds

The capital proceeds for the CGT event arising upon disposal of Healthia Shares under the Scheme should include the Scheme Consideration. As such, the value of the capital proceeds should consist of the Cash Consideration received under the Scheme and the market value of the property received in the form of TopCo Shares.

Cost Base

The cost base and reduced cost base of Healthia Shares will generally include the amount paid to acquire the Healthia Shares and the market value of any property given to acquire the Healthia Shares, plus any incidental costs of acquisition (e.g. brokerage fees and stamp duty). The cost base of each Healthia Share will depend on the specific circumstances of each Healthia Shareholder.

Healthia Shares acquired in different transactions may have different cost bases and therefore capital gains may arise in respect of some Healthia Shares, while capital losses may arise in respect of other Healthia Shares.

CGT Discount

Generally, Australian resident Healthia Shareholders who are individuals, trusts, and complying superannuation funds that have held their Healthia Shares for at least 12 months at the time of disposal should be entitled to the CGT discount in calculating the amount of capital gain on disposal of their Healthia Shares. The CGT discount is applied after available capital losses have been offset to reduce the capital gain. The applicable CGT discount which would reduce a capital gain arising from the disposal of Healthia Shares is as follows:

- 50% for individuals and trusts; and
- 33.33% for a complying superannuation fund.

As the rules relating to discount capital gains for trusts are complex, Healthia recommends that Healthia Shareholders who are trustees seek their own independent advice on how the CGT discount provisions will apply to them and the trust's beneficiaries. The CGT discount is not available for Healthia Shareholders who are companies.

b) Scrip for Scrip Rollover Relief

Healthia Shareholders who would otherwise make a capital gain upon disposal of their Healthia Shares under the Scheme may choose scrip for scrip rollover relief to the extent that the capital gain made on the disposal of a Healthia Share is attributable to the receipt of a new TopCo Share. Healthia Shareholders cannot choose to apply scrip for scrip rollover relief if they made a capital loss on the disposal of their Healthia Shares.

The eligibility for scrip for scrip rollover relief is part of the Class Ruling application. The Scheme is not conditional on the receipt of the Class Ruling.

Consequences of choosing Scrip for Scrip Rollover Relief

In the event that partial CGT scrip for scrip rollover relief is available and has been chosen by a Healthia Shareholder, the part of the capital gain that relates to the Scheme Consideration in the form of TopCo Shares may be disregarded. Any part of the capital gain that relates to Scheme Consideration that is non-scrip consideration (i.e. Cash Consideration) is not eligible for relief and therefore cannot be disregarded.

Where a Healthia Shareholder has applied partial CGT scrip for scrip rollover relief, the cost base of the TopCo Shares received as part of the Scheme Consideration should be equal to the cost base of their original Healthia Shares, reduced by the amount of the cost base that is reasonably attributable to the cash proceeds. Under the Scheme, the Cash Consideration component of the Scheme Consideration will be equal to \$1.80 per Healthia Share.

The following example illustrates how the cost base of TopCo Shares issued under the Scheme is to be determined where scrip for scrip rollover relief is available, and chosen by Healthia Shareholders.

Example

The figures used in this example are for illustrative purposes only, assuming the Mix-and-Match Consideration Option is elected i.e. the Healthia Shareholder elects to receive the Cash Consideration in respect of 60% of their Healthia Shares held on the Scheme Record Date and for the Scrip Consideration in respect of the remaining 40% of their Healthia Shares held on the Scheme Record Date, subject to certain qualifications.

Cost base of 1,000 original Healthia Shares (issued at \$1 per share):

= \$1,000

Capital proceeds received as a result of the Scheme Consideration:

= 1,000 x \$1.80

= \$1,800

Made up as follows per Healthia Share:

Cash Consideration (60%)	\$1,080
Scrip Consideration (40%)	\$720
Total	\$1,800

Prima facie capital gain (capital proceeds less cost base):

= \$800

Cost base of original Healthia Shares exchanged for the cash consideration:

= $(\text{Original cost base} \times \text{Cash Consideration}) / \text{total consideration}$

= $(\$1,000 \times \$1,080) / \$1,800$

= \$600

Cost base of new TopCo Shares acquired:

= \$1,000 – \$600

= \$400

Capital gain realised under the Scheme (in respect of the Cash Consideration):

= \$1,080 – \$600

= \$480

Capital gain deferred under the Scheme (in respect of the Scrip Consideration)

= \$720 – \$400

= \$320

Where partial CGT scrip for scrip rollover relief has been chosen by a Healthia Shareholder, the TopCo Shares will be deemed to have been acquired at the time the Healthia Shares were originally acquired. This will be relevant for the purposes of determining eligibility for the CGT discount for a subsequent disposal of TopCo Shares.

The benefit of choosing CGT scrip for scrip rollover relief will depend upon the individual circumstances of each Healthia Shareholder.

Choosing Rollover Relief

Generally, a choice to adopt scrip for scrip rollover relief must be made by a Healthia Shareholder before lodgement of that Healthia Shareholder's income tax return for the income year in which the CGT event occurs.

No formal election notice to choose scrip for scrip rollover relief is required to be lodged with the ATO. The Healthia Shareholder's income tax return should, however, be prepared in a manner consistent with electing scrip for scrip rollover relief.

Consequences of not choosing Rollover Relief

Healthia Shareholders who are ineligible to choose CGT scrip for scrip rollover, or elect not to choose it, will be assessed on any capital gain derived upon disposal of their Healthia Shares.

The first element of the cost base of the TopCo Shares received in consideration for the disposal of Healthia Shares should be equal to the market value of those Healthia Shares on the date the TopCo Shares are issued.

The acquisition date of the new TopCo Shares should be the issue date. This will be relevant for the purposes of determining whether a Healthia Shareholder is eligible for the CGT discount in relation to a subsequent disposal of TopCo Shares.

c) Non-Australian tax resident Healthia Shareholders

CGT Implications

Healthia Shareholders who are non-Australian tax residents that derive a capital gain upon disposal of their Healthia Shares under the Scheme would be subject to the Australian CGT rules to the extent that the Healthia Shares are characterised as 'taxable Australian property'. Generally, these Healthia Shareholders would be subject to Australian income tax on any capital gain derived if:

- they (together with any of their associates) hold 10% or more of Healthia Shares on issue (at the time of disposal or throughout a 12-month period during the two years before disposal);
- the majority of Healthia's assets consist of real property situated in Australia; and
- they do not choose scrip for scrip rollover.

Healthia does not have the majority of its assets consisting of real property, and any capital gain or loss derived by non-Australian tax residents should be disregarded. Healthia Shareholders who are non-Australian tax residents should seek their own independent tax advice as to the tax implications of the Scheme, including the tax implications in their country of residence.

Foreign Resident capital gains withholding tax

Provided the Healthia Shares held by Scheme Shareholders are not 'taxable Australian property', the foreign resident capital gains withholding regime should not apply.

Accordingly, the regime should not operate to require PEP Bidco to withhold an amount of the Scheme Consideration that is to be paid to the Scheme Shareholders that are not tax residents of Australia.

Scheme Shareholders that are not tax residents of Australia (particularly those holding a 10% or greater interest in Healthia) should seek independent professional taxation advice in this regard.

11.3 GST

The sale of Healthia Shares by the Healthia Shareholders and the acquisition of TopCo Shares (where relevant) should not give rise to any adverse GST implications. Where the Healthia Shareholder is not registered or required to be registered for GST, the sale will be outside the scope of the GST. Otherwise, the sale of the securities and acquisition of the TopCo Shares will be an input taxed financial supply. Where this is the case, the Healthia Shareholder should obtain independent advice in relation to whether there is an ability to claim any input tax credits for the costs (such as legal or professional fees) associated with the disposal of the securities and acquisition of the TopCo Shares.

11.4 Stamp Duty

The Healthia Shareholders should not be liable for Stamp Duty on the implementation of this Scheme of Arrangement.



Section 12

ADDITIONAL INFORMATION ABOUT HEALTHIA



12. Additional information about Healthia

12.1 Introduction

This Section sets out the statutory information required by section 412(1)(a) of the Corporations Act and Part 3 of Schedule 8 to the Corporations Regulations 2001 (Cth) to be included in this Scheme Booklet, but only to the extent that this information is not otherwise disclosed in other Sections. This Section also includes additional information that the Healthia Directors consider material to a decision on how to vote on the resolution in respect of the Scheme.

12.2 Suspension of trading of Healthia Shares

If the Court approves the Scheme, Healthia will immediately notify the ASX. It is expected that suspension of trading on the ASX in Healthia Shares will occur at the close of trading on the ASX on the Effective Date.

12.3 Removal of Healthia from the official list

If the Court approves the Scheme, Healthia will be removed from the ASX's official list after the Implementation Date unless otherwise agreed between Healthia and PEP BidCo in writing.

12.4 Payment instructions

Direct credit instructions for an Australian bank account can be given or updated online with the Healthia Registry at <https://investorcentre.linkgroup.com>, or by completing the direct credit form. If you do not have an Australian bank account and are not able to bank the Australian dollar cheque, you may wish to register with OFX to have your payment paid to your currency of choice. Please visit <https://www.ofx.com/linkmarketservices> to get started with your registration. If you choose to use this service, you are entering into an arrangement directly with OFX for the conversion of your payment into the relevant foreign currency subject to certain terms and conditions, to which you would need to agree.

12.5 Healthia Directors' interests in Healthia Shares and Healthia Performance Rights

As at the date of this Scheme Booklet, the Healthia Directors have the following relevant interests in securities of Healthia. Healthia Shareholders should note that the maximum consideration has been calculated using the Cash Consideration of \$1.80. Those Directors who are Key Rolling Shareholders have indicated they will elect to receive a Scrip Consideration Option. This will mean that the maximum consideration they receive will be less than the amounts stated below.

Director	Position	Healthia Shares held by or on behalf of the Healthia Director	Performance Rights held by or on behalf of the Healthia Director	Percentage interest (on a fully diluted basis) ⁴⁰	Maximum consideration
Darren Stewart	Executive Director	8,021,333	0	5.55%	\$14,438,399.40
Glen Richards	Independent Non-Executive Chair	7,966,777	0	5.52%	\$14,340,198.60
Colin Kangisser	CEO Eyes & Ear Division & Executive Director	5,134,628	406,268	3.84%	\$9,973,612.80
Wesley Coote	Managing Director & Chief Executive Officer	1,899,120	1,270,000	2.19%	\$5,704,416.00
Paul Wilson	Non-Executive Director	1,983,459	0	1.37%	\$3,570,226.20

⁴⁰ Fully diluted shares of 144,448,379 comprising 140,191,977 issued ordinary shares and 4,256,402 performance rights

Director	Position	Healthia Shares held by or on behalf of the Healthia Director	Performance Rights held by or on behalf of the Healthia Director	Percentage interest (on a fully diluted basis) ⁴⁰	Maximum consideration
Lisa Roach	Chief Partnerships Officer & Executive Director	1,007,889	452,322	1.01%	\$2,628,379.80
Lisa Dalton	Non-Executive Director	47,478		0.03%	\$85,460.40

Healthia Directors, or entities controlled by them, who hold Healthia Shares will be entitled to vote at the Scheme Meeting and receive the Scheme Consideration along with the other Scheme Shareholders. Each Healthia Director intends to vote, or procure the voting of, all Healthia Shares they hold or control in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders.

Please refer to Section 7.2b) for details regarding the treatment of Healthia Performance Rights if the Scheme becomes Effective. Healthia Shareholders should have regard to the Performance Rights held by the Healthia Directors as set out above when considering their Recommendation on the Scheme which appears throughout this Scheme Booklet. The Healthia Board considers that, notwithstanding these arrangements (which will have no impact on the Scheme Consideration provided to Healthia Shareholders), it is appropriate for the Healthia Directors to make such a recommendation, given the importance of the Scheme and their role as directors of Healthia.

Healthia Directors Glen Richards, Paul Wilson, Darren Stewart, Wesley Coote, Lisa Roach and Colin Kangisser and key management personnel (identified and defined as 'Key Rolling Shareholders' in the Scheme Implementation Deed) have stated to Healthia that, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Healthia Shareholders, they will elect to participate in the Scrip Consideration Option for not less than a total of 15.74 million Healthia Shares (being, in aggregate, approximately 11% of the Healthia Shares⁴¹) that they respectively hold or control⁴².

Under the TopCo Shareholders' Deed the Healthia CEO and CFO will be the directors of Healthia. Further as contemplated by the TopCo Shareholders' Deed Mr Wesley Coote as CEO would be invited to join the TopCo board of directors. Depending on the outcome of Elections, Healthia Shareholders receiving Scrip Consideration will be entitled under the TopCo Shareholders' Deed to appoint one or two directors in aggregate to the TopCo board of directors.

12.6 Retirement benefits

a) Retirement benefits of Non-Executive Directors

No payment or other benefit is proposed to be made or given in connection with the Scheme to any Non-Executive Director of Healthia as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Healthia or any Related Bodies Corporate of Healthia.

b) Retirement benefits of Executive Directors

No payment or other benefit is proposed to be made or given in connection with the Scheme to any Executive Director of Healthia as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Healthia or any Related Bodies Corporate of Healthia.

c) Retirement benefits of other directors, secretary or executive officers of Healthia or any of its Related Bodies Corporate

Except as disclosed in this Scheme Booklet, no payment or other benefit is proposed to be made or given in connection with the Scheme to any other directors, secretary or executive officers of Healthia or any of its Related Bodies Corporate as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Healthia or any Related Bodies Corporate of Healthia, other than any payments or benefits arising from any applicable redundancy entitlements. Redundancy entitlements may arise under the terms of the relevant officer's contract of employment, applicable statutory entitlements, Healthia policies or a combination of these.

⁴¹ On a fully diluted basis.

⁴² In aggregate, the Key Rolling Shareholders hold or control approximately 24.5% of the Healthia Shares on a fully diluted basis.

12.7 Deeds of indemnity, insurance and access

Healthia Group has entered into deeds of indemnity, insurance and access with the directors and various executive officers of the Healthia Group, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for each Healthia Group Member to indemnify each of its directors and executive officers against any liability incurred by such persons in their capacity as a director or executive officer of the company to any person other than a Healthia Group Member.

Healthia Group also pays a premium in respect of a directors and officers insurance policy for the benefit of the directors and executive officers of Healthia Group. If the Scheme is implemented, the Healthia Group may enter into an arrangement to provide insurance coverage for all current Healthia Directors and officers for seven years from the Implementation Date. As at date of this Scheme Booklet, Healthia Group expects that the premium for entry into such run-off arrangement will be approximately \$1.2 million (excluding GST).

The entry into such arrangements by Healthia is permitted by clause 10.3 of the Scheme Implementation Deed. In addition, under clause 10.3(a)(ii) of the Scheme Implementation Deed, PEP BidCo must ensure that directors' and officers' run-off insurance cover for such directors and executive officers is maintained for a period of seven years from the retirement date of each director and executive officer.

12.8 Agreements and arrangements entered into by Healthia Directors in connection with or conditional upon the Scheme

Except as disclosed in this Scheme Booklet, none of the Healthia Directors, nor any of their Associates, have entered into, or otherwise have any interest in, any agreement, arrangement or contract with any other person, including any one or more of PEP BidCo, TopCo or any of their respective Related Bodies Corporate, in connection with, or conditional upon, the outcome of the Scheme.

PEP BidCo notes that under the TopCo Shareholders' Deed the CEO and CFO will be the directors of Healthia. Further as contemplated by the TopCo Shareholders' Deed Mr Wesley Coote will be invited to join the Board of TopCo. Depending on the outcome of Elections, Healthia Shareholders receiving Scrip Consideration will be entitled under the TopCo Shareholders' Deed to appoint one or two directors in aggregate to the TopCo board of directors.

12.9 Interests of Healthia Directors in contracts of PEP BidCo and TopCo

None of Healthia Directors, nor any of their Associates, hold any marketable securities in PEP BidCo or TopCo.

None of the Healthia Directors, nor any of their Associates, have entered into, or otherwise have any interest in any agreement, arrangement or contract with any one or more of PEP BidCo, TopCo or any of their respective Related Bodies Corporate.

PEP BidCo notes that under the TopCo Shareholders' Deed the CEO and CFO will be the directors of Healthia. Further as contemplated by the TopCo Shareholders' Deed Mr Wesley Coote would be invited to join the Board of TopCo. Depending on the outcome of Elections, Healthia Shareholders receiving Scrip Consideration will be entitled under the TopCo Shareholders' Deed to appoint one or two directors in aggregate to the TopCo board of directors.

12.10 Disclosure of fees and other benefits

Each of the persons named in this Section as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees in accordance with their normal basis of charging.

If the Scheme is implemented, Healthia expects to pay an aggregate amount of approximately \$6.1 million (exclusive of GST) in transaction costs in connection with the Scheme. This includes advisory fees, the Independent Expert fees, registry fees, Scheme Booklet design, printing and distribution costs and expenses associated with convening and holding the Scheme Meeting. Of this amount approximately \$2.3 million (exclusive of GST) is expected to be payable by Healthia irrespective of whether or not the Scheme is implemented (excluding any Break Fee that may be payable). These amounts do not include the transaction costs that may be incurred by PEP BidCo in relation to the Scheme.

12.11 Healthia Directors' intentions regarding the business, assets and employees of Healthia

If the Scheme is approved and implemented, the existing Healthia Board will be reconstituted in accordance with the instructions of PEP BidCo as the only shareholder in Healthia. Accordingly, it is not possible for your Healthia Directors to provide a statement of their intentions regarding:

- the continuation of the business of Healthia or how Healthia's existing business will be conducted after the Scheme is implemented;
- any major changes to be made to the business of Healthia, including any redeployment of the fixed assets of Healthia; or
- the future employment of the present employees of Healthia, in each case, after the Scheme is implemented.

If the Scheme is approved and implemented, PEP BidCo will have 100% ownership of Healthia issued shares and will control Healthia.

Please refer to Section 9.5 for a statement of PEP BidCo's intentions for Healthia if the Scheme becomes Effective.

12.12 Consents

- The following parties have given, and have not withdrawn before the date of this Scheme Booklet, their consent to be named in this Scheme Booklet in the form and context in which they are named:
 - Monash Advisory as financial adviser to Healthia;
 - Clayton Utz as legal adviser to Healthia;
 - BDO as the auditor of Healthia; and
 - Link Market Services as the Healthia Registry.
- Loneragan Edwards has consented to the inclusion of the Independent Expert's Report in Appendix B to this Scheme Booklet and the Independent Expert has consented to the references to the Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is included.
- BDO has consented to the inclusion of the Taxation Report in Section 11 and to the references to the Taxation Report or the information included in the Taxation Report in this Scheme Booklet being made in the form and context in which each such reference is included.
- Each person named in this Section 12:
 - has not authorised or caused the issue of this Scheme Booklet;
 - does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in this Section 12; and
 - to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of the party as specified in this Section 12.
- PEP BidCo has given, and has not, before the time of registration of this Scheme Booklet with ASIC, withdrawn its consent, to the inclusion of the Bidder Information in this Scheme Booklet and the references to the Bidder Information in the form and context in which they are included in the Scheme Booklet.

12.13 No unacceptable circumstances

The Healthia Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Healthia that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

12.14 Supplementary information

Healthia will issue a supplementary document if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Second Court Date:

- a material statement in this Scheme Booklet that is false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet; or

- a significant new matter that has arisen and it would have been required to be included in this Scheme Booklet if known at the date of lodgment with ASIC.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Healthia may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently placed newspaper which is circulated throughout Australia;
- posting the supplementary document to Healthia Shareholders at their address shown in the Healthia Share Register; and/or
- posting a statement on Healthia's website at <https://www.healthia.com.au/>, as Healthia, in its absolute discretion, considers appropriate.

12.15 Regulatory relief

a) ASIC Relief

Healthia has applied for ASIC relief pursuant to section 250P of the Corporations Act for an extension of time from the requirement under section 250N, to hold its 2023 AGM within five months after the end of the financial year. Relief has been granted until the End Date. In the absence of the Scheme proceeding, Healthia will hold its 2023 AGM.

b) ASX Relief

Healthia has applied to ASX for a waiver of Listing Rule 6.23.3 to the extent necessary to permit the treatment of the Healthia Performance Rights as set out in Section 7.2.

12.16 Other material information

Otherwise than as contained or referred to in this Scheme Booklet, including in the Independent Expert's Report and the information that is contained in the attachments and appendices to this Scheme Booklet, there is no other information that is material to the making of a decision by a Healthia Shareholder as to whether or not to vote in favour of the Scheme, being information that is known to any Healthia Director and which has not been previously disclosed to Healthia Shareholders.

Healthia is not aware of any material information about Healthia that is material to a decision of Healthia Shareholders on how to vote in relation to the Scheme Resolution and which:

- has not been made available to the Independent Expert for the purpose of preparing the Independent Expert's Report;
- is not set out in this Scheme Booklet; or
- has not otherwise been made publicly available by Healthia.

A photograph of two cyclists standing on a wooden pier. The cyclist in the foreground is a woman wearing a purple and pink patterned long-sleeve shirt, black leggings, white sneakers, a blue and black helmet, and sunglasses. She is looking towards the right. The second cyclist is a man in a black long-sleeve shirt, black pants, black shoes, and a blue and black helmet, also looking to the right. They are standing next to their bicycles, which are parked on the wooden planks. The background shows a clear blue sky and the ocean. A semi-transparent blue banner is overlaid on the left side of the image.

Section 13

GLOSSARY



13. Glossary

13.1 Definitions

Adjusted Net Debt means, at any time, the financial indebtedness of the Healthia Group less the amount of cash, cash equivalents and short term interest bearing deposits at that time.

Aggregate Cash Consideration means the aggregate of the Cash Consideration payable to Scheme Shareholders under the Scheme (taking into account all valid Elections made on or before the Election Date and the terms of the Scheme).

Aggregate Scrip Consideration means the aggregate number of Class B Shares issued to Scheme Shareholders under the Scheme (taking into account all valid Elections made on or before the Election Date and the terms of the Scheme).

All Cash Consideration means the Cash Consideration for each Scheme Share held by a Scheme Shareholder.

All Scrip Consideration means the Scrip Consideration for each Scheme Share held by a Scheme Shareholder.

All Scrip Election Option means a valid election by a Healthia Shareholder to receive the All Scrip Consideration for the Scheme Shares held by that Healthia Shareholder.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning set out in section 12 of the Corporations Act.

ASX means ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.

ATO means the Australian Tax Office.

Bidder Counterproposal has the meaning given in Section 7.1c).

Bidder Group means PEP BidCo, TopCo and each of its Related Bodies Corporate, and a reference to a 'Bidder Group Member' or a 'member of the Bidder Group' is to each of them.

Bidder Information means information regarding the Bidder Group provided by or on behalf of PEP BidCo to Healthia in writing for inclusion in this Scheme Booklet, being:

- (a) the answers to the questions 'Who is PEP BidCo?', 'Who is PEP?', 'Who is TopCo?', 'What is a TopCo Share?', 'What are PEP BidCo's intentions if the Scheme is implemented?', 'What is the TopCo Shareholders' Deed?', 'How is PEP BidCo funding the Scheme Consideration?' and 'Who is the Nominee?' in Section 4;
- (b) the entire content of Section 9; and
- (c) Section 10.3m).

Break Fee means \$2,600,000.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Australia.

Cash Consideration means an amount of \$1.80 for each Scheme Share.

CGT means capital gains tax.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement Pty Limited ABN 49 008 504 532 as the holder of a licence to operate a clearing and settlement facility.

Class A Share means a Class A Share in the capital of TopCo having the rights set out in the TopCo Constitution and the TopCo Shareholders' Deed.

Class B Share means a Class B Share in the capital of TopCo having the rights set out in the TopCo Constitution and the TopCo Shareholders' Deed.

Class Ruling has the meaning given in Section 11 of this Scheme Booklet.

Competing Proposal means any proposal, offer, expression of interest, agreement, arrangement or transaction which, if entered into or completed substantially in accordance with its terms, would result in a Third Party (either alone or together with any Associates):

- (a) directly or indirectly acquiring or having the right to acquire;

- (i) a Relevant Interest in;
 - (ii) a legal, beneficial or economic interest (including by way an equity swap, contract for difference or other derivative, or similar transaction or arrangement) in; or
 - (iii) control of, 10% or more of the Healthia Shares;
- (b) directly or indirectly acquiring Control of Healthia;
 - (c) directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of:
 - (i) all or a material part of the business conducted by the Healthia Group taken as a whole; or
 - (ii) any material assets of the Healthia Group taken as a whole;
 - (d) otherwise directly or indirectly acquiring or merging with Healthia; or
 - (e) requiring Healthia to abandon, or otherwise fail to proceed with, the Transaction,

whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement.

For the avoidance of doubt, each successive material modification or variation of any proposal, offer, expression of interest, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.

Condition Precedent means each of the conditions set out in clause 3.1 of the Scheme Implementation Deed.

Control has the meaning given to it in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Court means the New South Wales Supreme Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Healthia and PEP BidCo.

Custodian has the meaning given in the TopCo Shareholders' Deed.

Data Room means the two online electronic data rooms in connection with the Transaction established and maintained by or on behalf of Healthia as at 10.30pm on 30 August 2023 and the contents of which are set out in an electronic index sent by Clayton Utz to Allen & Overy on or before the date of the Scheme Implementation Deed.

Debt Commitment Letter means the binding, credit-approved, executed commitment letter and accompanying term sheets from certain banks or other financial institutions addressed to PEP BidCo and dated on or about the date of the Scheme Implementation Deed.

Debt Financing means the financing commitments set out in the Debt Commitment Letter.

Deed Poll means a deed poll executed by PEP BidCo and TopCo under which PEP BidCo and TopCo covenant in favour of the Scheme Shareholders to perform their obligations under the Scheme, a copy of which is attached at Appendix D.

Disclosure Materials means the documents and information (including written responses from Healthia and its Related Persons to requests for further information made by PEP BidCo and its Related Persons via the Data Room) contained in the Data Room.

EBITDA(u) means, in relation to the Healthia Group, the annual earnings (prepared on a statutory basis) before interest, tax, depreciation and amortisation, presented on a pre-AASB 16 basis, and including the economic interest owned by the holders of clinic class shares issued by Healthia Group Members, adjusted to exclude the following items, as defined in the Healthia Group's Half Year Financial Report for the 6 months ended 31 December 2022 (**Half Year Report**):

- (a) third party acquisition and integration costs;
- (b) restructuring and discontinued operations from clinics identified in document 02.02.07.03.03 in the Data Room;
- (c) share-based payments, expenses and associated costs to the extent that they are non-cash in nature; and
- (d) the fair value movement of contingent consideration to the extent that such movement is non-cash in nature, calculated on a consistent basis as in the Half Year Report.

Effective means when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Election means:

- (a) an All Scrip Election Option; or
- (b) a Mix-and-Match Option.

Election Date means 5.00pm on the date which is 5 Business Days prior to the date of the Scheme Meeting, or such other date as agreed in writing between PEP BidCo and Healthia.

Election Form means the form of election under which a Healthia Shareholder is offered the opportunity to make an Election, sent to Healthia Shareholders with this Scheme Booklet.

Employee Performance Rights Plan means Healthia's Employee Rights Plan.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

End Date means 29 March 2024, or such other date as agreed in writing by Healthia and PEP BidCo.

Equity Commitment Letters means the binding, executed commitment letters dated on or before the date of the Scheme Implementation Deed and addressed to one or more Bidder Group Members.

Equity Financing means the financing commitments set out in the Equity Commitment Letters.

Exclusivity Period means the period from and including the date of the Scheme Implementation Deed to the earliest of:

- (a) the date of termination of the Scheme Implementation Deed;
- (b) the End Date; and
- (c) the Implementation Date.

Fairly Disclosed means, in relation to any fact, matter, circumstance or event, disclosed to the Bidder to a sufficient extent, and in sufficient detail, so as to enable a reasonable and sophisticated bidder who is experienced in transactions similar to the Scheme to identify or otherwise determine the nature, scope and potential impact of the relevant fact, matter, circumstance or event.

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Fiduciary Exception has the meaning given in Section 7.1c).

FIRB means the Australian Foreign Investment Review Board.

FIRB Approval has the meaning given in Section 7.1a).

First Court Date means the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian. It also includes any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions (including ASIC, ASX, the Australian Competition and Consumer Commission, FIRB, the Takeovers Panel and equivalent bodies outside Australia).

GST has the meaning given to that term in Section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999* as amended.

Healthia means Healthia Limited ACN 626 087 223.

Healthia Board means the board of directors of Healthia.

Healthia Director means any director of Healthia comprising part of the Healthia Board.

Healthia Equity Incentive means the Performance Rights listed in Schedule 4 of the Scheme Implementation Deed.

Healthia Group means Healthia and each of its Related Bodies Corporate, and a reference to a 'Healthia Group Member' or a 'member of the Healthia Group' is to Healthia or any of its Related Bodies Corporate.

Healthia Information means information regarding the Healthia Group prepared by Healthia for inclusion in this Scheme Booklet, which for the avoidance of doubt comprises the entirety of this Scheme Booklet other than the Bidder Information, the Independent Expert's Report (or references to the Independent Expert's analysis or conclusions), and any description of the taxation effect of the Transaction on Scheme Shareholders prepared by an external advisor to Healthia.

Healthia Registry means Link Market Service Limited of Level 12, 680 George Street, Sydney NSW, 2000.

Healthia Share Register means the register of members of Healthia maintained by the Healthia Registry in accordance with the Corporations Act.

Healthia Share means a fully paid ordinary share in the capital of Healthia.

Healthia Shareholder means each person who is registered in the Healthia Share Register as a holder of a Healthia Share.

Healthia Shareholder Information Line means the Healthia shareholder information line on 1800 990 475 (within Australia) or +61 1800 990 475 (outside Australia), which is available between 8.30am and 5.30pm AEDT (Sydney), Monday to Friday.

HoldCo means Harold HoldCo Pty Ltd ACN 670 616 112.

Implementation Date means the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as Healthia and PEP BidCo agree in writing.

Independent Expert means Lonergan Edwards.

Independent Expert's Report means the report issued by the Independent Expert in connection with the Scheme, dated 25 September 2023 and attached at Appendix C, and including any subsequent, updated or supplementary report, setting out the Independent Expert's opinion as to whether or not the Transaction is in the best interests of Healthia Shareholders and the reasons for holding that opinion.

Ineligible Foreign Shareholders means a Scheme Shareholder whose address shown in the Healthia Share Register at 7.00 pm on the Scheme Record Date is:

- a) a place outside Australia or New Zealand; or
- b) a place in New Zealand and that Scheme Shareholder does not complete and return a New Zealand investor certificate certifying the shareholder is a "wholesale investor" (as defined in Schedule 1 of the Financial Markets Conduct Act 2013),

unless Healthia and PEP BidCo agree in writing in accordance with the Scheme Implementation Deed.

Insolvency Event means in relation to an entity:

- a) the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days);
- a) a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;
- c) the entity executing a deed of company arrangement;
- d) the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Deed;
- e) the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation);
- f) the entity is, or under legislation is presumed or taken to be, insolvent;
- g) the entity being deregistered as a company or otherwise dissolved; or
- h) any other like event, matter or circumstance occurring in relation to the entity under the law of any jurisdiction.

ITAA 1936 has the meaning given to that term in Section 11.

ITAA 1997 has the meaning given to that term in Section 11.

Last Date for Proxy Forms is currently expected to be 10.00am AEST (Brisbane) on Monday 20 November 2023, or such other date as may be agreed in writing between Healthia and PEP BidCo or as may be required by ASIC or ASX.

Lenders means each of Deutsche Bank AG, Sydney Branch, National Australia Bank Limited and Commonwealth Bank of Australia.

Listing Rules means the official listing rules of ASX.

Loneragan Edwards means Loneragan Edwards & Associates Limited ABN 53 095 445 560.

Material Adverse Change means an event, change, condition, matter, circumstance or thing which occurs or is reasonably likely to occur after the date of the Scheme Implementation Deed, or which occurs on, or occurred before the date of the Scheme Implementation Deed but which only becomes known to PEP BidCo, or is only announced or publicly disclosed, after the date of the Scheme Implementation Deed (each a **Specified Event**), whether individually or when aggregated with all events, changes, conditions, matters, circumstances or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have, the effect of:

- (a) a diminution in the consolidated net assets of the Healthia Group taken as a whole (as calculated on a consistent basis as in the Healthia Group's financial statements for the half year ended 31 December 2022), by at least 10%, as compared to the Healthia Group's consolidated net assets of \$193.128 million as at 30 June 2023; or
- (b) the EBITDA(u) of the Healthia Group being reduced by at least \$3.5 million as compared to what the annual EBITDA(u) of the Healthia Group would reasonably be expected to have been at the end of a financial year but for such Specified Event but excluding the impact of any Specified Event to the extent that the loss incurred by the Healthia Group in connection with that Specified Event is recovered or reasonably expected to be recoverable under a Healthia Group Member's insurance policy,

in each case, other than those events, changes, conditions, matters, circumstances or things:

- (c) that were Fairly Disclosed in:
 - (i) the Disclosure Materials;
 - (ii) an announcement made by Healthia to the ASX in the three years prior to the date of the Scheme Implementation Deed; or
 - (iii) the Relevant Searches; or
- (d) that was (including its impact) within the knowledge of PEP BidCo on or prior to the date of the Scheme Implementation Deed (which does not include mere knowledge of the risk of an event, circumstance, occurrence or matter happening);
- (e) arising from changes in economic or business conditions (including changes to interest rates, exchange rates, commodity prices or markets (including domestic or international financial markets)) other than where such matters have a materially disproportionate effect on the Healthia Group as compared to other businesses operating in the same market segments in the allied health sector as the Healthia Group;
- (f) arising from any pandemic, including the outbreak, escalation or any impact of, or recovery from, the Coronavirus or Covid-19 pandemic (or any mutation, variation or derivative of it), and including in connection with lockdowns, travel restrictions, quarantining, closures, social distancing and restrictions of and on activities, venues and gatherings, having regard to any applicable recommendations, guidance or directions of a Government Agency;
- (g) arising from any change in law, regulation, generally accepted accounting standards or generally accepted accounting principles or the interpretation of any such standards or principles, or policy of a Government Agency;
- (h) required or expressly permitted to be done or procured by the Healthia Group under a Transaction Document;
- (i) which relate to or are caused by the identity of any Bidder Group Member;
- (j) agreed to, or requested, by PEP BidCo in writing;
- (k) relating to the Transaction Costs, including any fees payable to external advisers of the Healthia Group, to the extent such amounts do not exceed the Transaction Cost Cap; or
- (l) arising from any act of terrorism, outbreak or escalation of war (whether or not declared) or major hostilities, an act of God, lightning, storm, flood, fire, earthquake or explosion, cyclone, tidal wave, landslide, other natural disaster or adverse weather conditions or the like; and
- (m) provided that for the purposes of these qualifications PEP BidCo will not be taken to have knowledge or awareness (nor will such matters be taken to have been Fairly Disclosed to PEP BidCo) of any acquisitions or disposals by the Healthia Group to occur or complete after the date of the Scheme Implementation Deed unless those acquisitions or disposals are subject to binding business sale agreements entered into prior to the date of the Scheme Implementation Deed Fairly Disclosed in the Disclosure Materials.

Maximum Scrip Threshold means 30% of the total issued capital of TopCo as at the Implementation Date.

Meeting Record Date is currently expected to be 7.00pm AEDT (Sydney) on Monday 20 November 2023 or such other date as may be agreed in writing between Healthia and PEP BidCo or as may be required by ASIC or ASX.

MidCo means Harold MidCo Pty Ltd ACN 670 606 532.

Mix-and-Match Consideration means:

- (a) the Scrip Consideration for each Scheme Share, in respect of between 30% and 100% of the Scheme Shares; plus
- (b) the Cash Consideration for each remaining Scheme Share held by a Scheme Shareholder who has made a Scrip Consideration Option Election.

Nominee means Pacific Custodians Pty Ltd..

Non-public Information means any non-public information about the business or affairs of the Healthia Group.

Notice of Scheme Meeting means the notice in relation to the Scheme Meeting, as set out at Appendix A.

PEP BidCo means Harold BidCo Pty Ltd ACN 670 606 827.

Performance Rights means the performance rights awarded or granted under Healthia's long-term incentive schemes and employee share schemes as listed in Schedule 4 of the Scheme Implementation Deed.

Permitted Encumbrance means any Encumbrance:

- (a) granted by any member of the Healthia Group in the ordinary course of its business; or
- (b) which arises by operation of law or legislation; or
- (c) which prior to the Implementation Date, is granted by a member of the Healthia Group in connection with the Existing Financing.

Prescribed Occurrence means other than:

- (a) as Fairly Disclosed in:
 - (i) the Disclosure Materials;
 - (ii) an announcement made by Healthia to the ASX in the three years prior to the date of the Scheme Implementation Deed;
 - (iii) the Relevant Searches;
- (b) which is required by any applicable law, regulation or by a Government Agency;
- (c) which is within the knowledge of PEP BidCo before the date of the Scheme Implementation Deed;
- (d) as required or expressly permitted to be done or procured by the Healthia Group under the Scheme Implementation Deed or any other Transaction Document; or
- (e) as agreed to, or requested, by PEP BidCo in writing,

the occurrence of any of the following:

- (f) Healthia converting all or any of its securities (including the Healthia Shares) into a larger or smaller number of securities;
- (g) any Healthia Group Member resolving to reduce its share capital in any way (other than a buy-back to the extent permitted under paragraph (h) of this definition) or reclassifying, combining, splitting, or redeeming directly or indirectly any of its shares (including the Healthia Shares);
- (h) any Healthia Group Member entering into a buy-back agreement or resolving to approve the terms of a buy-back agreement under the Corporations Act other than in respect of a buy back of Clinic Class Shares in the ordinary course of business consistent with past practice;
- (i) any Outstanding Performance Rights or similar rights vest, have been exercised or are converted into Healthia Shares in a manner other than in accordance with their terms or as set out in clause 6.7 of the Scheme Implementation Deed without the prior written consent of PEP BidCo;
- (j) any bonus, incentive, compensation, payment or other benefit is made to any employee of any Healthia Group Member other than salary, wages, commission or other benefits required to be paid under any applicable agreement or law;

- (k) Healthia agrees to pay, makes or declares, or announces any intention to pay, make or declare, any distribution (whether by way of dividend, capital reduction or any other form of distribution of profits or return of capital and whether in case or in specie) to its members;
- (l) any Healthia Group Member (other than Healthia) agrees to pay, makes or declares, or announces any intention to pay, make or declare, any distribution (whether by way of dividend, capital reduction or any other form of distribution of profits or return of capital and whether in case or in specie) other than:
 - (i) to the holders of Clinic Class Shares in the ordinary course of business in accordance with the terms of their applicable constitution as Fairly Disclosed in the Disclosure Materials and in accordance with past practice; or
 - (ii) to another Healthia Group Member;
- (m) a Healthia Group Member issuing shares (including Healthia Shares), or granting a performance right or an option over its shares, or agreeing to make such an issue or grant such a right or an option, other than:
 - (i) to a wholly-owned Subsidiary of Healthia;
 - (ii) the issuing of Healthia Shares pursuant to the vesting of Outstanding Performance Rights in accordance with clause 6.7 of the Scheme Implementation Deed; or
 - (iii) the issuing of clinic class shares in the ordinary course of business as Fairly Disclosed in the Disclosure Material;
- (n) a Healthia Group Member issuing or agreeing to issue securities convertible into shares (including any issue or agreement to issue performance rights options, debt securities or other instruments or rights convertible or exercisable into shares);
- (o) a Healthia Group Member reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares, other than in connection with any action which is undertaken or which otherwise occurs in accordance with clause with clause 6.7 of the Scheme Implementation Deed;
- (p) any person (including any Government Agency, Medicare or any insurer in respect of any private health insurance or workers' compensation) who provides material funding (including via reimbursement of fees charged to clients or patients but excluding grants from a Government Agency) to the Healthia Group in respect of its Business gives notice of the withdrawal, termination or intention to materially reduce the scope and amount of the funding arrangements;
- (q) a Healthia Group Member making any change to, or replacing, its constitution or adopting a new constitution;
- (r) a Healthia Group Member acquiring, investing or disposing of any business, assets, property, interest in a partnership or joint venture, entity or undertaking (whether by way of a single transaction or series of related transactions), the value of which (including any contingent or deferred consideration) exceeds \$5 million (individually) or \$10 million (in aggregate);
- (s) a Healthia Group Member creating or granting an Encumbrance, or agreeing to create or grant an Encumbrance, other than a Permitted Encumbrance;
- (t) the Adjusted Net Debt exceeding \$105 million;
- (u) the actual or anticipated Transaction Costs exceeding or being reasonably expected to exceed the Transaction Cost Cap;
- (v) a "default" or "review event" (in each case howsoever described) under any existing debt financing agreement of any Healthia Group Member;
- (w) a Healthia Group Member resolves to be wound up; or
- (x) an Insolvency Event occurs in relation to a Healthia Group Member,

provided that for the purposes of these qualifications PEP BidCo will not be taken to have knowledge or awareness (nor will such matters be taken to have been Fairly Disclosed to PEP BidCo) of any acquisitions or disposals by the Healthia Group to occur or complete after the date of the Scheme Implementation Deed unless those acquisitions or disposals are subject to binding business sale agreements entered into prior to the date of the Scheme Implementation Deed Fairly Disclosed in the Disclosure Materials.

Proxy Form means the proxy form for the Scheme Meeting, a sample of which is enclosed with this Scheme Booklet.

PPS Register means the register established under the PPSA.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Recommendation has the meaning given to that term in clause 8.1(a) of the Scheme Implementation Deed.

Registered Addresses means in relation to a Scheme Shareholder, the address of the Scheme Shareholder as recorded in the Healthia Share Register.

Regulatory Approval means FIRB Approval.

Related Bodies Corporate has the meaning set out in section 50 of the Corporations Act, and in the case of Healthia includes the NZ Subsidiary.

Related Person means in respect of a person, including each party or its Related Bodies Corporate:

- (a) a director, officer, employee of that person;
- (b) an adviser of that person (and each director, officer, employee or contractor of that adviser);
- (c) an agent or representative of that person; and
- (d) a Related Body Corporate of that person.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Relevant Searches has the meaning given in the Scheme Implementation Deed.

Representatives means in relation to a person, any director, officer or employee of, and any accountant, auditor, financier, financial adviser, legal adviser, technical adviser or other expert adviser or consultant to, that person.

Requisite Majorities means:

- (a) at least 75% of the total number of votes cast on the Scheme Resolution (in person, online, or by proxy, corporate representative or attorney), where each Healthia Share carries one vote; and
- (b) a majority in number (more than 50%) of Healthia Shareholders present and voting (in person, online or by proxy, corporate representative or attorney), where each Healthia Shareholder counts as one vote.

RG 60 means Regulatory Guide 60 issued by ASIC in September 2020.

Scrip Scale Back means the scale back arrangements set out in clause 6.6 of the Scheme.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Healthia and the Scheme Shareholders, the form of which is attached as Appendix D, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by PEP BidCo and Healthia.

Scheme Booklet means this document, including each Appendix.

Scheme Consideration means in respect of a Scheme Shareholder (depending on the Elections made by the Election Date and subject to the Scrip Scale Back and the terms of the Scheme):

- (a) All Cash Consideration;
- (b) All Scrip Consideration; or
- (c) Mix-and-Match Consideration.

Scheme Implementation Deed means the Scheme Implementation Deed between Healthia and PEP BidCo, dated 31 August 2023. A summary is set out in Section 7.1, and a copy is attached in full to Healthia's ASX announcement on 31 August 2023, which is available on ASX's website at www.asx.com.au or Healthia's website at <https://www.healthia.com.au/>.

Scheme Meeting means the meeting of Healthia Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Record Date means 7.00pm on the second Business Day after the Effective Date, currently expected to be Monday 4 December 2023, or such other time and date as Healthia and PEP BidCo agree in writing.

Scheme Resolution means the resolution in relation to the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.

Scheme Shareholder means a Healthia Shareholder as at the Scheme Record Date.

Scheme Shares means all Healthia Shares held by the Scheme Shareholders as at the Scheme Record Date.

Scrip Consideration means such 1 TopCo Share for each Scheme Share.

Scrip Consideration Options means:

- (a) All Scrip Consideration; or
- (b) Mix-and-Match Consideration Option, as applicable.

Second Court Date means the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Security Interest means any mortgage, charge, pledge, lien, assignment or other security interest or any other arrangement (including a right of set off or combination) entered into for the purpose of conferring a priority, including any security interest as defined in section 51A of the Corporations Act or in the PPSA.

Stamp duty means any stamp, transaction, landholder, transfer or registration duty imposed by any Government Agency.

Subsidiary has the meaning given in section 9 of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal which the Healthia Board, acting in good faith in order to satisfy what the Healthia Board reasonably considers to be its fiduciary or statutory duties, and after receiving written advice from Healthia's legal and financial advisers, determines that:

- (a) is reasonably capable of being completed in accordance with its terms within a reasonable time; and
- (b) would, or would be reasonably likely to, if completed substantially in accordance with its terms, be more favourable to Healthia Shareholders than the Transaction (as the Transaction may be amended or varied following the application of the matching right set out in clause 12.7 of the Scheme Implementation Deed),

taking into account all aspects of the Competing Proposal and the Transaction, including conditions, the identity, reputation and financial condition of the person making the proposal and all relevant legal, regulatory and financial matters (including the value and type of consideration, funding, any timing considerations, any conditions precedent or other matters affecting the probability of the proposal being completed).

Syndicated Acquisition Facilities has the meaning given to that term in Section 9.4b).

Takeovers Panel means the Australian Takeovers Panel.

Taxation Report means the taxation implications in Section 11.

Tax Act means the Income Tax Assessment Act 1997 (Cth) and the Income Tax Assessment Act 1936 (Cth).

Third Party means a person other than Healthia, PEP BidCo, or their respective Related Bodies Corporate, or PEP BidCo's Associates.

TopCo means Harold Topco Limited, ACN 670 591 303.

TopCo Constitution means the constitution of TopCo.

TopCo Shareholder means a shareholder of TopCo.

TopCo Share Register means the register of members of TopCo maintained by the TopCo Registry in accordance with the Corporations Act.

TopCo Shares means shares in the capital of TopCo and includes the Class A Shares and the Class B Shares.

TopCo Shareholders' Deed means the shareholders' deed in respect of the affairs of TopCo entered into by the shareholders of TopCo, amongst others, a copy of which is attached at Appendix F or such other form as agreed in writing by the parties.

Transaction means the acquisition of the Scheme Shares by PEP BidCo through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed.

Transaction Cost Cap has the same meaning as under the Scheme Implementation Deed.

Transaction Costs has the same meaning as under the Scheme.

Transaction Documents means:

- (a) the Scheme Implementation Deed;
- (b) the Scheme; and
- (c) the Deed Poll.

Treasurer means the Treasurer of the Commonwealth of Australia.

Trust Account means an Australian dollar denominated trust account which attracts interest at a commercial rate and is operated by or on behalf of Healthia as trustee for the Scheme Shareholders (except that any interest on the amount deposited, less bank fees and other charges, will accrue for the benefit of PEP BidCo), details of which Healthia must notify to PEP BidCo no later than 5 Business Days before the Implementation Date.

Voting Power has the meaning given in the Corporations Act.

VWAP means the volume weighted average price.

13.2 Interpretation

In this Scheme Booklet, unless expressly stated or the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (h) a reference to time is a reference to time in Sydney, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.



Section 14

APPENDICES



14. Appendices

Appendix A – Notice of Scheme Meeting

NOTICE OF SCHEME MEETING

Notice is hereby given that, by an order of the New South Wales Supreme Court of Australia made on Tuesday, 19 September 2023 pursuant to Section 411(1) of the Corporations Act, a meeting of the holders of ordinary shares in Healthia Limited (ACN 626 087 223) (**Healthia**) will be held at 10.00am AEST (Brisbane) on Wednesday 22 November 2023 in person at the Inchcolm by Ovolo at 73 Wickham Terrace, Spring Hill QLD 4000 and virtually through the online meeting platform at <https://meetings.linkgroup.com/HLASM23> (**Scheme Meeting**).

Business of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, agree to a scheme of arrangement (with or without modifications, alterations or conditions required by the Court to which Healthia and PEP BidCo agree in writing) proposed to be entered into between Healthia and Healthia Shareholders, at the Scheme Record Date, pursuant to Part 5.1 of the Corporations Act, and to consider and, if thought fit, to pass the Scheme Resolution.

To enable you to make an informed voting decision, further information about the Scheme is set out in the accompanying explanatory statement (for the purposes of section 412(1) of the Corporations Act) which, together with this Notice of Scheme Meeting, forms part of the Scheme Booklet.

Capitalised terms used in this Notice of Scheme Meeting but not defined in it have the same meaning as set out in the Glossary in Section 13 of the Scheme Booklet.

Business of the Scheme Meeting - Scheme Resolution

To consider and, if thought fit, to pass the following Scheme Resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

'That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme (the terms of which are contained in and more particularly described in the Scheme Booklet of which this Notice of Scheme Meeting forms part), is approved (with or without modifications, alterations or conditions as approved by the Court to which Healthia and PEP BidCo agree in writing) and the Healthia Board is authorised, subject to the terms of the Scheme Implementation Deed, to (a) agree to any such modifications, alterations or conditions, and (b) subject to approval of the Scheme by the Court, implement the Scheme with any such modifications, alterations or conditions.'

Chairman

The Court has directed that Glen Richards is to act as Chairman of the Scheme Meeting (and that, if Glen Richards is unable or unwilling to attend, Paul Wilson is to act as Chairman of the Scheme Meeting) and has directed the Chairman to report the result of the Scheme Resolution to the Court.

Dated Monday 16 October 2023

By order of the Court and the Healthia Board



Julia Murfitt

Company Secretary

Explanatory notes for the Scheme Meeting

These notes should be read in conjunction with the Notice of Scheme Meeting and the information in the Scheme Booklet (of which the Notice of Scheme Meeting forms part). The Scheme Booklet contains important information to assist you to decide how to vote at the Scheme Meeting.

Unless the context requires otherwise, terms used in the Notice of Scheme Meeting and in these notes have the same meaning as set out in the Glossary in Section 13 of the Scheme Booklet.

A copy of the Scheme is set out in Appendix D to the Scheme Booklet.

1. Requisite majorities

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be passed by:

- unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Healthia Shareholders present and voting at the Scheme Meeting (whether virtually, in person or by proxy, attorney or, in the case of a body corporate, corporate representative); and
- at least 75% of the votes cast on the Scheme Resolution by Healthia Shareholders present and voting at the Scheme Meeting (whether virtually, in person or by proxy, attorney or, in the case of a body corporate, corporate representative).

2. Court approval

If the Scheme Resolution (set out in the Notice of Scheme Meeting) is approved at the Scheme Meeting by the Requisite Majorities and the other Conditions Precedent to the Scheme are satisfied or waived (if applicable) in accordance with the Scheme, Healthia intends to apply to the Court for the necessary orders to approve the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

Further details in respect of the Scheme Resolution to be put to the Scheme Meeting are set out in the Scheme Booklet.

3. Entitlement to vote

The Court has ordered that, for the purposes of the Scheme Meeting, the time for determining eligibility to vote at the meeting is 7.00pm AEDT (Sydney) on Monday 20 November 2023. This means that any Healthia Shareholders entered on the Healthia Share Register at that time will be entitled to attend and vote at the Scheme Meeting. Voting will be conducted by poll. Every Healthia Shareholder who is present virtually, in person or by proxy, representative or attorney will have one vote for each Healthia Share held by that Healthia Shareholder.

Both PEP BidCo and its associates (as defined in section 12 of the Corporations Act) are excluded from voting on the Scheme Resolutions, unless:

- the vote is cast by the associate as proxy for a person who is not excluded from voting, in accordance with that person's directions on the Proxy Form; or
- the associate is acting solely as an investment manager, custodian, nominee, trustee, responsible entity or other fiduciary on behalf of a third party beneficiary or third party investor, who is not an associate of PEP BidCo.

4. Voting

You may vote virtually online or in person at the Scheme Meeting or appoint a proxy, attorney or, if you are a body corporate, a corporate representative to attend and vote on your behalf.

[Participating in the Scheme Meeting in person](#)

To vote in person at the Scheme Meeting, Healthia Shareholders must attend the Scheme Meeting. A Healthia Shareholder entitled to attend and vote at the Scheme Meeting will be admitted to the Scheme Meeting upon providing evidence of his or her name and address at the point of entry to the Scheme Meeting.

Participating in the Scheme Meeting online

The Healthia Directors encourage Healthia Shareholders to participate in the Scheme Meeting virtually via the online meeting platform at <https://meetings.linkgroup.com/HLASM23>. While Healthia Shareholders will be able to vote on the Scheme Resolution online during the Scheme Meeting in real time, Healthia Shareholders are encouraged to lodge a proxy ahead of the Scheme Meeting. If you are unable to attend, please lodge your vote online at <https://investorcentre.linkgroup.com>.

Healthia Shareholders participating in the Scheme Meeting using the online meeting platform at <https://meetings.linkgroup.com/HLASM23> will be able to vote between the commencement of the meeting and the closure of voting as announced by the Chair during the meeting.

By participating in the Scheme Meeting online you will be able to:

- hear and view meeting slides;
- submit questions at the appropriate time while the meeting is in progress; and
- vote during the meeting.

If you choose to participate in the Scheme Meeting online, registration will open at 9.30am AEST (Brisbane) on Wednesday 22 November 2023. To participate in the Scheme Meeting online, you can log in to the meeting by entering the URL <https://meetings.linkgroup.com/HLASM23> into a web browser on your computer, tablet or smart phone.

Once on the meeting platform, Healthia Shareholders will need the following information to vote or ask questions during the Scheme Meeting in real-time:

1. Your Shareholder Reference Number (SRN) or Holder Identification Number (HIN).
2. Your postcode registered to your holding if you are an Australian Healthia Shareholder.
3. Overseas Healthia Shareholders should select the country of domicile.

Instructions on how to log on to ask questions during the Scheme Meeting are outlined below and available here <https://investorcentre.linkgroup.com>. Please note, only Healthia Shareholders may ask questions online and only once they have been verified. It may not be possible to respond to all questions raised during the meeting. Healthia Shareholders are therefore encouraged to lodge questions prior to the Scheme Meeting at <https://investorcentre.linkgroup.com> by 10.00am AEST (Brisbane), Monday 20 November 2023.

Further information regarding participating in the Scheme Meeting online, including browser requirements, is detailed in the Online Meeting Guide.

Voting by proxy

A Healthia Shareholder entitled to attend and vote at the Scheme Meeting can vote by proxy. The Proxy Form is enclosed with the Scheme Booklet. A proxy need not be a Healthia Shareholder.

Instructions on how to complete and lodge the Proxy Form are included on the form. Please note that the Proxy Form must be received by the Healthia Registry, whose details are listed below, by no later than 10.00am AEST (Brisbane) on Monday 20 November 2023. If you have an attorney sign a Proxy Form on your behalf, the original or a certified copy of the power of attorney must be received by the Healthia Registry at the same time as the Proxy Form (unless previously provided to the Healthia Registry).

A Healthia Shareholder entitled to attend and cast two or more votes at the Scheme Meeting is entitled to appoint no more than two proxies to attend and vote in their stead. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the Healthia Shareholder's voting rights. Failure to apportion voting rights will result in each proxy being entitled to vote half of the Healthia Shareholder's votes.

If you do not instruct your proxy on how to vote, you will be taken (for all relevant purposes) to have given your proxy discretion as to how to vote and your proxy may vote as he or she sees fit at the Scheme Meeting.

A Healthia Shareholder may appoint the Chairman of the Scheme Meeting as their proxy by nominating him in the Proxy Form. If a Healthia Shareholder returns their Proxy Form but does not nominate the identity of their proxy, the Chairman of the Scheme Meeting will automatically be their proxy. If a Healthia Shareholder returns their Proxy Form but their nominated proxy does not attend the Scheme Meeting, then their proxy will revert to the Chairman of the Scheme Meeting. For resolutions determined on a poll, if a Healthia Shareholder's nominated proxy is either not recorded as attending the Scheme Meeting or does not vote on the Scheme Resolution in accordance with the Healthia Shareholder's directions, the Chairman of the Scheme Meeting is taken, before voting on the Scheme Resolution closes, to have been appointed as the Healthia Shareholder's proxy for the purposes of voting on the Scheme Resolution.

The Chairman of the Scheme Meeting intends to vote all available proxies in favour of the Scheme Resolution.

Voting by proxy through power of attorney

For persons voting by proxy through powers of attorney, a certified copy of the powers of attorney must be received by the Healthia Registry by no later than 10.00am AEST (Brisbane) on Monday 20 November 2023. A certified copy of a power of attorney may be submitted in the same manner as a completed Proxy Form as described above.

Voting by corporate representative

A corporation may elect to appoint a representative in accordance with section 250D of the Corporations Act, in which case Healthia will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with Healthia before the Scheme Meeting or at the registration desk on the day of the Scheme Meeting.

Jointly held securities

If Healthia Shares are jointly held, either one of the joint Healthia Shareholders is entitled to vote at the Scheme Meeting. If more than one joint Healthia Shareholder votes in respect of jointly held Healthia Shares, only the vote of the Healthia Shareholder whose name appears first in the Healthia Share Register will be counted.

Lodgement of proxies

If you are entitled to attend and vote at the Scheme Meeting, you can appoint a proxy to attend and vote on your behalf. A proxy need not be a Healthia Shareholder and may be an individual or a body corporate. A personalised Proxy Form is enclosed with the Notice of Scheme Meeting. If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes. If you appoint a proxy, Healthia encourages you to direct your proxy how to vote on each item by marking the appropriate boxes on the Proxy Form.

Healthia Shareholders are encouraged to notify an appointed proxy of their appointment to enable them to participate in the Scheme Meeting online or in person and to exercise your voting instructions. Appointed proxies will need to contact the Healthia Registry to obtain a username and password to vote online.

5. Technical difficulties

Technical difficulties may arise during the Scheme Meeting. The Chairman has discretion as to whether and how the Scheme Meeting should proceed if a technical difficulty arises. In exercising this discretion, the Chairman will have regard to the number of Healthia Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. Where the Chairman considers it appropriate, the Chairman may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Healthia Shareholders are encouraged to lodge a proxy by 10.00am AEST (Brisbane) on Monday 20 November 2023.

Appendix B – Independent Expert’s Report

LONERGAN EDWARDS & ASSOCIATES LIMITED

ABN 53 095 445 560
AFS Licence No 248532
Level 7, 64 Castlereagh Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: (81 2) 8235 7500
www.lonerganedwards.com.au

The Directors
Healthia Limited
Level 4, East Tower
25 Montpelier Road
Bowen Hills QLD 4006

25 September 2023

Subject: Proposed acquisition of Healthia Limited by way of Scheme

Dear Directors

Introduction

- 1 On 31 August 2023, Healthia Limited (Healthia or the Company) announced that it and Harold BidCo Pty Ltd (PEP BidCo), an entity owned by funds advised by Pacific Equity Partners (PEP) had entered into a Scheme Implementation Deed (SID) under which PEP BidCo would acquire 100% of the fully diluted share capital in Healthia for an offer consideration of \$1.80 cash per Healthia share. An unlisted scrip consideration alternative or a combination of cash and unlisted scrip consideration is also available to Healthia shareholders, subject to rounding and scale back mechanisms.
- 2 The proposed acquisition of the shares is to be implemented by way of a scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (Corporations Act) between Healthia and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).
- 3 If the Scheme is approved and implemented, Healthia shareholders¹ may elect to receive the scheme consideration as either:
 - (a) **Cash Consideration** – a cash amount of \$1.80 for each Healthia share they hold on the Scheme Record Date²
 - (b) **Scrip Consideration Options:**
 - (i) All Scrip Consideration – 1 Class B share in Harold Topco Limited (TopCo), an unlisted newly incorporated Australian entity, for each Healthia share held, subject to any scrip scale back

¹ Other than certain ineligible foreign shareholders.

² The Scheme Record Date is presently expected to be 7:00pm on the fifth business day after the Scheme becomes effective, or such other time and date as the parties agree in writing.

Authorised Representatives:
Hung Chu • Martin Hall • Grant Kepler* • Julie Planinic* • Jorge Resende • Nathan Toscan • Wayne Lonergan • Craig Edwards

* Members of Chartered Accountants Australia and New Zealand and holders of Certificate of Public Practice.
Liability limited by a scheme approved under Professional Standards Legislation

- (ii) Mix-and-Match Consideration – Class B shares in TopCo in exchange for between 30% and 100% of their Healthia shares (subject to any scrip scale back) and \$1.80 in cash for each remaining Healthia share

(collectively the Scheme Consideration).

- 4 The Scrip Consideration Options are only available for Australian and New Zealand (NZ) resident shareholders³ (Rolling Shareholders) and are subject to a scale back provision to ensure that the total number of B Class shares in TopCo does not exceed approximately 30% of the total TopCo shares on issue (Scrip Scale Back)⁴. If this were to occur, then elections would be scaled back on a pro-rata basis to the 30% maximum threshold, with Healthia shareholders receiving the Cash Consideration in lieu of scrip consideration in respect of the shares subject to the Scrip Scale Back. Healthia shareholders who elect to receive one of the Scrip Consideration Options will become parties to the TopCo Shareholders' Deed (the Deed).
- 5 Certain directors and key management personnel (Key Rolling Shareholders⁵) have stated to Healthia that, subject to no superior proposal emerging and the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Healthia shareholders, they will elect to participate in the Scrip Consideration Options for not less than a total of 15.74 million Healthia shares (being, in aggregate, approximately 11% of the Healthia shares⁶) that they respectively hold or control⁷. This also represents approximately 11% of the TopCo shares to be issued.

Healthia

- 6 Healthia is a market leading provider of allied health services across Australia and NZ with a focus on physiotherapy and specialty hand therapy services, podiatry services and products, and optometry and audiology products and services. The Company operates three business segments, being: Bodies & Minds, Feet & Ankles and Eyes & Ears, which incorporate over 330 businesses with over 2,700 staff and 1,300 clinicians.

PEP

- 7 PEP is a leading Australian private equity firm, managing and advising the PEP Funds which have over \$8 billion in assets under management as at the date of this report. Founded in 1998, PEP has completed 41 primary transactions and over 150 follow-on investments across a range of target industries. The PEP Funds have a strong track record in the healthcare sector, through investing behind and partnering with high quality management teams to support long-term business growth.

³ Unless Healthia and PEP BidCo agree otherwise in writing in accordance with the SID.

⁴ The proposed number of TopCo shares to be issued will be some 144.4 million shares (i.e. consistent with the fully diluted number of shares in Healthia on issue). Accordingly, the Scrip Scale Back provisions will apply if in aggregate Healthia's shareholders elect to receive more than 30% of the Scheme Consideration as scrip consideration.

⁵ As identified and defined in the SID.

⁶ On a fully diluted basis.

⁷ In aggregate, the Key Rolling Shareholders hold or control approximately 24.5% of issued Healthia shares on a fully diluted basis.

Purpose of report

- 8 The Scheme is subject to a number of conditions precedent, including an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Healthia shareholders.
- 9 In addition:
- (a) the Healthia Board's recommendation⁸ of the Scheme is subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Healthia shareholders⁹
 - (b) as the Scheme is considered a change of control transaction, Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) also requires any appointed independent expert to provide an opinion on whether the Scheme is fair and reasonable¹⁰.
- 10 Accordingly, the Directors of Healthia have requested Lonergan Edwards & Associates Limited (LEA) to prepare an IER stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Healthia shareholders¹¹ and the reasons for that opinion.
- 11 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.
- 12 LEA is independent of Healthia and PEP and has no other involvement or interest in the proposed Scheme.

Summary of opinion

- 13 In our opinion, the Scheme is fair and reasonable and in the best interests of Healthia shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

Value of Healthia

- 14 We have assessed the value of Healthia shares on a 100% controlling interest basis at \$1.59 to \$1.83 per share, as shown below:

⁸ Noting that the Board of Healthia makes no recommendation in relation to whether Healthia shareholders should elect to receive either of the Scrip Consideration Options.

⁹ Subject to the same qualifications, the Healthia Directors, who in aggregate currently hold or control approximately 18.6% of the Healthia shares currently on issue, each intend to vote all the Healthia shares held or controlled by them in favour of the Scheme.

¹⁰ Refer paragraph 50.

¹¹ Under the Scheme, there will be no change to Healthia's clinic class shareholder model and clinic class shareholders will continue to hold those shares. Clinic Class Shares are preference shares in the issued capital of Healthia group companies which are intended to provide the holder with an economic return relating to the operation of one or more clinics owned by that company. These shares do not form part of the Scheme and are not the subject of our report.

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	Low \$m	High \$m
Enterprise value	370.0	410.0
Allowance for non-controlling interests	(42.0)	(47.0)
Less net debt	(98.0)	(98.0)
Equity value	230.0	265.0
Fully diluted shares on issue (million)	144.4	144.4
Value per share	\$1.59	\$1.83

Value of Scheme Consideration

Cash Consideration

15 As stated above, the Cash Consideration is \$1.80 in cash per Healthia share.

Value of Scrip Consideration Options

- 16 As noted above, Healthia shareholders can also elect to receive one of the two Scrip Consideration Options, subject to rounding and the Scrip Scale Back.
- 17 As set out in Section VII, we have assessed the underlying value of the Scrip Consideration Options in the immediate or short term post implementation of the Scheme at between \$1.41 and \$1.76 per Healthia share. This assessment of underlying value assumes the holder of TopCo scrip has 100% control of TopCo and an unfettered ability to transact in the equity securities. **It is important for Rolling Shareholders to note that the underlying values do not incorporate any minority interest or lack of marketability / illiquidity discounts and accordingly, do not represent the values that may be realised if they theoretically sought to dispose of the TopCo scrip in the immediate or short term post implementation of the Scheme (i.e. theoretical cash equivalent).**
- 18 We have not quantified the size of these discounts as:
- (a) it is clear that the value of the Scrip Consideration Options (even before applying any discount for minority interests and lack of marketability) is less than the Cash Consideration
 - (b) the factual position for each Healthia shareholder will vary and there is no certainty as to when and if a Rolling Shareholder could negotiate and complete a transaction
 - (c) Healthia shareholders who elect to receive the Scrip Consideration Options should only do so if they are prepared to co-invest with the PEP Shareholders¹² in the medium-to-long term and until a future liquidity event occurs, and are prepared to accept the related voting and liquidity restrictions attaching to their investment in TopCo.
- 19 As an alternative, for the benefit of those Healthia shareholders considering an election to receive one of the Scrip Consideration Options, we set out in Section VII the range of discounts often applied in practice. Healthia shareholders should note that after allowing for

¹² Being the PEP shareholders in TopCo that are not associated with Healthia.

these discounts, the realisable value of the Scrip Consideration Options immediately post implementation of the Scheme is likely to be materially less than:

- (a) the Cash Consideration
- (b) our valuation of Healthia shares.

- 20 For the purpose of our report we have therefore assumed that Healthia shareholders (other than the Key Rolling Shareholders and those Healthia shareholders who, based on their own assessment¹³, choose to retain an interest in the Healthia business notwithstanding the above disadvantages) will elect the Cash Consideration rather than either of the Scrip Consideration Options.

Conclusion on Scheme Consideration

- 21 Having regard to the above, for the purposes of our report we have evaluated the Scheme by reference to the value of the Cash Consideration only.

Assessment of “fairness”

- 22 Pursuant to RG 111, a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison based on the Cash Consideration is shown below:

Position of Healthia shareholders	Low \$ per share	High \$ per share	Mid-point \$ per share
Value of Cash Consideration	1.80	1.80	1.80
Value of 100% of Healthia	1.59	1.83	1.71
Extent to which the Cash Consideration exceeds (or is less than) the value of Healthia	0.21	(0.03)	0.09

- 23 As the Cash Consideration lies within our assessed valuation range for Healthia shares on a 100% controlling interest basis, in our opinion, the Cash Consideration is fair to Healthia shareholders when assessed based on the guidelines set out in RG 111.

Assessment of “reasonableness” and “in the best interests”

- 24 Pursuant to RG 111, a transaction is reasonable if it is fair. As all Healthia shareholders can elect to receive the Cash Consideration (which we have assessed as fair), in our opinion, the Scheme is also “reasonable”.
- 25 Generally, in our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because if the Cash Consideration is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 26 We therefore consider that the Scheme is also “in the best interests” of Healthia shareholders in the absence of a superior proposal.

¹³ Healthia shareholders who elect to accept either of the Scrip Consideration Options should form their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

Assessment of the Scheme

27 We summarise below the likely advantages and disadvantages of the Scheme for Healthia shareholders.

Advantages

28 In our opinion, the Scheme has the following benefits for Healthia shareholders:

- (a) the Cash Consideration of \$1.80 cash per share is towards the high end of our assessed value range for Healthia shares on a 100% controlling interest basis
- (b) the Cash Consideration represents a significant premium to the recent market prices of Healthia shares prior to the announcement of the proposed Scheme on 31 August 2023
- (c) furthermore, the implied premium exceeds observed premiums generally paid to target company shareholders in comparable circumstances
- (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Healthia shares is likely to trade at a significant discount to our valuation and the Cash Consideration due to the portfolio nature of individual shareholdings.

Disadvantages

- 29 Healthia shareholders who elect to receive the Cash Consideration should note that if the Scheme is implemented they will no longer hold an interest in Healthia. Healthia shareholders receiving the Cash Consideration option will therefore not participate in any future value created by the company over and above that reflected in the Cash Consideration.
- 30 However, as the mid-point of our assessed value of Healthia shares is less than the Cash Consideration, in our opinion, the present value of Healthia's future potential is reflected in the Cash Consideration.

Conclusion

31 Given the above analysis, we consider the acquisition of Healthia shares under the Scheme is fair and reasonable and in the best interests of Healthia shareholders in the absence of a superior proposal.

Other matters relevant to Scrip Consideration Options

- 32 Eligible Healthia shareholders who wish to retain an economic interest in Healthia's business operations and assets have an opportunity to do so (albeit on a diluted basis) by validly electing to receive the Scrip Consideration Options.
- 33 However, it is important for Rolling Shareholders to note that an investment in TopCo is not the same as an investment in Healthia and will have different characteristics. In particular, we note the following:
- (a) TopCo will have a higher level of debt (i.e. gearing) than Healthia and the equity interests therein will therefore be subject to increased risk
 - (b) PEP will have majority (not less than 70%) control of TopCo. The situation faced by the Rolling Shareholders will fundamentally be no different to that faced by minority shareholders generally (and due to the size of PEP's controlling interest, arguably a less advantageous situation than currently faced by existing minority shareholders in

Healthia). Minority interests are normally discounted relative to the pro-rata value of a 100% controlling interest

- (c) TopCo will be an unlisted entity with no public market for the trading of TopCo shares and the Deed will provide only limited liquidity mechanisms for Rolling Shareholders. Accordingly, there is no guarantee as to whether, or when, TopCo shareholders may be able to dispose of (either part or all of) their TopCo scrip (and at what price). Illiquid investments are ordinarily subject to a discount to reflect their lack of marketability
 - (d) as stated in the Deed the intention is that no dividends will be declared or paid on TopCo shares for a period of three years commencing on implementation of the Deed
 - (e) fees may be payable to the PEP Shareholders (or an affiliate of PEP) to the extent it enters into a management services agreement with TopCo.
- 34 Healthia shareholders who elect to receive the Scrip Consideration Options should also be aware that:
- (a) they are electing to retain a minority (and illiquid) economic interest in Healthia and thereby forgoing an immediate opportunity to receive an amount (i.e. Cash Consideration) that, in our opinion, is above the mid-point of the value of a 100% controlling interest in Healthia
 - (b) they will retain an exposure to the ongoing risks and uncertainties associated with an investment in Healthia including (inter alia) those risks associated with the execution of its long-term strategy (including further acquisitions). In contrast, the Cash Consideration provides cash (value) certainty in this regard
 - (c) after the first anniversary of the implementation of the Scheme, the TopCo Board will have the power to require a Class B shareholder in TopCo who holds shares which had, at the time of the implementation of the Scheme, an aggregate value of \$10,000 or less to dispose of their Class B shares in TopCo at a fair market value price determined by the TopCo Board, or if the shareholder disputes that price, at the market value of the shares as determined by an independent expert. That is, such shareholders may be forced to sell their Class B shares in TopCo in any event after one year following the implementation of the Scheme.
- 35 The Scrip Consideration Options are only likely to be appropriate for sophisticated investors that are prepared to co-invest with PEP until a future liquidity event occurs and accept the related dividend and liquidity restrictions attaching to their investment in TopCo. Healthia shareholders contemplating such an investment should seek independent professional advice.
- 36 LEA offers no recommendation in relation to the Scrip Consideration Options¹⁴.

General

- 37 This report is general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual Healthia shareholders. Accordingly, before acting in relation to the Scheme, Healthia shareholders should have regard to their own objectives, financial situation and needs. Healthia

¹⁴ We note that this approach is consistent with the Board of Healthia's decision to make no recommendation in relation to the Scrip Consideration Options.

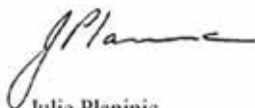


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shareholders should also read the Scheme Booklet that has been issued by Healthia in relation to the Scheme.

- 38 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether Healthia shareholders should vote for, or against the Scheme. This is a matter for individual Healthia shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If Healthia shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.
- 39 For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Healthia shareholders read the remainder of our report.

Yours faithfully



Julie Planinic
Authorised Representative



Jorge Resende
Authorised Representative

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I Key terms of the Scheme

Terms

40 An overview and key terms of the Scheme is set out at paragraphs 1 to 4.

Conditions

41 The Scheme is subject to the satisfaction or waiver of a number of conditions precedent, including the following which are outlined in the SID between Healthia and PEP BidCo dated 31 August 2023:

- (a) regulatory approval from the Foreign Investment Review Board
- (b) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act
- (c) Healthia shareholder approval by the requisite majorities at the Scheme meeting under the Corporations Act
- (d) no law, rule, regulation, restraining order, preliminary or permanent injunction or other preliminary or final decision, order or decree is made by any court of competent jurisdiction or Government Agency (as defined in clause 1.1 of the SID) in Australia or a place where Healthia conducts business, which restrains, prohibits or impedes the transaction, is in effect at 8.00am on the Second Court Date
- (e) valid elections to receive one of the Scrip Consideration Options have been received by Healthia from the Key Rolling Shareholders¹⁵ (and any of their associates and controlled entities) which represent not less than 15.74 million Healthia shares and are not withdrawn by 5.00pm on the fifth business day before the date of the Scheme meeting¹⁶
- (f) no "Prescribed Occurrence" (as defined in clause 1.1 of the SID) occurs in respect of Healthia on or before 8.00am on the Second Court Date¹⁷
- (g) all "Outstanding Performance Rights" (as defined in clause 1.1 of the SID) have vested and have been exercised and converted into Healthia shares on or before 8.00am on the Second Court Date
- (h) no "Material Adverse Change" (as defined in clause 1.1 of the SID) occurs in respect of Healthia on or before 8.00am on the Second Court Date¹⁸
- (i) an independent expert issues a report which concludes that the Scheme is in the best interests of Healthia shareholders and does not change or withdraw its conclusion before 8.00am on the Second Court Date.

42 Healthia is also subject to the following customary exclusivity provisions:

- (a) termination of existing negotiations or discussions regarding a competing proposal
- (b) no shop

¹⁵ As defined in clause 1.1 of the SID.

¹⁶ Or such other date as Healthia and PEP BidCo agree in writing.

¹⁷ Which is not otherwise remedied to the satisfaction of PEP BidCo within the timeframe specified in the SID.

¹⁸ Which is not otherwise remedied to the satisfaction of PEP BidCo within the timeframe specified in the SID.

- (c) no talk
 - (d) no due diligence by a third party
 - (e) notification of any competing proposal and matching right.
- 43 In the case of certain competing proposals, Healthia has the benefit of a fiduciary carve out to the “no talk” and “no due diligence” restrictions, provided there are requirements to notify competing proposals (including the identity of another bidder) and matching right restrictions.
- 44 Healthia must also use best endeavours to procure that its Directors recommend that Healthia shareholders vote in favour of the Scheme and has warranted that its Directors intend to vote the shares they control in favour of the Scheme, in each case subject to:
- (a) no superior proposal emerging; and
 - (b) the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Healthia shareholders.
- 45 A break fee of \$2.6 million is payable by Healthia to PEP in certain circumstances as specified in the SID.

Resolution

- 46 Healthia shareholders will be asked to vote on the Scheme in accordance with the resolution contained in the notice of meeting accompanying the Scheme Booklet.
- 47 If the resolution is passed by the requisite majorities, Healthia must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Healthia shareholders who hold Healthia shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

II Scope of our report

Purpose

- 48 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Cth) (Corporations Regulations) prescribes information to be sent to shareholders in relation to a member's (i.e. shareholders) scheme of arrangement pursuant to s411 of the Corporations Act.
- 49 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 50 PEP BidCo and its affiliated entities have a relevant interest of 19.9% in Healthia¹⁹ and has no representation on the Healthia Board. Accordingly, there is no regulatory requirement for an IER to be prepared for Healthia shareholders pursuant to the Corporations Act or the Australian Securities Exchange (ASX) Listing Rules.
- 51 However, both a condition precedent to the Scheme and the Healthia Directors' recommendation of the Scheme are subject to an independent expert concluding that the Scheme is in the best interests of Healthia shareholders.
- 52 The Directors of Healthia have therefore appointed LEA to prepare an IER stating whether the proposed acquisition of the shares in Healthia by PEP BidCo under the Scheme is fair and reasonable and in the best interests of Healthia shareholders and the reasons for that opinion. Our report will accompany the Scheme Booklet to be sent to Healthia shareholders.
- 53 It should be noted that this report is general financial product advice only and has been prepared without taking into account the personal objectives, financial situations or needs of individual Healthia shareholders. Accordingly, before acting in relation to the Scheme, Healthia shareholders should have regard to their own objectives, financial situation and needs. Healthia shareholders should also read the Scheme Booklet that has been issued by Healthia in relation to the Scheme.
- 54 Furthermore, this report does not constitute advice or a recommendation (inferred or otherwise) as to whether Healthia shareholders should vote for, or against the Scheme. This is a matter for individual Healthia shareholders based upon their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If Healthia shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

¹⁹ As indicated in the Notice of initial substantial holder for Pacific Equity Partners Fund VI (Australasia) Pty Limited (ACN 630 504 960) as trustee of the Pacific Equity Partners Fund VI (Australasia) Unit Trust dated 31 August 2023.

Basis of assessment

- 55 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111, which, inter alia, provides guidance as to how an expert should assess the merits of a transaction.
- 56 When an IER is prepared for a scheme that involves a change of control²⁰ (like the proposed Scheme concerning Healthia), ASIC expects the form of the analysis undertaken by the expert to be substantially the same as for a takeover bid. That is, the expert is required to assess and provide an opinion on whether the scheme is “fair” and “reasonable” to the shareholders of the company which is the subject of the scheme (in addition to the inclusion of a statement as to whether the scheme is “in the best interests” of shareholders, being the opinion required under Part 3 of Schedule 8 of the Corporations Regulations).
- 57 **Fairness** involves the application of a strict quantitative test that compares the value of the consideration offered against the value of the shares that are the subject of the scheme²¹. A scheme is “fair” if the value of the scheme consideration is equal to, or greater than, the value of the shares that are the subject of the scheme. Fairness effectively measures whether shareholders (in the company the subject of the scheme) are being adequately compensated for the actual (or deemed) change of “control” in ownership.
- 58 **Reasonableness** involves the consideration of other significant quantitative and qualitative factors that shareholders might consider prior to accepting a proposal. A scheme is considered “reasonable” if it is “fair”. A scheme may also be considered “reasonable” if, despite being “not fair”, the expert believes there are sufficient reasons for shareholders to vote in favour of the scheme, in the absence of a superior proposal.
- 59 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company. Similarly, RG 111 notes that if an expert concludes that a scheme is “not fair and not reasonable”, then the expert would need to conclude that the scheme is “not in the best interests” of members of the company.
- 60 In our opinion, if the Scheme is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of Healthia shareholders. This is because, if the consideration payable pursuant to a transaction is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 61 Having regard to the above, our report has therefore considered:

Fairness

- (a) the market value of 100% of the shares in Healthia

²⁰ A transaction where a person’s voting power increases from below 20% to more than 20%, or from a starting point that is above 20% and below 90%.

²¹ Assuming 100% ownership of the target company and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length, noting that any special value that may be derived by a particular “bidder” should not be taken into account (e.g. synergies that are not available to other bidders).

- (b) the value of the consideration offered by PEP BidCo
- (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)

Reasonableness

- (d) the extent to which a control premium is being paid to Healthia shareholders
- (e) the extent to which Healthia shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
- (f) the listed market price of Healthia shares, both prior to and subsequent to the announcement of the proposed Scheme
- (g) the likely market price of Healthia securities if the proposed Scheme is not approved
- (h) the value of Healthia to an alternative offeror and the likelihood of a higher alternative offer being made for Healthia prior to the date of the Scheme meeting
- (i) the advantages and disadvantages of the Scheme from the perspective of Healthia shareholders
- (j) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

- 62 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 63 Our report is also based upon financial and other information provided by Healthia and its advisers²². We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.
- 64 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Healthia securityholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 65 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a

²² Refer to Appendix B, paragraph 9 for the sources of information relied on for the purposes of this report.

misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.

- 66 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 67 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.
- 68 In forming our opinion, we have also assumed that:
 - (a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects
 - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the SID and the terms of the Scheme itself.

III Profile of Healthia

Overview

- 69 Healthia is a market leading provider of allied health services across Australia and NZ with a focus on physiotherapy and specialty hand therapy services, podiatry services and products, and optometry and audiology products and services. The Company operates three business segments, being: Bodies & Minds, Feet & Ankles and Eyes & Ears, which incorporate over 330 businesses with over 2,700 staff and 1,300 clinicians.

History

- 70 Healthia was incorporated as a holding company on 10 May 2018 and acquired interests in a number of allied health businesses for the purposes of listing on the ASX on 11 September 2018. At the time of listing, Healthia comprised 104 allied health businesses including 72 podiatry clinics, 23 physiotherapy clinics, seven specialty hand therapy clinics, an orthotics manufacturing business and laboratory (iOrthotics) and 75% of a podiatry and foot care supplies and equipment wholesale business (DBS Medical).
- 71 Since listing on the ASX, Healthia has grown both organically and through the acquisition and integration of a number of complementary clinics and businesses. A summary of the significant acquisitions completed by Healthia is set out below:

Healthia – key acquisitions		
Date ⁽¹⁾	Acquisition	Business overview ⁽²⁾
30 Oct 20	The Optical Company (TOC) (\$43.0 million)	Founded in 2006, TOC was a leading Australian optometry business with a portfolio of 41 stores providing a full range of optometry services and related products. In addition to its optometry stores, the business owned and operated an established eyewear frame distributor, Australian Eyewear Distributors Pty Ltd (AED)
20 Sep 21	Back in Motion Health Group (BIM) (\$92.6 million ⁽³⁾)	Established in 1999, BIM was one of the largest and fastest growing physiotherapy businesses in Australia and NZ, with a portfolio of 64 physiotherapy clinics. The business historically operated under a franchise business model although immediately transitioned to Healthia's Clinic Class Share ownership model on completion of the acquisition

Note:

- 1 Date of acquisition announcement.
- 2 Business overview at time of the transaction.
- 3 Including estimated contingent consideration.

- 72 The acquisitions undertaken by the Company since 2018 have increased Healthia's size and diversification, noting in particular:
- (a) the acquisition of TOC significantly expanded Healthia's total addressable market and provided diversification into the optical and audiology market, a highly complementary allied health segment, with a scalable and vertically integrated platform
 - (b) the acquisition of BIM was Healthia's largest acquisition to date and positioned the Company as the number one provider of physiotherapy services in Australia (post the acquisition of BIM Healthia had 122 physiotherapy clinics). The acquisition also provided Healthia with additional geographic diversification, including a "step change" presence in Victoria and entry into the Western Australian and NZ markets.

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73 As a part of its network expansion plans, Healthia remains focused on acquiring complementary businesses which are value accretive. It targets a minimum \$20 million spend per annum on new acquisitions and is currently in discussions with more than 100 sites.

Current operations

74 As stated above, Healthia’s operations are organised into three business segments which are supported by centralised support functions:

- (a) **Bodies & Minds** – consists of a network of physiotherapy, specialised hand therapy, occupational therapy, speech pathology and other allied health clinics which operate under a number of different brands throughout Australia and NZ
- (b) **Feet & Ankles** – comprises the Company’s network of podiatry clinics and retail footwear stores located throughout Australia. The segment also includes the iOrthotics and DBS Medical businesses
- (c) **Eyes & Ears** – established following the completion of the acquisition of TOC in October 2020, the Eyes & Ears division consists of Healthia’s network of optometry and audiology stores located throughout Australia and also includes the AED business.

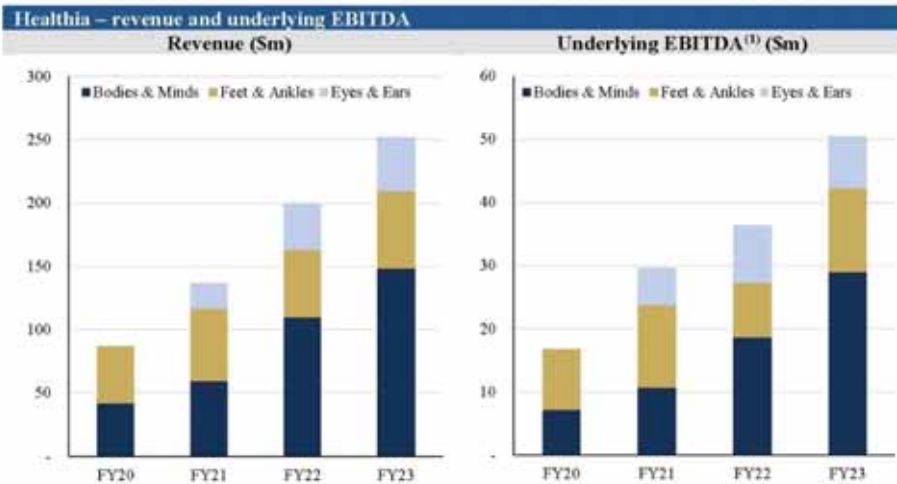
75 A diagrammatical overview of Healthia’s business operations is set out below:



76 Bodies & Minds is Healthia’s largest operating segment, accounting for over 55% of FY23 revenue and underlying EBITDA²³, with the contribution from the recently established Eyes & Ears segment also increasing in recent periods:

²³ Earnings before interest, tax, depreciation and amortisation (EBITDA).

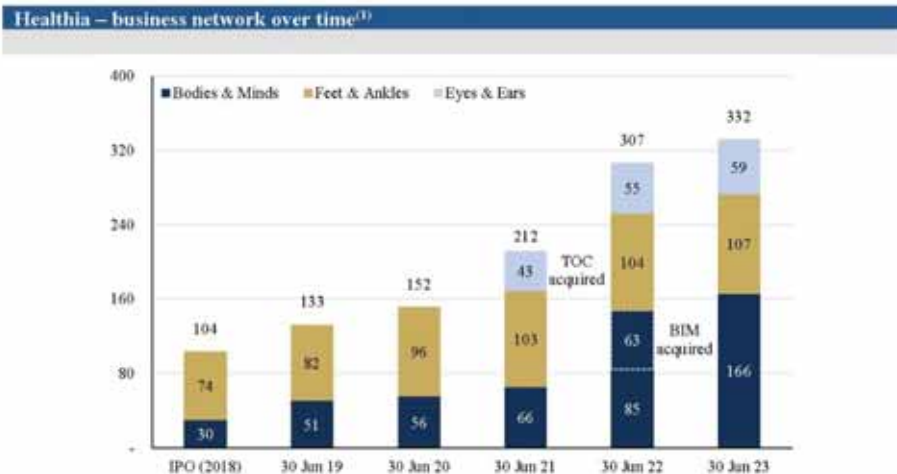
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Note:
1 Underlying segment EBITDA is prior to unallocated corporate costs and is stated prior to the adoption of Australian Accounting Standard AASB 16 – Leases (AASB 16).

Business network

77 Since listing on the ASX, Healthia has significantly increased its network of businesses, primarily through acquisitions, as shown below:



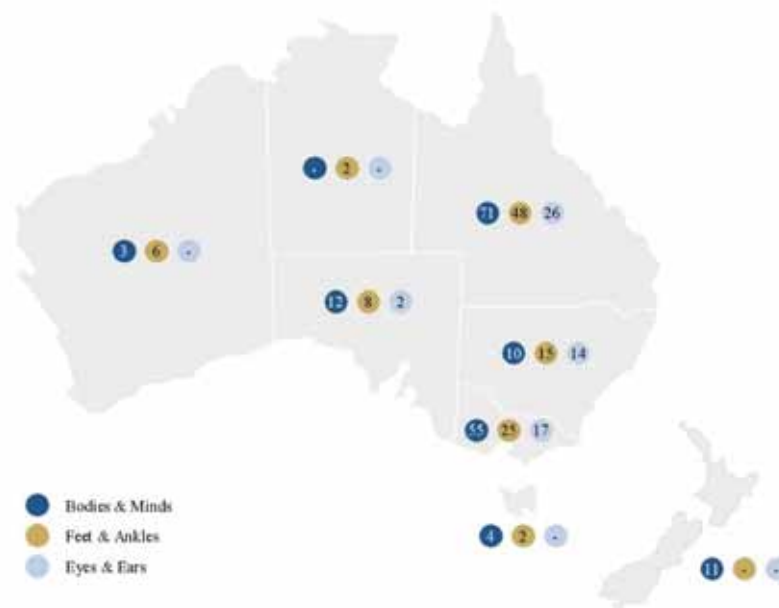
Note:
1 Based on the number of businesses operated at period end.

78 Healthia’s current business network is geographically diversified across Australia, with the Bodies and Minds segment also operating in NZ. The Company’s iOrthotics business also

has exposure to the United States of America (US) through a joint venture, however this represents less than 1% of Healthia’s total revenue.

- 79 A summary of the geographical distribution of Healthia’s business network as at 30 June 2023 is set out in the diagram below:

Healthia – operating locations⁽¹⁾
As at 30 June 2023



Note:
1 Excludes Healthia’s iOrthotics joint venture in the US.

- 80 Healthia has had recent success co-locating complementary services (such as the integration of podiatry services into existing physiotherapy clinics) which has provided cross-selling opportunities and greater operational leverage. As at 30 June 2023, Healthia had integrated podiatry services into around 25% of its existing physiotherapy locations, with scope to continue the co-location of these services across its remaining network.
- 81 Healthia has also implemented a number of other co-location opportunities (e.g. the introduction of audiology, podiatry and retail footwear services into existing optometry stores) and has established a number of purpose built multi-disciplinary sites to incorporate several of Healthia’s allied health products and services from a single location. These sites have been shown to provide better patient outcomes, as well as having benefits to Healthia, including greater employee satisfaction and increased cross-selling opportunities.

Clinic Class Shares

- 82 Healthia’s Clinic Class Share ownership model enables clinicians to have an economic interest in the clinic at which they work through the issue of Clinic Class Shares. This is designed to create alignment between the economic interests of clinicians and Healthia

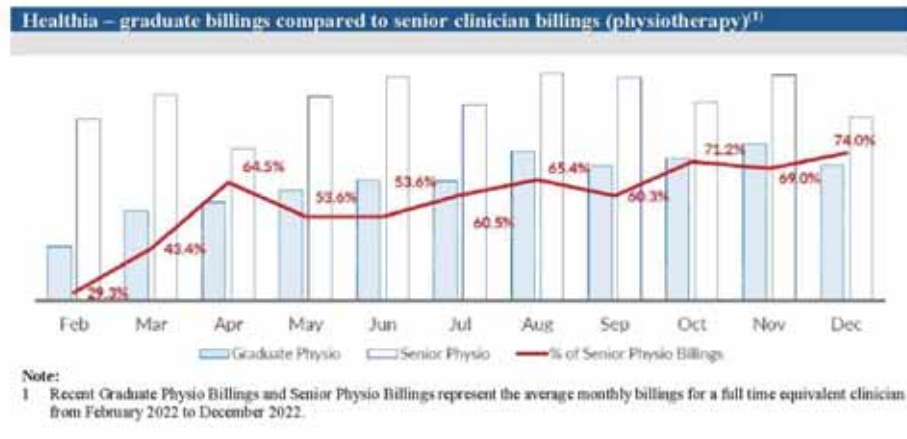
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ordinary shareholders. The Clinic Class Shares are non-voting shares and holders of Clinic Class Shares receive a cash dividend calculated by reference to the earnings derived from the clinic relating to that class of Clinic Class Shares²⁴.

- 83 Each Clinic Class Share entitles the holder to a dividend of up to 1.0% of the after-tax profits generated by the clinic, with no more than 48 Clinic Class Shares to be issued in any class. The effect of this is that the holder of Clinic Class Shares will not collectively hold an economic interest of greater than 48% of the earnings generated by any one clinic, with Healthia retaining economic control over the various subsidiary entities (in addition to owning all of the voting shares in each of these entities).
- 84 As at 30 June 2023, there were 5,518 Clinic Class Shares on issue across 178 different classes (i.e. clinics) which represents an economic interest of approximately 21% of the consolidated EBITDA of the Company.

Graduate program

- 85 Healthia’s annual graduate program provides a pipeline of clinicians and is a key contributor to the Company’s organic growth. In February 2023, 120 recent graduates were recruited and started their structured graduate program with Healthia, with 153 graduates recruited during February 2022²⁵.
- 86 The level of billings generated by graduate clinicians tends to increase relatively quickly and approaches 75% of the level of billings generated by Healthia’s more experienced clinicians towards the end of the graduates’ first year of employment, as shown below:



²⁴ Noting that the dividends are declared by the relevant subsidiary entity, subject to the discretion of the directors of the relevant subsidiary entity.
²⁵ The FY22 intake was higher than usual to provide sufficient headcount to cover employee leave (which has accumulated during COVID-19) and reduce the dependency on locums.

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Technology Roadmap

- 87 Healthia has recently completed the consolidation of its existing technology and IT systems and is well progressed on developing a technology platform across its business (known as “Healthia Hub”) which is expected to support cross-referral activities between existing business segments by linking patients and customers to the relevant Healthia providers. The platform is also expected to enable the Company to drive further engagement and loyalty from its existing database (of more than 2 million patients) and improve operational efficiencies by enabling Healthia to provide products and services to patients and customers in a more efficient, timely and cost-effective way.

Financial performance

- 88 A summary of the financial performance of Healthia for the four years ended 30 June 2023 (FY23) is set out below:

Healthia – statement of financial performance				
	FY20	FY21	FY22	FY23
	\$m	\$m	\$m	\$m
Revenue	87.2	136.9	200.3	252.6
Other income	5.4	3.5	2.5	3.4
Underlying revenue	92.5	140.4	202.8	255.9
Operating expenses	(79.4)	(118.9)	(178.2)	(218.4)
Underlying EBITDA⁽¹⁾ (pre AASB 16)	13.2	21.5	24.5	37.5
Depreciation and software amortisation ⁽¹⁾	(2.3)	(3.0)	(3.5)	(4.2)
Underlying EBITA⁽²⁾ (pre AASB 16)	10.9	18.5	21.1	33.3
Amortisation of customer lists	(0.6)	(0.9)	(1.6)	(1.8)
Finance costs ⁽³⁾	(1.4)	(1.7)	(2.8)	(6.3)
Net impact of AASB 16 adjustments	(0.4)	(0.9)	(1.3)	(1.2)
Non-recurring items ⁽³⁾	(1.3)	(1.9)	(13.8)	(9.7)
Profit before tax	7.3	13.2	1.6	14.3
Income tax expense	(2.1)	(4.0)	(1.2)	(3.9)
Profit after tax	5.1	9.2	0.3	10.4
Profit after tax attributable to non-controlling interests	2.5	4.0	3.7	4.9
Profit after tax attributable to Healthia shareholders	2.7	5.2	(3.3)	5.5
<i>Number of clinics at period end</i>	<i>152</i>	<i>212</i>	<i>307</i>	<i>332</i>

Note:

- Underlying EBITDA allows for the cash rent incurred by the Company, i.e. it is before allowing for AASB 16. AASB 16 provides an uplift to EBITDA as it replaces cash rent expenses with depreciation of the “right of use” assets as well as interest expense associated with lease liabilities recognised.
- Earnings before interest, tax and amortisation of acquired intangibles (EBITA).
- Non-recurring items comprise the following:

Acquisition and integration costs	(2.7)	(4.2)	(10.6)	(8.2)
COVID-19 related expenses	(1.9)	(2.1)	(3.4)	-
JobKeeper income	3.8	5.6	-	-
Share-based payments expense	(0.3)	(1.2)	(1.4)	(1.0)
Bad debt expenses / insurance write off	(0.2)	-	-	(0.5)
Fair value movement of contingent consideration	-	-	1.6	1.1
Excess sick leave	-	-	-	(1.0)
Total non-recurring items	(1.3)	(1.9)	(13.8)	(9.7)

Source: Healthia Annual Reports.

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- 89 Healthia reported strong organic like for like revenue growth during FY23 of around 7.5%²⁶ (noting that both FY22 and FY23 were impacted by increased levels of staff absenteeism and patient cancellations due to COVID-19 and spikes in influenza).
- 90 In addition to the above, we set out below a summary of the key financial measures by operating division:

Healthia – segment performance				
	FY20	FY21	FY22	FY23
	\$m	\$m	\$m	\$m
Revenue				
Bodies & Minds	41.7	59.3	109.8	148.3
Feet & Ankles	45.5	57.4	53.2	61.0
Eyes & Ears	-	20.3	37.3	43.2
Total	87.2	136.9	200.3	252.6
Underlying EBITDA (pre AASB 16)				
Bodies & Minds	7.2	10.6	18.6	28.8
Feet & Ankles	9.6	13.1	8.7	13.3
Eyes & Ears	n/a	5.8	9.3	8.3
Other / corporate	(3.5)	(8.1)	(12.0)	(12.9)
Total	13.2	21.5	24.5	37.5
Underlying EBITDA margins (pre AASB-16)				
Bodies & Minds	17.1%	17.9%	16.9%	19.4%
Feet & Ankles	21.1%	22.9%	16.3%	21.7%
Eyes & Ears	n/a	28.5%	24.8%	19.3%
Total (including other / corporate)	15.2%	15.7%	12.3%	14.8%

Source: Healthia Annual Reports.
n/a – not applicable.

- 91 As indicated above, the financial performance of Healthia has been impacted by the completion of a number of recent acquisitions which have significantly expanded the Company's business network and size. Accordingly, we do not consider the revenue and underlying EBITDA for Healthia prior to FY23 to be representative of the future financial performance for the Company. During FY23, Healthia also spent \$23.4 million on acquisitions, with a significant proportion (some \$14 million) completed during the final quarter of FY23. The full year benefit of these acquisitions is expected to be realised during FY24.
- 92 Underlying EBITDA margins for the Company have remained broadly consistent over the period above (aside for FY22)²⁷ however at a segment level:
- (a) Bodies & Minds has reported increasing margins, which can be attributable to the increased scale, a greater contribution from higher margin services (i.e. hand therapy)

²⁶ Based on the average organic growth over the four quarters during FY23.

²⁷ Underlying margins for FY22 were impacted by an inability to leverage the fixed cost base of the business due to impacts from COVID-19 (government lockdowns and mandated closure of retail footwear stores in 1Q FY22) in addition to isolated flooding events in southeast Queensland and NSW.

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and benefits from the successful co-location of complementary services (e.g. podiatry) inside existing physiotherapy businesses (which provides sub tenancy revenue)

- (b) Feet & Ankles has reported broadly consistent margins, noting the size of this segment has not changed materially over the period
- (c) the Eyes & Ears segment has reported a decline in margins, reflecting inter alia, lower levels of organic growth combined with recent occupancy and wage cost pressures, with this segment now operating on more consistent margins to the other segments
- (d) FY23 unallocated corporate expenses reduced to around 5.0% of revenue (during FY21 and FY22 these expenses represented some 6.0% of revenue).

Financial position

93 The financial position of Healthia as at 30 June 2022 and 30 June 2023 is set out below:

Healthia – statement of financial position		
	30 Jun 22	30 Jun 23
	\$m	\$m
Trade and other receivables	8.2	13.0
Inventories	10.5	14.2
Other current assets	3.3	4.1
Trade and other payables	(19.1)	(15.5)
Employee and other provisions	(11.7)	(11.4)
Net working capital	(8.7)	4.3
Property, plant and equipment	17.1	21.5
Intangible assets	246.3	267.3
Deferred tax assets (net)	7.8	6.8
Right of use assets (net)	(4.9)	(6.1)
Non-current provisions and liabilities	(3.9)	(3.6)
Total funds employed	253.8	290.3
Cash and cash equivalents	5.7	5.6
Deferred and contingent consideration	(7.9)	(6.2)
Borrowings	(79.1)	(97.4)
Net debt	(81.3)	(98.0)
Net assets	172.5	192.2
Non-controlling interests ⁽¹⁾	(36.2)	(39.1)
Net assets attributable to Healthia shareholders	136.3	153.1

Note:

1 Non-controlling interests are associated with the Clinic Class Shares which, as stated above, have been issued to key clinicians across the business network.

Source: Healthia Annual Reports.

Working capital

94 Healthia has historically operated with low net working capital requirements, reflecting the operating nature of the allied health services sector, whereby payments for services are generally received at the time of service. Over the year to 30 June 2023, Healthia experienced an increase in working capital, largely attributable to increases in trade and other receivables and inventory, and a reduction in trade and other payables.

Property, plant and equipment

- 95 Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment. The majority of Healthia's property, plant and equipment relates to leasehold improvements and equipment utilised by clinicians across its various network of businesses.

Intangible assets

- 96 The composition of Healthia's intangible assets is shown below:

Healthia – intangible assets	30 Jun 22	30 Jun 23
	\$m	\$m
Goodwill	235.2	257.4
Trademarks	4.9	4.9
Customer lists	5.9	4.8
Software	0.3	0.3
Total intangibles	246.3	267.3

- 97 The majority of Healthia's intangible assets relate to goodwill that has been recognised from business acquisitions, of which a large proportion is attributable to the acquisitions of TOC (\$43.0 million) and BIM (\$84.2 million).

Net debt

- 98 As at 30 June 2023, Healthia had net debt of \$98.0 million, comprised of:
- (a) **cash** – cash and cash equivalents of \$5.6 million
 - (b) **deferred and contingent consideration** – estimated at \$6.2 million as at 30 June 2023, with a component of the contingent consideration amount dependent on the EBITDA contribution from recently acquired clinics
 - (c) **borrowings** – bank borrowings of \$97.4 million. On 22 February 2023, Healthia executed variations to its existing finance facility agreements with its financiers²⁸, resulting in an increase in facilities from \$100 million to \$120 million and a maturity date of 31 December 2025. The key financial covenants of the revised finance facility agreements include:
 - (i) a Leverage Ratio (Net Debt / Adjusted EBITDA), which must remain below or equal to 3.0 times until 30 September 2023, and 2.75 times thereafter
 - (ii) a Fixed Charge Cover Ratio (EBITDA plus rent expense) / (interest + rent expense), which must remain above or equal to 1.75 times
 - (iii) a Debt to Capitalisation Ratio Debt / (Debt plus Book Value of Equity), which must remain below or equal to 50%.

Capital expenditure (excluding acquisitions)

- 99 A summary of Healthia's recent capital expenditure (excluding business acquisitions) is set out below:

²⁸ Which include Australia and New Zealand Banking Group, National Australia Bank and Bank of Queensland.

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Healthia – capital expenditure			
	FY21	FY22	FY23
	\$m	\$m	\$m
Maintenance capital expenditure	2.9	3.4	2.7
Expansionary capital expenditure	-	0.7	4.3
Total capital expenditure	2.9	4.1	7.0
<i>Maintenance capital expenditure (% sales)</i>	<i>(2.1%)</i>	<i>(1.7%)</i>	<i>(1.1%)</i>
<i>Total capital expenditure (% sales)</i>	<i>(2.1%)</i>	<i>(2.0%)</i>	<i>(2.7%)</i>

- 100 As indicated above, Healthia operates with relatively low capital expenditure requirements, with maintenance expenditures reducing over the above period. Expansionary capital expenditure in FY23 (which was abnormally higher due to delays and deferrals associated with COVID-19) related to refurbishments, re-locations and co-location opportunities.

Share capital and performance

- 101 As at 22 September 2023, Healthia had 140.2 million fully paid ordinary shares on issue. In addition, Healthia had approximately 4.3 million outstanding performance rights issued to senior employees pursuant to the Company's long term incentive plan, these rights will vest subject to the satisfaction of performance and service conditions.
- 102 The Healthia Board is able to make a determination that some or all of a participant's rights vest if the Company is subject to a change of control event. Subject to the Scheme becoming effective, the Healthia Board has determined that all outstanding performance rights will be vested and be converted to Healthia shares.

Significant shareholders

- 103 As at 22 September 2023 there were five substantial shareholders in Healthia holding 38.2% of the ordinary shares on issue:

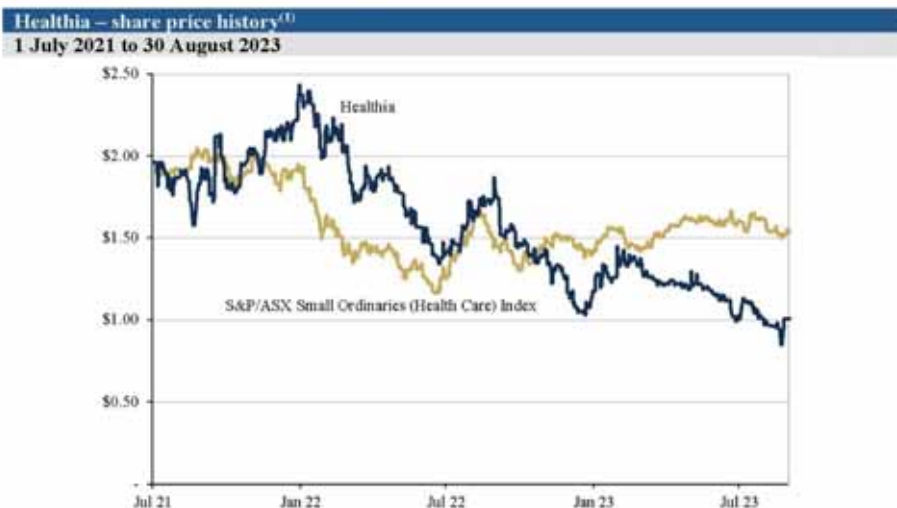
Healthia – substantial shareholders		
Shareholder	Shares held (million)	% interest
MA Financial Group ⁽¹⁾	14.7	10.5
Wilson Asset Management Group ⁽¹⁾	14.5	10.3
Regal Funds Management	8.4	6.0
Entities associated with Darren L Stewart	8.0	5.7
Entities associated with Glen Frank Richards	8.0	5.7
Total	53.6	38.2

Note:

- 1 As announced on 31 August 2023, PEP has reached agreements to acquire, in aggregate, a total of 19.9% of the issued shares in Healthia pursuant to call option deeds with MA Financial Group and Wilson Asset Management Group.

Share price performance

104 The following chart illustrates the movement in the share price of Healthia from 1 July 2021 to 30 August 2023²⁹:



Note:
 1 Based on closing prices. The S&P/ASX Small Ordinaries Index has been rebased to Healthia's last traded price on 1 July 2021. This index includes Healthcare companies included in the S&P/ASX 300 Index but not in the S&P/ASX 100 Index.
 Source: FactSet and LEA analysis.

105 As indicated in the above chart, Healthia shares broadly tracked the S&P/ASX Small Ordinaries Health Care Index up to around February 2023 and has since underperformed this index. It is difficult to ascribe a specific reason for this share price underperformance versus the S&P/ASX Small Ordinaries Health Care Index³⁰.

Liquidity in Healthia shares

106 The liquidity in Healthia shares based on trading on the ASX over the 12 month period prior to 30 August 2023³¹ is set out below:

Healthia – liquidity in shares						
Period	Start date	End date	No of shares traded 000	WANOS ⁽¹⁾ outstanding 000	Implied level of liquidity Period ⁽²⁾ %	Annual ⁽³⁾ %
1 month	31 Jul 23	30 Aug 23	1,812	140,192	1.3	15.5
3 months	31 May 23	30 Aug 23	5,698	140,192	4.1	16.3
6 months	03 Mar 23	30 Aug 23	14,197	139,909	10.1	20.3
1 year	31 Aug 22	30 Aug 23	25,763	138,310	18.6	18.6

²⁹ Being the last trading day prior to the announcement of the Scheme.

³⁰ We note that on 7 August 2023, the Company announced that it would not meet the previously provided guidance of underlying EBITDA of greater than \$40 million for FY23, revising this to underlying EBITDA in the range of \$38 million to \$39 million (and subsequently reported underlying EBITDA of \$38.3 million on 31 August 2023).

³¹ Being the last trading day prior to the announcement of the Scheme.

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Note:

- 1 Weighted average number of shares outstanding (WANOS) during relevant period.
- 2 Number of shares traded during the period divided by WANOS.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

Source: FactSet and LEA analysis.

- 107 As indicated in the table above, total share turnover (on an annualised basis) in Healthia shares has generally been less than 20% of the total number of shares issued over the 12 month period to 30 August 2023, indicating a relatively low level of liquidity for Healthia shares.

IV Industry overview

Australian healthcare industry

108 The Australian healthcare industry consists of public and private organisations that provide a variety of healthcare products and services to consumers which can be broadly categorised into the following major categories:

- (a) **hospitals** – includes services provided to admitted and non-admitted patients (outpatient clinics and emergency department care)
- (b) **primary health care** – comprises frequently accessed services including general practice, allied health, dispensing medicines, and community health, which are often a person’s first point of contact with the health system
- (c) **specialist care** – provides services for persons with specific or complex conditions or issues including mental health services, cancer treatment, alcohol and other drug treatment services, palliative care, and clinical assessment for surgery, as well as diagnostic services such as pathology and imaging
- (d) **health promotion and disease prevention programs** – services which focus on improving health and preventing the underlying causes of health conditions. This includes immunisation and vaccination, healthy lifestyle initiatives and cancer screening.

109 This industry section focuses on the allied health segment of the primary health care category in Australia³², being the segment in which Healthia operates.

Allied health services

110 Allied health generally refers to services provided by health practitioners (other than doctors and dentists) with specialised expertise in the prevention, diagnosis and treatment of a range of conditions and illnesses. Allied health professions include physiotherapists, chiropractors, optometrists, occupational therapists, speech therapists, audiologists, dieticians, podiatrists, homeopaths, naturopaths, and practitioners of Chinese medicine and other forms of traditional medicine.

111 The products and services delivered by Healthia are largely represented by the following sub-segments of the allied health market:

- (a) **physiotherapy services** – comprises companies and practitioners that primarily provide physiotherapy services (Healthia’s Bodies & Minds division largely operates in this sub-segment)
- (b) **optometry and optical dispensing services** – covers registered optometrists, optical dispensers and orthoptists (being the sub-segment in which Healthia’s Eyes & Ears division primarily operates³³)
- (c) **other health services** – includes a variety of allied health services that are not large enough to form individual sub-segments, including audiology, dietetics, midwifery,

³² During FY23 some 97.6% of Healthia’s revenue was generated in Australia (i.e. the contribution from Healthia’s operations in NZ and the US is relatively minor).

³³ Noting Healthia’s audiology services are a less significant contributor to the Eyes & Ears division.

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nursing, occupational therapy, podiatry, psychology and speech therapy, in addition to alternative health services such as acupuncture and natural therapies³⁴. Healthia's Feet & Ankles division (i.e. podiatry services³⁵) operates in this market.

112 A summary of the revenue and recent growth rates exhibited by each of these sub-segments is set out in the table below:

Sector revenue (real terms) ¹⁾			
	Physiotherapy services	Optometry and optical dispensing services	Other health services
FY23 sector revenue (\$m)	3,060	4,195	13,409
Revenue CAGR ²⁾ (real) FY18 – FY23	1.1%	(0.7%)	2.7%

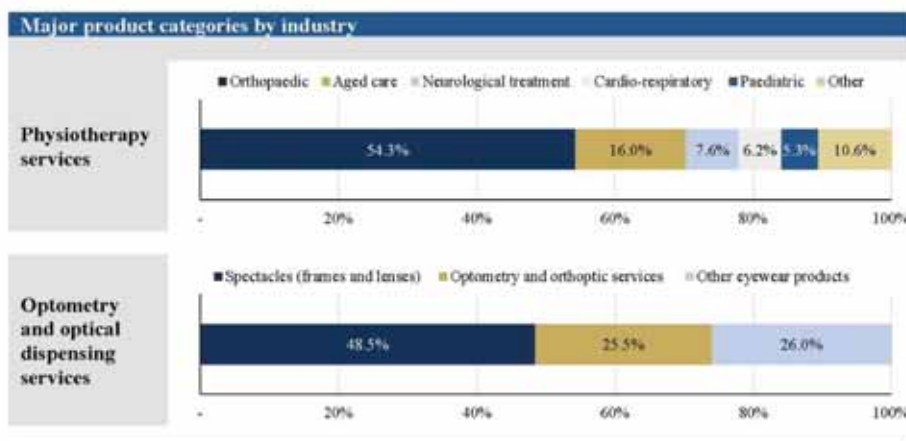
Note:

- 1 Adjusted for inflation using the current year as the base year to show "real" growth or decline in industry metrics.
- 2 Compound annual growth rate (CAGR).

Source: IBISWorld.

Products and services

113 A summary of the products and services delivered by each of the abovementioned allied health sub-segments is illustrated in the table below:



³⁴ This sub-segment also includes blood banks, and community health centres offering health assessment, family planning and drug referral services.

³⁵ Podiatry services generally involve the diagnosis, prevention and management of medical conditions and injuries of the foot, ankle and lower limbs. These services include biomechanical assessments, sports injury management, diabetic foot screenings, skin and nail treatment, minor skin and nail surgery, prescription and provision of orthotics and footwear and other general foot care.



Source: IBISWorld.

114 Regarding the above services, we note that:

- (a) orthopaedic services, which relate to treatments of the musculoskeletal system, account for the greatest proportion of physiotherapy services. These services often relate to the examination and massage of parts of the body that have undergone severe stress (e.g. joint and back pain). While orthopaedic services are set to remain the largest industry service, physiotherapists are beginning to specialise or branch out into other related allied health services as they adopt business models that offer patients a greater range of multi-disciplinary services³⁶.
- (b) the optometry and optical dispensing services sub-segment is largely represented by optical dispensing services, with sales of spectacles and other eyewear products accounting for around 75% of total revenues
- (c) other allied health services, such as podiatry, psychology, audiology, occupational therapy and speech therapy, account for the greatest proportion of revenue within the other health services sub-segment.

Competition and major players

115 The allied health markets in which Healthia operates are generally highly fragmented, providing significant scope for further consolidation. A summary of the major participants across each of the identified sub-segments is set out below:

Estimated market share of major participants					
Physiotherapy services		Optometry and optical dispensing services		Other health services	
Key player	%	Key player	%	Key player	%
Healthia	5.0	Specsavers	32.3	Australian Red Cross	5.0
APM Human Services	2.0	Luxottica	17.8	Australian Hearing Services	3.0
The Physio Co	2.0	Oscar Wylee	4.0		
		IPIC Holdings	3.0		
		Healthia	1.0		
Subtotal	9.0	Subtotal	58.1	Subtotal	8.0
Others	91.0	Others	41.9	Others	92.0
Total	100.0	Total	100.0	Total	100.0

Source: IBISWorld.

³⁶ Noting that Healthia expects to continue co-locating complementary service offerings into single, larger clinics (e.g. physiotherapy and podiatry services).

116 Regarding the respective market shares:

- (a) the market for physiotherapy services is highly fragmented, with most practitioners operating as sole proprietors or in small-scale partnerships. While some physiotherapists may have operations that incorporate a number of clinics, industry practitioners have rarely formed groups (noting the industry's four largest operators collectively account for less than 10% of industry revenue). Physiotherapists tend to compete on price (due to limited Medicare funding and government funding), relative location to key consumer markets, reputation, quality of care and areas of specialty. Physiotherapists also face external competition from government-funded general practitioners and general hospital services, along with alternative health therapies
- (b) the optometry and optical dispensing services market is dominated by the two largest participants, Specsavers and Luxottica, which collectively account for over 50% of industry revenues. Aside from Specsavers and Luxottica, the market is relatively fragmented (particularly for optometry services) with most optometrists operating smaller individual practices. While price is not a significant competitive factor for optometry services (as these are largely bulk-billed to Medicare), it is a major competitive factor for optical dispensing products, particularly given the level of competition from online sales channels
- (c) the other health services market is also highly fragmented, with the two largest operators, Australian Red Cross Lifeblood and Hearing Australia, accounting for a combined market share of 8%. A number of participants in the segment also operate as small private practices and sole traders. Competition among practitioners within the market and each category of service can vary and is generally based on price (including the level of private health funding), location, reputation and quality of care.

Capital intensity

117 The allied health services provided by Healthia are generally characterised by low levels of capital intensity, albeit there is some variation between services:

- (a) physiotherapy practices typically require minimal equipment or fixed assets to operate (other than leasehold improvements) as the industry is largely service based. While physiotherapy clinics will need to periodically replace and repair some equipment, these costs are typically relatively minor. In recent periods, some practices have invested in new technology platforms designed to boost patient rebooking and retention rates or to enable the provision of telehealth services
- (b) the provision of optometry services has traditionally involved minimal ongoing capital requirements, noting that after initial establishment costs are incurred (usually in the form of ophthalmic equipment or shop fit-outs) additional capital outlays are usually not required for many years. However, optometry practices are increasingly investing capital in innovative technologies and technology platforms that offer eye care and eye test information, appointment features and online contact lenses ordering. Several optical dispensing chains are also gradually rolling out ecommerce platforms and transitioning to an omni-channel bricks-and-clicks model. The move to tele-optometry during the COVID-19 pandemic has also recently increased technology capital expenditure
- (c) podiatry services (excluding podiatric surgery) generally exhibits similar levels of low capital expenditure requirements.

Industry funding

- 118 Allied health services are typically funded by a combination of government agencies and schemes (such as the National Disability Insurance Scheme (NDIS) and WorkCover), private health insurers, individuals (i.e. out-of-pocket expenses) and not for profit organisations.
- 119 In respect of the different services offered by Healthia, we note:
- (a) physiotherapy services generally receive minimal government subsidies, with current Medicare coverage limited to patients with a Chronic Disease Management Plan (noting these patients can only claim up to five allied health services per calendar year). Some Australians with NDIS funding may also be able to access physiotherapy services from registered NDIS physiotherapists as part of their NDIS funding. Accordingly, the majority of physiotherapy services are paid for by individuals or private health insurance cover
 - (b) Medicare generally provides subsidies for optometry consultations, apart from certain categories deemed to be inessential (e.g. contact lenses prescribed for sporting purposes). The Medicare rebate for optometry consultations is calculated at a rate of 85% of the value of the government schedule fee for a given service in an out-of-hospital setting. Given the high level of government funding available, a significant proportion of optometry services are bulk-billed³⁷
 - (c) Medicare generally does not cover many of the other allied health services, with only a small portion of podiatry services covered by Medicare and other third-party insurers, such as the Department of Veterans Affairs, NDIS, WorkCover and other not for profit organisations.

Industry drivers

- 120 Given the similar characteristics of the various allied health services provided by Healthia, there is a large degree of overlap of the key growth drivers across these services. These include real household disposable incomes³⁸, levels of private health insurance³⁸, Australia's ageing population and increased health consciousness and the level of sports participation from individuals³⁹.

Real household disposable income

- 121 As recent inflation has driven price increases for essentials like groceries, petrol and rent, a larger portion of consumers' existing earnings has been required to cover the rising costs of these necessities, and as a result household disposable incomes have faced increasing pressure. Notwithstanding that inflation levels have eased from the peak levels reported in the December 2022 quarter, inflation remains around its highest level since 1990.
- 122 The Reserve Bank of Australia has responded to rising inflationary pressures by implementing a number of rapid increases to the cash rate which have resulted in substantially higher interest rates (and hence loan repayments for households with variable rate mortgages).

³⁷ When a health service provider bulk bills, they agree to accept the Medicare benefit as full payment for the service. This means that the patient does not have to pay any out-of-pocket costs.

³⁸ The lower level of government subsidies provided for some allied health services (such as physiotherapy and podiatry services) means household disposable income and private health insurance extras coverage can influence the level of demand for these services.

³⁹ The level of sports participation is typically more relevant for physiotherapy services.

However, whilst increasing mortgage rates impact households with a mortgage (35% of households⁴⁰), and rising rents to cover increased interest rates impacts renters (30% of households⁴⁰), there is a significant proportion of the population that own a home outright (31% of households⁴⁰) and these households are not impacted by higher interest rates (and may actually benefit through higher interest rates on cash deposits).

- 123 Accordingly, the impact of rising inflation and interest rates on demand for allied health services is likely to vary, with services targeted towards younger age demographics likely to exhibit a greater degree of volatility than services targeted towards older and less price sensitive consumers. The table below provides a breakdown of the revenue attributed to the various age cohorts which utilise the type of allied health services provided by Healthia:

Allied health services – major age cohorts					
Physiotherapy services		Optometry and optical dispensing services		Other health services	
Age cohorts	%	Age cohorts	%	Age cohorts	%
15 to 24	11.5	Under 24	15.8	Under 19	16.8
25 to 64	67.8	25 to 44	20.6	20 to 64	57.5
65+	20.7	45 to 64	34.0	65+	25.7
		65+	29.6		
	100.0		100.0		100.0

Source: IBISWorld.

Private health insurance

- 124 Private health insurance members with relevant ancillary coverage (which covers most of the cost of allied health service treatments such as physiotherapy and podiatry) tend to utilise these services more often than those consumers who must pay the full out-of-pocket cost. As a result, changes to private health insurance memberships and coverage can have an impact on the demand and growth for these services.
- 125 As at 30 June 2023, an estimated 14.6 million (or 55% of the Australian population) had some form of general treatment private health insurance cover⁴¹. During the June 2023 quarter, the average physiotherapy and optical benefits per service were \$40 and \$79 respectively. Private health insurance coverage is primarily driven by government policies, which are typically aimed to alleviate pressures on the public healthcare system. Initiatives undertaken by the Federal Government to encourage uptake include the income-tested private health insurance rebate, Medicare Surcharge Levy and Lifetime Health Cover. Government incentives are generally expected to continue to drive private health policyholder growth.

Ageing Australian population

- 126 Australia's population has grown at a CAGR of 1.3% over the past three decades, which ranks among the highest in the developed world⁴². In addition to a growing population, Australia's population is ageing at an increasing rate with the percentage of the population aged 65 and

⁴⁰ According to the 2021 Census, 35% of Australia's homes were owned with a mortgage, while 31% were owned outright and 30% were rented. Source: <https://www.abs.gov.au/statistics/people/housing/housing-census/latest-release>.

⁴¹ Source: Australian Prudential Regulation Authority, *Quarterly private health insurance statistics, June 2023*.

⁴² Source: Australian Institute of Health and Welfare, *Profile of Australia's population, June 2023*.

over increasing from 11% to 17% over the same period. The number of Australians aged 65 and over is projected to continue to increase to approximately 19% by 2050.

- 127 An ageing Australian population is likely to result in a greater prevalence of physical ailments, injuries or other medical conditions that allied health professions can treat. For instance, Australia's ageing population has created new opportunities for physiotherapists that assist older people with strengthening exercises and preventative treatments. Demand for these services grows when the median population age rises. In addition, as people grow older, they are more likely to require optical aids and other optometry services.

Health consciousness

- 128 Health consciousness encompasses a variety of factors that measure how concerned Australians are about maintaining good health. As individuals become more health conscious, demand for preventative health treatments increases, and individuals are more likely to use a variety of allied health services, including physiotherapy.

Sports participation

- 129 Participation in organised and casual sports can lead to injuries that require specialised sports therapy and orthopaedic services. Conversely, a decline in organised sport participation, particularly in amateur and professional sports, can reduce industry demand. Australia's sport participation rate is expected to climb by 0.4 percentage points in FY24 to reach 81.4% of the population⁴³ (noting that this rate also includes alternative forms of physical recreation, including individual fitness regimes).

Industry regulation

- 130 The National Registration and Accreditation Scheme for health practitioners was established in 2010 to ensure consistent legislation across all state and territory jurisdictions. The scheme covers 16 professions (including physiotherapists, podiatrists and optometrists), with each profession having a national board that regulates the profession, registers practitioners and develops standards, codes and guidelines.
- 131 The function of these boards includes the registration of students and practitioners, handling complaints and investigations, assessing overseas practitioners who wish to practice in Australia, developing standards and accredited courses of study and most importantly developing codes and standards in conjunction with the Australian Health Practitioner Regulation Agency.

Impact of COVID-19

- 132 The COVID-19 pandemic materially disrupted allied health service providers, due to:
- (a) increased staff absenteeism from COVID-19 illness and government imposed isolation mandates for close contacts of confirmed COVID-19 cases (noting that the impact of staff absenteeism was most significant from December 2021 to April 2022 following the spread of the COVID-19 Omicron wave throughout Australia)
 - (b) increased patient / customer appointment cancellations attributable to, inter alia:

⁴³ Source: IBISWorld.

- (i) staff absenteeism resulting in reduced availability of clinicians to see patients / customers
 - (ii) patients / customers being ill with COVID-19; and
 - (iii) more generally, changes in consumer behaviours post COVID-19 (noting that appointment cancellations have become more common in the health industry as a whole)
- (c) periods of restricted trading associated with government imposed lockdowns, with many optical dispensing stores and eye clinics being unable to trade (particularly in NSW and Victoria which experienced the greatest lockdown periods).
- 133 Whilst conditions have largely improved, high levels of staff absenteeism associated with COVID-19 and other illnesses have continued to disrupt staff availability during FY23.

Outlook

- 134 The table below sets out the outlook for revenue growth across the various market segments in which Healthia operates (as projected by IBISWorld):

Estimated growth rates (real terms) ¹⁾			
Industry	Revenue FY23 \$m	Revenue FY28F \$m	CAGR %
Physiotherapy services	3,060	3,560	3.1
Optometry and optical dispensing services	4,195	4,531	1.6
Other health services	13,409	16,362	4.1

Note:

1 Adjusted for inflation using the current year as the base year to show "real" growth or decline in industry metrics.

Source: IBISWorld.

- 135 Growth in revenue across these segments is expected to result from, inter alia:
- (a) Australia's ageing population, which is expected to continue to drive demand for industry services (particularly those related to aged care)
 - (b) the increasing health consciousness of individuals
 - (c) government health care policies promoting health service provision outside public hospitals, especially preventative services
 - (d) practices (such as physiotherapists) increasingly branching out into related allied health services to provide multi-disciplinary services. This has the potential to grow the market as service levels and patient outcomes improve.

V Valuation of Healthia

Overview

- 136 The market value of the shares in Healthia has been assessed by aggregating the market value of its business operations (on a “control” basis), together with the realisable value of any surplus assets / (liabilities) and deducting the value attributable to the holders of Clinic Class Shares and net borrowings. The valuation of Healthia’s business operations has been undertaken on the basis of market value as a going concern, defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length within a reasonable timeframe.
- 137 An overview of generally accepted valuation approaches used in the determination of market value is set out in Appendix C. The capitalisation of EBITDA methodology has been adopted as our primary valuation method for Healthia’s business operations. Under this method the underlying EBITDA (before significant / non-recurring items) of the business is capitalised at an EBITDA multiple that reflects the risk and growth prospects of that business. The value of the shares in Healthia is then derived by adding the net realisable value of surplus assets (if any) and deducting net interest bearing debt.
- 138 As a secondary valuation methodology we have also assessed the value of Healthia’s business operations (on a cash and debt free basis) adopting the discounted cash flow (DCF) methodology, based on cash flow projections prepared by LEA, having regard to Healthia’s FY24 budget⁴⁴, analyst forecasts and a range of operating parameters.
- 139 We have also given consideration to whether the pre-bid share price (adjusted for a premium for control) is an appropriate reference point for a cross-check of our valuation.

Assessment of EBITDA for valuation purposes

- 140 In order to assess the appropriate level of EBITDA for valuation purposes we have had regard to historical and budgeted results of the business, available analyst forecasts, and discussed the recent financial performance and operating environment with Healthia management.

Underlying EBITDA

- 141 A summary of Healthia’s financial performance for the three years to FY23 is set out below:

Healthia – underlying performance ⁽¹⁾			
	FY21	FY22	FY23
	\$m	\$m	\$m
Revenue			
Bodies & Minds	59.3	109.8	148.3
Feet & Ankles	57.4	53.2	61.0
Eyes & Ears	20.3	37.3	43.2
Total	136.9	200.3	252.6

⁴⁴ This budget is commercially sensitive and has not been disclosed.

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Healthia – underlying performance⁽¹⁾			
	FY21	FY22	FY23
	\$m	\$m	\$m
Underlying EBITDA⁽¹⁾ (pre AASB 16)⁽²⁾			
Bodies & Minds	10.6	18.6	28.8
Feet & Ankles	13.1	8.7	13.3
Eyes & Ears	5.8	9.3	8.3
Other (i.e. corporate)	(8.1)	(12.0)	(12.9)
Total	21.5	24.5	37.5
Underlying EBITDA margins (pre AASB-16)			
<i>Bodies & Minds</i>	<i>17.9%</i>	<i>16.9%</i>	<i>19.4%</i>
<i>Feet & Ankles</i>	<i>22.9%</i>	<i>16.3%</i>	<i>21.7%</i>
<i>Eyes & Ears</i>	<i>28.5%</i>	<i>24.8%</i>	<i>19.3%</i>
Total	15.7%	12.3%	14.8%
Number of business (at period end)	212	307	332

Note:

- 1 Refer to paragraph 88 for further details regarding the financial performance of Healthia, including the adjustments (non-recurring items) to derive Underlying EBITDA.
- 2 AASB 16 provides an uplift to EBITDA as it replaces cash rent expenses with depreciation of “right of use” assets as well as interest expense associated with lease liabilities (both of which are recognised below the EBITDA line). In our view, this EBITDA uplift should be excluded as it is simply an accounting convention which has no cash flow impact or impact on the underlying profitability of Healthia.

Source: Healthia Annual Reports.

142 Regarding the above:

- (a) given the significant number of acquisitions recently completed by Healthia (including the acquisition of BIM in FY22) as well as growth in its business network, we do not consider revenue and Underlying EBITDA prior to FY23 to be representative of future financial performance for the Company
- (b) during FY23, Healthia acquired 27 new allied health clinics and stores for \$23.4 million and the FY23 results only include a partial year contribution from these acquisitions. Including the estimated full year contribution from these acquisitions, Healthia’s FY23 Underlying EBITDA would have increased by approximately \$3.7 million⁴⁵
- (c) the trading performance for FY23 was impacted by the Queen’s Memorial Day public holiday and the hosting of Healthia’s biennial Inspired Conference. Healthia’s Underlying EBITDA in FY23 was not normalised for these items (the total impact of which was approximately \$0.5 million⁴⁶)
- (d) during FY23, Healthia incurred expenditure of some \$4.3 million on expansionary capital expenditure, including the co-location of additional services at various businesses across its existing network. The benefits from these initiatives are expected to be realised in FY24 and thereafter.

⁴⁵ Estimated based on the disclosures set out in the Business Combination Note in Healthia’s FY23 Annual Report.

⁴⁶ This adjustment includes an add-back for half of the costs associated with Healthia’s biennial Inspired Conference.

EBITDA for valuation purposes

- 143 Based on the above, we have adopted underlying EBITDA for valuation purposes (pre AASB 16) of \$43.0 million.
- 144 This level of EBITDA includes, inter alia, the pro-forma earnings generated in FY23 after allowing for the full year contribution from FY23 business acquisitions, other adjustments (associated with the Queen’s Memorial Day public holiday and the hosting of Healthia’s biennial Inspired Conference) and the benefits of expansionary capital expenditure deployed during FY23.
- 145 We have reflected the additional growth potential in Healthia’s earnings from further business acquisitions, the establishment of additional multi-discipline sites and other growth initiatives more generally in our determination of the appropriate EBITDA multiple range (as set out below).

EBITDA multiple

- 146 The selection of the appropriate EBITDA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

<ul style="list-style-type: none"> • The stability and quality of earnings • The quality of the management and the likely continuity of management • The nature and size of the business • The spread and financial standing of customers • The financial structure of the company and gearing level • The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors • The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors 	<ul style="list-style-type: none"> • The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc • The cyclical nature of the industry • Expected changes in interest rates • The asset backing of the underlying business of the company and the quality of the assets • The extent to which a premium for control is appropriate • Whether the assessment is consistent with historical and prospective earnings
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- 147 We discuss below specific factors taken into consideration when assessing the appropriate EBITDA multiple range for Healthia.

Listed company multiples

- 148 As set out in Section IV, the allied health markets in which Healthia operates are generally highly fragmented⁴⁷ and largely represented by numerous privately held small clinic operators, with only a select number of larger clinic groups like Healthia. Of the larger participants which operate in these markets:

⁴⁷ With the exception of the optometry and optical dispensing services market which is dominated by Specsavers and Luxottica

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- (a) APM Human Services, which provides physiotherapy services through its subsidiary Life Care Australia, is an ASX listed company that primarily specialises in disability employment services (i.e. the contribution from physiotherapy services is not material). The Physio Co (being the only other large participant in the physiotherapy market) is a privately held business
- (b) Specsavers and Luxottica which account for over 50% of the optometry and optical dispensing services market are the Australian subsidiaries of larger conglomerate entities. Other noticeable companies operating in this sub-segment, such as Oscar Wylee and IPIC Holdings, are also privately held entities.

149 As a result there are no directly comparable listed companies to Healthia. Accordingly, we have had regard to the trading multiples for a number of ASX listed small to mid-cap⁴⁸ companies which operate in the healthcare industry, a summary of which is set out below:

Listed company trading multiples ⁽¹⁾					
Company	Sub sector	Enterprise value ⁽²⁾	Gearing ⁽³⁾	EBITDA multiples	
		\$m	%	FY23 ⁽⁴⁾⁽⁵⁾	FY24 ⁽⁴⁾⁽⁶⁾
Healthia	Allied health	272	35.8	7.1	6.3
Australian healthcare companies					
Integral Diagnostics	Diagnostic imaging	882	23.3	13.3	11.2
Australian Clinical Labs	Pathology	613	7.5	9.0	9.7
Monash IVF Group	In vitro fertilisation	549	7.3	12.5	10.9
Capitol Health	Diagnostic imaging	285	19.3	10.5	9.2
Pacific Smiles Group	Dentistry	215	(4.4)	8.9	6.6

Note:

- 1 A brief description of each of the above companies' operations is set out in Appendix D.
- 2 Enterprise value (EV) and earnings multiples calculated as at 22 September 2023 except for Healthia which is calculated as at 30 August 2023, being the last trading day prior to the announcement of the Scheme. EV includes net debt (interest bearing liabilities less non-restricted cash), net derivative liabilities, excludes surplus assets and net debt excludes AASB 16 lease liabilities.
- 3 Gearing equals net debt divided by EV.
- 4 The EBITDA multiples have been adjusted to remove the estimated impact of AASB 16.
- 5 Historic EBITDA is based on latest statutory full year accounts and excludes non-recurring items, significant write downs, realised investment gains or losses and restructuring charges.
- 6 Earnings and margins are based on FactSet analyst forecasts (excluding outliers and outdated forecasts).

Source: FactSet, company announcements and LEA analysis.

150 The above multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control). Empirical research undertaken by LEA indicates that the average premium paid above the listed market price of equity in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover)⁴⁹. However, this usually translates to a lower premium at the

⁴⁸ Having regard to the size of Healthia, we have included relevant ASX listed healthcare companies with an enterprise value of less than \$1.0 billion.

⁴⁹ LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2022. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts and listed investment companies, based on data

EBITDA multiple or enterprise value level, depending on the level of debt funding employed in each company.

- 151 In addition, we note that:
- (a) the majority of the listed companies set out above are larger than Healthia. In this regard we note that, all else equal, smaller listed companies generally trade on lower multiples than larger listed companies
 - (b) notwithstanding the above, the Australian healthcare companies are broadly exposed to similar industry and market factors as Healthia (i.e. Australia's ageing population, the Federal Government's focus on early detection and prevention measures to reduce healthcare costs, dependency on key health professional staff to deliver services and operating through a network of clinics or centres etc.)
 - (c) healthcare companies are typically funded by a combination of Federal Government funding (e.g. Medicare rebates), private health insurance and out-of-pocket expenses (albeit to different extents depending on the type of healthcare services provided). The abovementioned companies are generally covered by a greater level of government funding and private health insurance compared to Healthia (i.e. these companies are less exposed to current pressures on household disposable incomes, due to inflation and increasing interest rates)
 - (d) Integral Diagnostics (and to a lesser extent Capitol Health) have recently experienced a material decline in EBITDA margins due to limited price increases from Medicare indexation combined with cost pressures from higher labour costs (driven by inflation and labour market supply constraints) and increases in other costs
 - (e) Pacific Smiles also recently experienced a material decline in EBITDA margins (the business was significantly impacted by COVID-19 and reduced patient volumes) and while conditions have since improved, FY23 margins remain significantly below pre COVID-19 levels
 - (f) the multiples are based on closing prices at a point in time and are not necessarily representative of the range of multiples that the companies trade on over time.

Transaction evidence

- 152 Consistent with its strategy to pursue accretive acquisition opportunities, Healthia has acquired a number of physiotherapy, podiatry, optometry and other related businesses in recent periods. A significant number of these acquisitions related to the acquisition of smaller clinics / business (generally less than \$5 million) and were typically acquired at EBITDA multiples between 3.5 times and 4.5 times. Given (inter alia) the difference in size and diversification, in our opinion, the appropriate EBITDA multiple for Healthia should be materially higher than these respective transactions.
- 153 Transactions involving larger (more scaled) providers of allied health services (including the BIM and TOC acquisitions undertaken by Healthia) are set out below:

sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

Transaction evidence – larger allied health businesses			EV 100% ⁽²⁾ (\$m)	EBITDA multiple x
Date ⁽¹⁾	Target	Acquirer		
Dec 22	Everyday Independence	APM Human Services	52.5 ⁽³⁾	6.0F
Dec 21	Lifecare	APM Human Services	87.0	7.0H
Sep 21	BIM	Healthia	92.6	7.5H
Oct 20	TOC	Healthia	43.0	7.6H
Aug 18	Zenitas Healthcare	Adamantem Capital	180.8 ⁽⁴⁾	8.4F ⁽⁴⁾

Note:

- 1 Date of announcement.
- 2 The EV for Lifecare is shown on a 100% basis, noting the transaction related to the acquisition of an 81% interest. All other transactions relate to the acquisition of a 100% interest.
- 3 Represents the minimum upfront purchaser price (refer to paragraph 154(a) below).
- 4 Based on the mid-point of the independent expert's assessed value range, which includes minority interests (as the forecasts provided by analysts included the contribution attributable to these minority interests).

H = multiple based on historical EBITDA. F = multiple based on forecast EBITDA.

Source: LEA analysis using data from ASX announcements, analyst reports, company annual reports and press articles.

154 In respect of the above transactions, we note that:

- (a) Everyday Independence was a leading NDIS registered provider of allied health services with a multi-disciplinary team of over 450 therapists who supported more than 10,000 NDIS participants across Australia. It provided a range of services including occupational therapy, speech pathology and physiotherapy, in addition to early childhood intervention services, habit coaching, and positive behaviour support services. APM's acquisition of Everyday Independence implied a multiple of 6.0 times FY24 EBITDA (pre AASB 16) based on a minimum purchase price of \$52.5 million and a maximum purchase price of \$150 million⁵⁰
- (b) Lifecare was a healthcare clinic business with a national footprint of 47 clinics across NSW, Victoria, Queensland and Western Australia which provided a range of allied and corporate health services (such as physiotherapy, sports medicine, exercise physiology, occupational therapy and pilates) as well as mobile allied health services. The purchase price of \$70.5 million (for an 81% interest) implied an underlying EBITDA multiple of 7.0 times FY21 EBITDA⁵¹
- (c) as stated above, BIM was one of the largest physiotherapy businesses in Australia and NZ with 64 clinics in Australia (51) and NZ (13). BIM offered retail sales, podiatry and other allied health services through a team of 300 full time equivalent clinicians. It reported FY21 underlying revenue of \$62.9 million, or on average \$0.2 million per full time equivalent clinician. The total consideration of \$92.6 million (including deferred and contingent consideration) reflected 7.5 times BIM's FY21 underlying EBITDA (pre AASB 16) after support costs

⁵⁰ In order to be eligible for consideration greater than \$52.5 million, Everyday Independence was required to generate a minimum FY24 EBITDA (pre AASB 16) of \$10 million. With completion of the transaction scheduled for 1 February 2023, Everyday Independence was expected to contribute revenue of \$43 million and EBITDA (pre AASB 16) of \$4.7 million over the five month period from 1 February 2023 to 30 June 2023.

⁵¹ Based on available disclosures, it is unclear if EBITDA is pre or post AASB 16.

- (d) TOC was a leading Australian optometry business with a portfolio of 41 stores providing a full range of optometry services and related products. The acquisition also included eyewear frame distributor AED, which distributed a range of eyewear products to its network. The purchase price of \$43.0 million represented a multiple of 7.6 times TOC's FY20 underlying EBITDA (pre AASB 16) after support costs
- (e) Zenitas was an ASX listed community based healthcare operator that provided a range of allied health, primary care, home care and mobile health services. The FY18 historic EBITDA multiple implied by the transaction (some 12.0 times) is not considered meaningful as the FY18 reported results only included a partial year contribution from various business acquisitions completed during the period. In addition, the FY19 EBITDA forecasts provided by analysts were not adjusted for Zenitas' minority interests. Accordingly, we have calculated the implied multiple for this transaction by reference to the mid-point of the independent expert's assessed value of Zenitas' operating business (included the share attributable to minorities).

Other healthcare transaction evidence

- 155 In addition to the above, we set out below a summary of the transaction multiples observed from the acquisition of other Australian and NZ healthcare companies more generally (which in most cases reflected the acquisitions of controlling interests)⁵²:

Transaction evidence – other healthcare companies ⁽¹⁾		
	Enterprise value ⁽²⁾ \$m	EBITDA multiple ⁽³⁾ x
Diagnostic imaging companies (13 transactions)		
Low	25	7.3
High	108	8.6
Median	42	8.1
Other healthcare services companies (18 transactions)		
Low	21	6.3
High	938	13.7
Median	116	8.8

Note:

- 1 Further details regarding these transactions is set out in Appendix E.
- 2 On a 100% basis.
- 3 Represents forecast multiples where available, otherwise historical multiples are used.

- 156 In relation to the transaction evidence it should be noted that:

- (a) the transactions typically relate to the acquisition of 100% of the businesses and therefore implicitly incorporate a premium for control
- (b) the transaction multiples are calculated based on the most recent actual earnings (historical multiples) or expected future earnings for the current year at the date of the transaction (forecast multiples). The multiples are therefore not necessarily reflective of the multiple which would be derived from an assessment of each target company's "maintainable" earnings

⁵² We have considered transactions with an enterprise value of between \$20 million and \$1.0 billion.

- (c) the implied EBITDA multiples for transactions involving the acquisition of larger healthcare businesses are generally higher than the EBITDA multiples implied by the acquisitions of smaller operators. In this respect we note that transaction evidence for the diagnostic imaging companies and other healthcare companies generally related to smaller acquisitions, with median transaction values of \$42 million and \$116 million respectively.

Other factors

157 In order to assess the appropriate range of multiples to apply, we have also had regard to other factors (inter alia):

- (a) **market position** – Healthia is a leading provider of allied health services with scaled operations across markets which are typically highly fragmented
- (b) **acquisition opportunities** – there is a significant opportunity for further growth and consolidation in the markets in which Healthia operates, with Healthia’s current acquisition pipeline including over 100 allied health businesses
- (c) **threat of new entrants** – there are no significant barriers to entry into the allied health services segments in which Healthia operates, however there are limited scaled operators in most of the markets in which it operates, which indicates that there are barriers to building scaled networks in these sectors
- (d) **reliance on clinicians** – Healthia is reliant on clinicians to provide its range of services. However, as noted above, Healthia incentivises key clinicians with profit sharing arrangements (via the issue of Clinic Class Shares) and has a strong pipeline of future clinicians through its annual graduate program
- (e) **funding mix** – Healthia’s services generally receive lower levels of Medicare and private health insurance funding compared to other health services.

Potential synergies

158 PEP has not provided any specific guidance on the level of synergies it expects to realise from the acquisition of Healthia, however we note that PEP does not currently hold or control any investments with material operations in the allied health market segments in which Healthia competes. If the Scheme is approved and implemented, Healthia will be delisted from the ASX, resulting in the elimination of listed public company costs (e.g. director fees, listing fees, share registry fees, shareholder communication costs etc.).

159 However, we note that the existence of public company cost savings as well as other cost (and revenue) synergies that arise from acquisitions / privatisations are one of the key reasons why bidders pay a premium to acquire a company.

160 Accordingly, in our opinion, it is inappropriate (in the circumstances of Healthia) to incorporate a separate value for synergies over and above that implicitly reflected in the controlling interest multiple applied.

EBITDA multiple adopted for valuation purposes

161 Having regard to the above, we have adopted an EBITDA multiple range of 8.5 to 9.5 for Healthia. This range is:

- (a) higher than the implied multiples from Healthia’s acquisitions of TOC and BIM (of 7.6 times and 7.5 times EBITDA respectively) and Adamantem Capital’s acquisition of Zenitas (8.4 times EBITDA) which we consider appropriate as Healthia is a much larger and more diversified business and has a demonstrated ability to undertake and integrate acquisitions successfully
- (b) generally higher than the observed multiples from the other healthcare transaction evidence, noting a significant number of these transactions related to the acquisition of companies smaller than Healthia (further noting larger companies generally transact on higher multiples than smaller companies)
- (c) lower than the implied EBITDA multiples for the listed healthcare companies (after the application of a control premium), which, in our opinion, is appropriate due to the different characteristics of these companies compared to Healthia (these companies are also generally larger than Healthia).

Enterprise value under the EBITDA methodology

162 Having regard to the above, we have assessed a capitalisation of earnings based value for the Healthia business (on a cash and debt free basis) as follows:

Healthia - enterprise value		
	Low \$m	High \$m
Maintainable EBITDA	43.0	43.0
EBITDA multiple (x)	8.5	9.5
Enterprise value	365.5	408.5

DCF methodology

163 As noted above, as a secondary valuation methodology, we have assessed the value of Healthia’s business operations (on a cash and debt free basis) adopting the DCF methodology. Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.

Cash flow projections

164 Our DCF valuation is based on free cash flow projections compiled by LEA, having regard to a number of factors including Healthia’s FY24 budget⁵³, analyst forecasts and a range of operating parameters. The related underlying cash flow projections have been prepared solely for valuation purposes.

165 Whilst LEA believes the assumptions underlying the cash flows are reasonable and appropriate for valuation purposes, it should be noted in respect of these projections that:

- (a) the major assumptions underlying the projections were formulated in the context of current economic, financial and other conditions

⁵³ As previously indicated, this budget is commercially sensitive and has not been disclosed.

- (b) the projections and the underlying assumptions have not been reviewed by an investigating account for reasonableness or accuracy of compilation and application of assumptions
 - (c) future profits and cash flows are inherently uncertain
 - (d) by their nature, the projections do not take into account the operational flexibility available to management to react to changes in the market conditions in which Healthia operates
 - (e) the achievability of the projections is not warranted or guaranteed by LEA or Healthia, as they are predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of Healthia and its management; and
 - (f) actual results may be significantly more or less favourable.
- 166 Free cash flow represents the operating cash flows on an un-g geared basis (i.e. before interest less taxation payments⁵⁴, capital expenditure and working capital requirements. The free cash flow on an un-g geared basis is adopted to enable the value of the business to be determined irrespective of the level of debt funding employed.
- 167 The free cash flow projections cover a five year period to 30 June 2028⁵⁵. For valuation purposes we have adopted a valuation date of 1 July 2023. A terminal value has been adopted at the end of the forecast period.

Revenue

- 168 Our Base Case DCF valuation assumes Healthia's underlying revenue from its existing businesses will increase at an average annual growth rate of some 3.0%, having regard to, inter alia, projected industry growth rates and growth in key underlying drivers (e.g. population growth).

Operating expenses

- 169 The operating expenses associated with Healthia's operations primarily relate to the following items:
- (a) **employee costs** – are Healthia's largest expense category and represent the salaries and wages paid to clinicians, administration and head office staff and other employment related costs of staff. A large proportion of Healthia's clinicians are remunerated based on the higher of a fixed salary and a percentage of billings
 - (b) **cost of goods sold** – comprises the purchases of medical consumables, orthotic laboratory costs and retail inventory which are generally variable in nature
 - (c) **occupancy expenses** – relate to lease rental charges for premises as well as utility and other outgoings, which are relatively fixed in nature
 - (d) **other expenses** – which include, inter alia, marketing and advertising, bank and merchant fees, insurance, audit, accounting and other professional fees, IT subscriptions and fees, and office expenses. These expenses tend to be semi-fixed in nature.

⁵⁴ Also calculated on an un-g geared basis.

⁵⁵ The adopted forecast period has been chosen to allow for, inter alia, maturing of the existing clinic network.

Underlying EBITDA margins

- 170 For the purposes of our DCF valuation, we have projected Healthia's EBITDA based on an assumed underlying EBITDA margin, as opposed to individually modelling the various operating expenses. We consider this to be reasonable, noting:
- (a) individually modelling the various cost items does not take into account the operational flexibility available to Healthia management to react to changes in the market conditions and cost environment in which Healthia operates. It also increases the potential estimation error due to the greater number of assumptions required and cumulative impacts of these assumptions (particularly in the absence of any long term management projections for the business)
 - (b) whilst Healthia's business model may exhibit some degree of operating leverage, the underlying EBITDA margins generated by Healthia have remained broadly consistent in recent years, notwithstanding the significant growth in revenue over this period
 - (c) the underlying EBITDA margins ultimately reflected in the DCF valuation should reflect reasonably achievable margins given expected market conditions and Healthia's competitive positioning.
- 171 Having regard to the recent underlying operating results of Healthia⁵⁶, we have adopted an underlying EBITDA margin (pre AASB 16) for Healthia's existing business operations equal to 15.5% of total revenue in FY24.

Business acquisitions

- 172 For the purposes of our DCF valuation, we have assumed Healthia will continue to acquire complementary businesses, with total acquisition related capital expenditures estimated at \$20 million per annum. We have estimated the earnings contribution from these acquisitions assuming an acquisition multiple of 5.0 times EBITDA (i.e. an annualised contribution of \$4.0 million EBITDA per annum). We note that our assumed acquisition multiple is towards the higher end of recent experience (for smaller business acquisitions) as this includes an allowance for the estimated implementation costs associated with these transactions.

Capital expenditure (excluding acquisitions)

- 173 Capital expenditure has been estimated at 2.0% of total revenue (i.e. including revenue contributions from business acquisitions) which is broadly consistent with recent experience (excluding catch up capital expenditure from delays and deferrals associated with COVID-19).

Other key assumptions

- 174 A summary of other key assumptions which underpin our cash flow projections over the forecast period is set out below:

⁵⁶ A historical summary of Healthia's underlying EBITDA from FY20 to FY23 is set out in Section III.

Other key assumptions (Base Case)

Reduction in public company costs	<ul style="list-style-type: none"> A reduction in public company costs of around \$0.5 million per annum has been adopted (with an allowance for inflation over the forecast period), which reflects the savings that any potential purchaser of the business could obtain through delisting the company from the ASX
Depreciation	<ul style="list-style-type: none"> Has been projected based on the level of reported depreciation of Healthia's existing fixed assets and a similar assumed useful life for future additions
Working capital	<ul style="list-style-type: none"> Healthia operates with the benefit of relatively low working capital requirements, which as at 30 June 2023 were broadly equal to 2% of total revenue (prior to 30 June 2023 Healthia operated with slightly negative working capital) Having regard to the above, we have assumed no material movements in working capital requirements
Taxation	<ul style="list-style-type: none"> We have allowed for taxation at the current company tax rate of 30%

Discount rate

175 We have applied a (mid-point) discount rate of 10.5% per annum (after tax) which reflects:

- a risk-free rate of 4.5% per annum consistent with recent yields on long term Australian Government bond yields
- a market risk premium (MRP) of 6.5% per annum, reflecting our view on the additional return above the risk-free rate sought by equity investors in Australia in the current market conditions
- a beta of 1.1 to 1.2 which is slightly higher than recent beta estimates for the healthcare sector, reflecting the additional discretionary service offerings provided by the Company (e.g. optical dispensing services) and potential exposure to fluctuations in profitability associated with clinician absenteeism and client cancellations (which have generally increased post COVID-19)
- an additional equity risk premium of 1.0% to recognise the risk associated with achievement of the forecast growth in revenue and earnings adopted cash flows (in particular the assumed growth from further business acquisitions)
- a cost of debt of 7.0% which reflects a borrowing margin of 2.5% over the adopted risk-free rate and is broadly consistent with the interest costs payable on Healthia's existing debt facilities
- the prevailing corporate tax rate of 30%
- an assumption that over the long term the business operations of Healthia are financed by a combination of 70% equity and 30% debt which is broadly consistent with the current funding mix of the business.

176 Based on the above our adopted discount rate is derived as follows:

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Healthia – adopted discount rate		
	Low %	High %
Risk-free rate	4.5	4.5
MRP	6.5	6.5
Beta	1.1	1.2
Cost of equity	11.7	12.3
Additional equity risk premium	1.0	1.0
Cost of equity including additional equity risk premium	12.7	13.3
Cost of debt pre-tax	7.0	7.0
Cost of debt after tax	4.9	4.9
Proportion of equity funding	70.0	70.0
Proportion of debt funding	30.0	30.0
Weighted average cost of capital (WACC)	10.3	10.8
WACC – adopted	<u>10.5</u>	

Terminal value

- 177 We have estimated the terminal value of the Healthia business as at 30 June 2028 based on the free cash flow projected in FY28. Post FY28, growth of 2.5% per annum has been assumed based on our review of, inter alia:
- (a) the projected scale of operations as at the terminal period, and the potential for growth beyond that date. In this regard we note that the Australian allied health industry is relatively mature and organic growth opportunities are increasingly limited
 - (b) long term inflation targets of between 2% to 3%
 - (c) the perpetuity growth rates adopted by Healthia for impairment testing purposes as at 30 June 2023.
- 178 We have not assumed any growth from business acquisitions in perpetuity, i.e. capital expenditure requirements reflected in the terminal value represents the estimated maintenance capital expenditure required to maintain the existing business network as at the terminal period (e.g. periodic plant and equipment replacements, leasehold refurbishments etc.) which are assumed at some 2.0% of total revenue. We have also not assumed any perpetual movements in Healthia’s net working capital position.
- 179 The terminal value of the Healthia business as at 30 June 2028 represents 7.6 times projected FY28 Underlying EBITDA on a pre AASB 16 basis (which we consider reasonable) having regard to the lower growth expectations assumed as at the terminal period.

Sensitivity analysis

- 180 There are inherent qualifications that apply to cash flow projections on which DCF valuations are based. It is important therefore not to credit the output of DCF models with a precision it does not warrant. It follows that any DCF valuation process should consider a range of scenarios, having regard to the respective key valuation drivers of the business being valued.

181 In assessing our valuation range, we have therefore considered the sensitivity of the value outcome to changes in the key assumptions, as shown below:

(a) differences in the terminal growth rate and the WACC:

Sensitivity analysis		Terminal growth rate				
		2.0%	2.25%	2.5%	2.75%	3.0%
WACC	11.00%	347	355	364	374	384
	10.75%	359	368	377	387	398
	10.50%	371	381	391	402	414
	10.25%	385	395	406	418	430
	10.00%	399	410	422	434	448

(b) differences in the revenue growth rate and the EBITDA margin (for Healthia's existing business operations):

Sensitivity analysis		Organic revenue growth rate				
		2.0%	2.5%	3.0%	3.5%	4.0%
EBITDA margin	14.5%	351	358	366	373	381
	15.0%	363	371	378	386	394
	15.5%	376	383	391	399	407
	16.0%	388	396	404	412	420
	16.5%	400	408	417	425	434

(c) differences in the assumed level of capital expenditure and annual business acquisitions:

Sensitivity analysis		Annual acquisition capex (\$m)				
		-	10.0	20.0	30.0	40.0
Acquisition multiple	5.50x	347	363	380	396	413
	5.25x	347	366	385	404	424
	5.00x	347	369	391	413	435
	4.75x	347	372	398	423	448
	4.50x	347	376	405	434	463

182 As indicated above, the NPV outcomes are particularly sensitive to the assumed level of revenue growth, underlying EBITDA margins and level of annual business acquisitions. In our opinion, a higher assumed rate of acquisition capex, revenue growth and/or EBITDA margins would warrant the adoption of a higher discount rate, and vice versa if lower assumptions were adopted (i.e. we consider the extremities of the abovementioned sensitivity analysis to be less credible).

183 Having regard to the above, the DCF methodology implies a value for the Healthia business of around \$370 million to \$420 million.

Enterprise value

184 Based on the above, we set out below a summary of our valuation ranges under both methodologies, and our assessed valuation range for the Healthia business (noting we have placed greater weighting on our primary methodology, being the capitalisation of EBITDA approach):

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Healthia – assessed enterprise value	Low \$m	High \$m
Capitalisation of EBITDA method	365.5	408.5
DCF method	370.0	420.0
Adopted valuation range	370.0	410.0

Allowance for non-controlling interests

- 185 The enterprise value of Healthia referred to above represents the total value of its business operations which includes the interests attributable to holders of Healthia’s Clinic Class Shares. We have assessed the value of these non-controlling interests at some \$42.0 million to \$47.0 million based on the existing commercial terms of these arrangements⁵⁷.

Net debt

- 186 As at 30 June 2023, Healthia had net debt of approximately \$98.0 million calculated as follows:

Healthia – net debt	30 Jun 23 \$m
Cash and cash equivalents	5.6
Deferred and contingent consideration	(6.2)
Borrowings	(97.4)
Net debt	(98.0)

Fully diluted shares on issue

- 187 As at the date of this report, Healthia had 140.2 million fully paid ordinary shares on issue. In addition, Healthia had 4.3 million performance rights granted under the Company’s long term incentive plan. Under the terms of the SID, Healthia is required to take all necessary action to ensure that all outstanding performance rights vest prior to the Scheme record date.
- 188 Accordingly, when valuing 100% of the shares in Healthia, in our opinion, it is appropriate to adopt Healthia’s fully diluted shares on issue of 144.4 million.

⁵⁷ These arrangements are commercially sensitive and therefore have not been disclosed. Our assessed value compares to the reported non-controlling interest of \$39.1 million as at 30 June 2023.

Value of Healthia

189 On this basis, the value of 100% of Healthia on a controlling interest basis is as follows:

Value of Healthia			
	Paragraph	Low \$m	High \$m
Enterprise value	184	370.0	410.0
Less allowance for non-controlling interests	185	(42.0)	(47.0)
Less net debt	186	(98.0)	(98.0)
Equity value – controlling interest basis		230.0	265.0
Fully diluted shares on issue (million)	187	144.4	144.4
Value per share – controlling interest basis (\$)		1.59	1.83

Comparison to pre-announcement share trading range

190 We have considered whether the listed market price of Healthia shares up to 30 August 2023 (being the last day of trading prior to the announcement of the Scheme), adjusted for a premium for control, is an appropriate reference point for a cross-check of the reasonableness of our valuation.

191 The volume weighted average share prices for Healthia in the period prior to the announcement of the Scheme are set out below:

Healthia – “undisturbed” share trading			
Period to 30 August 2023 ⁽¹⁾	Volume traded 000s	Value traded \$000	VWAP ⁽²⁾ \$
Closing price	na	na	0.98
Post FY23 trading update (7 August 2023)	1,644	1,567	0.95
1 month	2,087	2,004	0.96
3 months	6,369	6,609	1.04

Note:

1 Being the last day of trading prior to the announcement of the Scheme.

2 Volume weighted average price (VWAP).

na – not applicable.

Source: FactSet.

192 Having regard to the above, we have adopted an “undisturbed” share price for Healthia of \$0.95 to \$1.05 for the purposes of our comparison. Adding a 30% to 35% premium for control⁵⁸ to these share prices would therefore result in a theoretical “control” value of \$1.24 to \$1.42 per Healthia share. This theoretical range lies below the low end of our assessed value of Healthia shares (on a 100% controlling interest basis).

⁵⁸ Empirical research undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover, and after adjusting the pre-bid market price for the movement in share market indices between the date of the pre-bid market price and the announcement of the takeover).

193 As noted in Section III:

- (a) it is difficult to ascribe a specific reason to Healthia's apparent share price underperformance versus the S&P/ASX Small Ordinaries Health Care Index since February 2023⁵⁹
- (b) total share turnover Healthia shares (on an annualised basis) in Healthia shares has generally been less than 20% of the total number of shares issued over the 12 month period to 30 August 2023, indicating a relatively low level of liquidity for Healthia shares.

194 In our view, the Healthia share prices prior to the announcement of the Scheme do not provide an appropriate reference point for a cross-check of our valuation. In this regard we note that we have undertaken both primary (capitalisation of EBITDA methodology) and secondary (DCF methodology) valuation methodologies which provide valuation ranges for Healthia that are broadly consistent. Accordingly, we consider our valuation range shown above for Healthia to be appropriate.

⁵⁹ We note that on 7 August 2023, the Company announced that it would not meet the previously provided guidance of underlying EBITDA of greater than \$40 million for FY23, revising this to underlying EBITDA in the range of \$38 million to \$39 million (and subsequently reported underlying EBITDA of \$38.3 million on 31 August 2023).

VI Value of the Scrip Consideration Options

- 195 If the Scheme is approved and implemented, as an alternative to the Cash Consideration, Healthia shareholders may elect to receive the Scheme Consideration in the form of the following Scrip Consideration Options:
- (a) **All Scrip Consideration** – 1 Class B share in TopCo, an unlisted newly incorporated Australian entity, for each Healthia share held, subject to any Scrip Scale Back
 - (b) **Mix-and-Match Consideration** – Class B shares in TopCo in exchange for between 30% and 100% of their Healthia shares (subject to any Scrip Scale Back) and \$1.80 in cash for each remaining Healthia share.
- 196 The Scrip Consideration Options are only available to Rolling Shareholders (being Australian and NZ resident shareholders⁶⁰) and are subject to the Scrip Scale Back provision which limits total Class B share subscription in TopCo to 43.33 million shares (being 30% of the total TopCo shares on issue⁶¹). If elections are received for a greater number of Class B shares than this, then elections would be scaled back on a pro-rata basis to the 30% maximum threshold, with Healthia shareholders receiving the Cash Consideration in lieu of the scrip consideration in respect of the shares subject to the Scrip Scale Back. Healthia shareholders who elect to receive either the All Scrip Consideration or the Mix-and-Match Consideration will become parties to the TopCo Shareholders' Deed (the Deed).
- 197 The Key Rolling Shareholders (as defined in the SID) have stated to Healthia that, subject to no superior proposal emerging and the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Healthia shareholders, they will elect to participate in the Scrip Consideration Options for not less than a total of 15.74 million Healthia shares (being, in aggregate, approximately 11% of the Healthia shares on a fully diluted basis) that they respectively hold or control⁶². This also represents approximately 11% of the TopCo shares to be issued.
- 198 We assume that the Healthia shareholders contemplating an election to receive the Scrip Consideration Options will do so with a medium-to-long term investment horizon and will be prepared to co-invest with PEP until a future liquidity event occurs.
- 199 Notwithstanding the above, the following analysis has been undertaken to primarily provide Healthia shareholders with a theoretical value comparison between the Cash Consideration and the Scrip Consideration Options. Accordingly, we set out in this section of our report an analysis of the following:

⁶⁰ Unless Healthia and PEP BidCo agree otherwise in writing in accordance with the SID.

⁶¹ The proposed number of TopCo shares to be issued will be some 144.4 million shares (i.e. consistent with the fully diluted number of shares in Healthia on issue). Accordingly, the Scrip Scale Back provisions will apply if Healthia's shareholders, in aggregate, elect to receive more than 30% of the Scheme Consideration as scrip consideration.

⁶² In aggregate, the Key Rolling Shareholders hold or control approximately 24.5% of issued Healthia shares on a fully diluted basis.

- (a) **underlying value** – our view of the underlying value of the individual components of the Scrip Consideration Options immediately post implementation of the Scheme⁶³. Our assessment of the underlying value of the TopCo scrip assumes the holder has 100% control of TopCo and an unfettered ability to transact in the equity securities
- (b) **realisable value** – our assessment of the extent to which the underlying value could be theoretically realised by Rolling Shareholders (in the immediate or short term post implementation of the Scheme) given that their factual position will be very different to that assumed in respect of the determination of underlying value.

Underlying value of Scrip Consideration Options

Cash element

200 Rolling Shareholders who elect to receive the Mix-and-Match Consideration will receive \$1.80 in cash for each Healthia share not exchanged for Class B shares in TopCo. The maximum cash consideration under the Mix-and Match Consideration option is limited to 70% (i.e. based on the minimum election to receive 30% of the Scheme Consideration in TopCo shares). The minimum cash consideration under the Mix-and-Match Consideration option is nil (i.e. based on an election to receive 100% of the Scheme Consideration in TopCo shares).

TopCo scrip

- 201 We understand that TopCo and its subsidiaries (including PEP BidCo) are special purpose entities established specifically for the purposes of the acquisition of Healthia pursuant to the Scheme. We further understand that should the Scheme be approved and implemented, then TopCo's primary asset will be its equity interest in Healthia (held via a wholly owned subsidiary of TopCo). Its other assets and liabilities are expected to be limited to those created or incurred as a result of facilitating the implementation of the Scheme.
- 202 As set out in the Scheme Booklet, the cash required by TopCo to fund the acquisition of Healthia will come from an equity contribution from PEP Shareholders into TopCo (who will subscribe for Class A shares) of between \$182.0 million to \$231.7 million⁶⁴. We understand the issue price per TopCo share will be \$1.80 consistent with an undertaking given by PEP BidCo in the SID that for completion of the Scheme transaction all TopCo shares will be subscribed on the same economic terms. The issue price of \$1.80 per share reflects the Cash Consideration payable under the Scheme.
- 203 TopCo also intends to replace Healthia's current debt facility and a new debt facility will be established, which is expected to be drawn down (on a net basis) to some \$124.3 million post completion of the Scheme⁶⁵. For valuation purposes we have adopted this amount as the

⁶³ The future underlying value of the TopCo scrip is inherently uncertain and dependent upon a number of factors (e.g. the performance of the business, economic conditions etc) all of which are unknown at this point in time.

⁶⁴ The equity contributed by PEP Shareholders will depend upon the number of Healthia shareholders that validly elect one of the Scrip Consideration Options. The range outlined above is based on the minimum and maximum elections for Scrip Consideration of between 11% and 30% of the Healthia fully diluted shares on issue.

⁶⁵ Being total drawn debt of \$145 million less cash of \$20.7 million retained for business requirements.

TopCo net debt, noting that this takes into account the transaction costs expected to be incurred in connection with the Scheme⁶⁶.

- 204 The number of shares in TopCo that will be held by the PEP Shareholders and Healthia shareholders electing the Scrip Consideration Options immediately post the implementation of the Scheme will differ based on the number of Healthia shareholders that validly elect to receive one of the Scrip Consideration Options (albeit in all scenarios, TopCo will be majority owned by the PEP Shareholders).

Class A and Class B shares	Scrip Consideration Options Election Scenario			
	Min (11.0%) ⁽³⁾		Max (30.0%) ⁽⁴⁾	
	million	%	million	%
Class A shares – PEP Shareholders	128.7	89.1	101.1	70.0
Class B shares – Healthia shareholders	15.7	10.9	43.3	30.0
Total	144.4	100.0	144.4	100.0

Note:

- 1 Rounding differences may exist.
- 2 Immediately post implementation of the Scheme.
- 3 Min scenario assumes 11% of the fully diluted share capital of Healthia will be exchanged for TopCo scrip (given the Key Rolling Shareholders' stated intention to elect to receive TopCo scrip for not less than a total of 15.74 million Healthia shares, being in aggregate some 11% of the Healthia fully diluted shares on issue).
- 4 Max scenario assumes 30.0% of the fully diluted share capital of Healthia will be exchanged for TopCo scrip, being the maximum available TopCo Class B Shares of 43.3 million available to Healthia shareholders (as defined under the Scheme). Should elections be received from Healthia shareholders with respect to the Scrip Consideration Options which exceed this number of shares, the Scrip Scale Back provisions will apply.

Source: Refer to Healthia Scheme Booklet section 9.6.

- 205 Based on the above, in our opinion, the underlying value of TopCo equity on a controlling interest basis (immediately post implementation of the Scheme) is as follows:

Valuation of TopCo shares on a 100% controlling interest basis ⁽¹⁾⁽²⁾			
	Paragraph	Low \$m	High \$m
Assessed enterprise value of Healthia business	184	370.0	410.0
Less allowance for non-controlling interests	185	(42.0)	(47.0)
Less TopCo net debt	203	(124.3)	(124.3)
Equity value – controlling interest		203.7	238.7
TopCo shares on issue (million)	204	144.4	144.4
Equity value per TopCo share – controlling interest		\$1.41	\$1.65

Note:

- 1 Rounding differences may exist.
- 2 Immediately post implementation of the Scheme.

⁶⁶ This includes the transaction costs for both Healthia and PEP. Further details are set out in Section 9.6 of the Healthia Scheme Booklet.

Conclusion on underlying value of Scrip Consideration Options

206 Based on the above, we have assessed the total underlying value of the Scrip Consideration Options immediately post implementation of the Scheme as falling between the following range⁶⁷:

Scrip Consideration Options – underlying value ⁽¹⁾⁽²⁾		Scrip Consideration Options Election Scenario			
		Mix-and-Match ⁽³⁾		All Scrip	
	Paragraph	Low \$	High \$	Low \$	High \$
Cash Consideration ⁽⁴⁾	200	1.26	1.26	-	-
Class B shares in TopCo ⁽⁵⁾	205	0.42	0.50	1.41	1.65
Underlying value of Scrip Consideration Options		1.68	1.76	1.41	1.65

Note:

- 1 Rounding differences may exist.
- 2 Immediately post implementation of the Scheme.
- 3 Represents the maximum Cash Consideration proportion of 70% available under the Mix-and-Match Consideration option.
- 4 Being the cash proportion times the cash offer price of \$1.80 per share.
- 5 Being the scrip proportion times the underlying value of TopCo Class B shares immediately post implementation of the Scheme.

207 Reflective of TopCo's primary asset being the Healthia business, the Cash Consideration offered being towards the high end of our value range and the additional transaction and other costs associated with the implementation of the Scheme (which will be incurred by TopCo) we have assessed the underlying value of the Scrip Consideration Options as being less than the Cash Consideration.

Realisable value (i.e. theoretical cash equivalent) of TopCo Class B shares

208 We consider it important in the overall consideration of the Scheme to highlight that the underlying value of the TopCo Class B shares referred to above does not represent the value that may be realised if Healthia shareholders electing one of the Scrip Consideration Options theoretically sought to dispose of the TopCo Class B shares in the immediate or short term post implementation of the Scheme (i.e. theoretical cash equivalent). This is because the factual position of a TopCo Class B shareholder will be quite different to that assumed above in respect of the determination of underlying value. In particular, we note that:

- (a) the PEP Shareholders (not the Healthia shareholders electing to receive the Scrip Consideration Options) will control TopCo
- (b) TopCo will be an unlisted and illiquid vehicle (i.e. it will not be listed on any securities exchange via which Class B shareholders can easily transact their shares); and
- (c) TopCo (via the Deed) will impose significant restrictions upon Class B shareholders' ability to dispose of their shares⁶⁸.

⁶⁷ Noting the numerous cash and scrip consideration combinations available under the Mix-and-Match Consideration option lie between the maximum cash proportion of 70% and nil (i.e. an election of 100% scrip).

⁶⁸ As detailed in clause 14 of the Deed, and noting that each share certificate issued by TopCo must include a statement that: "Transfer and disposal of Shares in the Company are subject to restrictions contained in the Shareholders Agreement relating to the Company dated [·] and its Constitution."

- 209 Given the inherent uncertainty associated with a minority interest in an unlisted and illiquid entity, it is not possible to reliably determine the realisable value (i.e. theoretical cash equivalent) of the TopCo Class B shares in the immediate or short term post implementation of the Scheme. Furthermore, in our opinion, any attempt to do so would be spurious in nature. For example:
- (a) there is no certainty as to when and if a Class B shareholder could negotiate and complete a transaction
 - (b) due to the absence of an organised market for the shares, the realised price (assuming a transaction could even be negotiated and completed) will depend upon (inter alia) the parties involved, their respective positions, relative negotiating / bargaining power etc.

Minority interest value of TopCo shares

- 210 Minority shareholdings are normally discounted relative to the pro-rata value of 100% of the company to reflect the inability of the minority interest shareholder to exert a controlling influence over the major decisions, strategic direction and dividend policy of the company and the fundamental inability to access the underlying cash flows.
- 211 Whilst the Deed provides certain rights to TopCo Class B shareholders (including the right to appoint, remove and replace one director), the situation faced by the Class B shareholders in TopCo will fundamentally be no different to that faced by minority shareholders generally. By way of example, as stated in the Deed the intention is that no dividends will be declared or paid for a period of three years commencing on implementation of the Deed.
- 212 Furthermore, TopCo shares will not be listed on any securities exchange, and the Deed provides for restrictions on the transfer of Class B shares. Whilst the Deed provides for a number of alternative exit mechanisms, it is however inherently uncertain when a liquidity event will occur to allow TopCo shareholders generally to realise their shares in TopCo.
- 213 Accordingly, when valuing TopCo shares in the hands of Healthia shareholders who receive TopCo Class B shares as consideration under the Scheme it is appropriate to apply both a minority interest discount and a further discount to reflect the subsequent lack of negotiability / liquidity.

Minority interest discounts

- 214 The most readily available quantitative measure for calculating the appropriate discount for minority interests in widely held listed companies can be obtained by analysing the takeover premiums paid by companies which acquire control of other companies. Empirical research undertaken by LEA⁶⁹ indicates that premiums paid for control are generally in the order of 30% to 35% above the market price (of listed minority shareholdings) prior to the announcement of a takeover offer (and assuming the market price does not already reflect anticipation of an imminent offer).

⁶⁹ LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2022. LEA's study covered approximately 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

- 215 From this data the average discount for minority interests in widely held listed companies (relative to full underlying value or value of a 100% controlling interest) can be calculated as follows:

$$M = 1 - (1 / (1 + C))$$

Where:

M	=	The minority interest discount
C	=	The control premium

- 216 That is, a 30% to 35% control premium is equivalent to a minority interest discount of 23% to 26%. However, in practice, minority discounts of 20% to 25% are often applied.

Discounts for lack of marketability

- 217 Discounts for lack of negotiability / liquidity vary more widely, and are generally dependent on the specific circumstances.
- 218 In the case of TopCo, as noted above, TopCo shares will not be listed on any securities exchange, there are restrictions on the transfer of Class B shares, and it is inherently uncertain when a liquidity event will occur to allow TopCo shareholders generally to realise their shares in TopCo. However it is reasonable to assume that PEP BidCo will either seek a liquidity event in the medium term, and/or provide Class B TopCo shareholders with the ability to realise their investment in the medium term (subject to PEP BidCo's preferences, prevailing market conditions, the performance of the Healthia business and other factors which may be considered relevant at the time). Nonetheless, some discount for lack of marketability is appropriate.

Conclusion on the Scrip Consideration Options

- 219 As stated above, as Healthia shareholders who elect to receive TopCo shares will be minority shareholders in TopCo, and TopCo shares will not be listed on any securities exchange, it is appropriate when valuing TopCo shares in the hands of Healthia shareholders to apply discounts for minority interests and lack of marketability. As a result, we consider that the theoretical realisable value of each of the Scrip Consideration Options (after allowing for these discounts) is significantly less than the Cash Consideration.
- 220 Healthia shareholders who elect to receive either of the Scrip Consideration Options should also be aware that, after the first anniversary of the implementation of the Scheme, the TopCo Board will have the power to require a Class B shareholder in TopCo who holds shares which had, at the time of the implementation of the Scheme, an aggregate value of \$10,000 or less, to dispose of their Class B shares in TopCo at a fair market value price determined by the TopCo Board, or if the shareholder disputes that price, at the market value of the shares as determined by an independent expert. That is, such shareholders may be forced to sell their Class B shares in TopCo in any event after one year following the implementation of the Scheme.

VII Evaluation of the Scheme

221 In our opinion, the Scheme is fair and reasonable and in the best interests of Healthia shareholders in the absence of a superior proposal. We have formed this opinion (based on the Cash Consideration) for the reasons set out below.

Assessment of fairness

Value of Healthia

222 As set out in Section V we have assessed the value of Healthia ordinary shares on a 100% controlling interest and fully diluted basis at between \$1.59 and \$1.83 per share.

Value of Scheme Consideration

223 Healthia shareholders may elect to receive the Scheme Consideration as either Cash Consideration or one of two Scrip Consideration Options⁷⁰ (i.e. the All Scrip Consideration and the Mix-and-Match Consideration) subject to rounding and the Scrip Scale Back.

Cash Consideration

224 As stated above, the Cash Consideration is \$1.80 in cash per Healthia share.

Value of Scrip Consideration Options

225 As set out in Section VI, we have assessed the underlying value of the Scrip Consideration Options in the immediate or short term post implementation of the Scheme at between \$1.41 and \$1.76 per Healthia share. This assessment of underlying value assumes the holder of TopCo scrip has 100% control of TopCo and an unfettered ability to transact in the equity securities. **It is important for Rolling Shareholders to note that the underlying values do not incorporate any minority interest or lack of marketability / illiquidity discounts and accordingly, do not represent the values that may be realised if they theoretically sought to dispose of the TopCo scrip in the immediate or short term post implementation of the Scheme (i.e. theoretical cash equivalent).**

226 We have not quantified the size of these discounts as:

- (a) it is clear that the value of the Scrip Consideration Options (even before applying any discount for minority interests and lack of marketability) is less than the Cash Consideration
- (b) the factual position for each Healthia shareholder will vary and there is no certainty as to when and if a Rolling Shareholder could negotiate and complete a transaction
- (c) Healthia shareholders who elect to receive either of the Scrip Consideration Options should only do so if they are prepared to co-invest with the PEP Shareholders in the medium-to-long term and until a future liquidity event occurs, and are prepared to accept the related voting and liquidity restrictions attaching to their investment in TopCo.

⁷⁰ The Scrip Consideration Options are only available for Australian and NZ resident shareholders (unless Healthia and PEP BidCo agree otherwise in writing in accordance with the SID).

227 As an alternative, for the benefit of those Healthia shareholders considering an election to receive one of the Scrip Consideration Options, we set out in Section VII the range of discounts often applied in practice. Healthia shareholders should note that after allowing for these discounts, the realisable value of the Scrip Consideration Options immediately post implementation of the Scheme is likely to be materially less than:

- (a) the Cash Consideration
- (b) our valuation of Healthia shares.

228 For the purpose of our report we have therefore assumed that Healthia shareholders (other than the Key Rolling Shareholders and those Healthia shareholders who, based on their own assessment⁷¹, choose to retain an interest in the Healthia business notwithstanding the above disadvantages) will elect the Cash Consideration rather than either of the Scrip Consideration Options.

Conclusion on Scheme Consideration

229 Having regard to the above, for the purposes of our report we have evaluated the Scheme by reference to the value of the Cash Consideration only.

230 We note that this approach is consistent with the Healthia Board's:

- (a) recommendation of the Scheme to Healthia shareholders, in the absence of a superior proposal and subject to the independent expert concluding that the Scheme is in the best interests of Healthia shareholders
- (b) decision to make no recommendation in relation to whether Healthia shareholders should elect to receive any of the Scrip Consideration Options.

Fairness

231 Pursuant to RG 111 the Scheme is "fair" if the value of the Scheme Consideration is equal to, or greater than the value of the securities the subject of the Scheme. This comparison is shown below:

Comparison of Scheme Consideration to value of Healthia			
	Low	High	Mid-point
	\$ per share	\$ per share	\$ per share
Value of Cash Consideration	1.80	1.80	1.80
Value of 100% of Healthia	1.59	1.83	1.71
Extent to which the Cash Consideration exceeds (or is less than) the value of Healthia	0.21	(0.03)	0.09

232 As the Cash Consideration is lies within of our assessed valuation range for Healthia shares on a 100% controlling interest basis, in our opinion, the Cash Consideration is "fair" to Healthia shareholders when assessed in accordance with the guidelines set out in RG 111.

⁷¹ Healthia shareholders who elect to accept either of the Scrip Consideration Options should form their own views as to value, their expectations about future economic and market conditions and their particular personal circumstances including their risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

Assessment of “reasonableness” and “in the best interests”

- 233 Pursuant to RG 111, a transaction is reasonable if it is fair. As all Healthia shareholders can elect to receive the Cash Consideration (which we have assessed as fair), in our opinion, the Scheme is also “reasonable”.
- 234 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.
- 235 Generally, in our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because if the consideration payable pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 236 We therefore consider that the Scheme is also “in the best interests” of Healthia shareholders in the absence of a superior proposal.

Other considerations

- 237 In assessing whether the Scheme is “reasonable” and “in the best interests” of Healthia shareholders LEA has also considered, in particular:
- (a) the extent to which a control premium is being paid to Healthia shareholders
 - (b) the extent to which Healthia shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - (c) the listed market price of Healthia shares, both prior to and subsequent to the announcement of the proposed Scheme
 - (d) the likely market price of Healthia shares if the proposed Scheme is not approved
 - (e) the value of Healthia to an alternative offeror and the likelihood of a higher alternative offer being made for Healthia prior to the date of the Scheme meeting
 - (f) the advantages and disadvantages of the Scheme from the perspective of Healthia shareholders
 - (g) other qualitative and strategic issues associated with the Scheme.
- 238 These issues are discussed in detail below.

Extent to which a control premium is being paid

- 239 It is customary when assessing the merits of a proposed change of control transaction to assess the extent of the premium offered under the proposal by comparing the offer to the pre-bid market prices of the target company’s shares. Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company’s shares⁷² three months prior to the

⁷² After adjusting the pre-bid market prices for the movement in share market indices between the date of the pre-bid market price and the announcement of the takeover.

announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price)⁷³. This premium range reflects the fact that:

- (a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder
- (b) the controlling shareholder can dispose of surplus assets and redeploy the proceeds
- (c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company
- (d) a controlling shareholder has the potential to increase the value of the entity being acquired through synergies and/or rationalisation savings.

240 We have calculated the premium implied by the Cash Consideration by reference to the market prices of Healthia shares for periods up to and including 30 August 2023 (being the trading day prior to the announcement of the Scheme).

Implied offer premium relative to Healthia share prices prior to the Scheme		
	Healthia share price \$	Implied offer premium %
Cash Consideration	1.80	
Closing share price on 30 August 2023 ⁽¹⁾	0.975	84.6
7 August 2023 ⁽²⁾ to 30 August 2023	0.95	88.9
1 month VWAP to 30 August 2023	0.96	87.5
3 month VWAP to 30 August 2023	1.04	73.5

Note:

- 1 Being the last trading day prior to the announcement the API Indicative Proposal.
- 2 Being the period subsequent to the Healthia FY23 results update released on 7 August 2023.

241 Based on the one and three month VWAPs, the Cash Consideration provides Healthia shareholders with an implied premium that is significantly above observed premiums generally paid in comparable circumstances. However, as noted in Section V, Healthia's share price has underperformed the S&P/ASX Small Ordinaries Health Care Index since February 2023 and has also been relatively illiquid. Accordingly, in our view, the listed market price of Healthia shares prior to the announcement of the Scheme is not likely to be a reliable reference point upon which to assess whether an appropriate control premium is being paid.

242 Notwithstanding the above, as the Cash Consideration is towards the high end of our valuation range of Healthia shares, in our view, Healthia shareholders are being compensated

⁷³ LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2022. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

for the fact that control of Healthia will pass to PEP if the Scheme is approved and implemented.

Extent to which Healthia shareholders are being paid a share of synergies

- 243 PEP is a leading Australian private equity firm that has been operational since 1998. In that time, it has completed 41 primary transactions and over 150 follow-on investments across a range of target industries. PEP BidCo has indicated an intention to retain the Healthia Brisbane head office and does not anticipate any material changes to the existing organisation structure subsequent to implementation of the Scheme.
- 244 Accordingly, Healthia management have estimated that any synergies associated with the Scheme are likely to be confined to cost savings resulting from the potential delisting of Healthia from the ASX and related regulatory matters no longer required. Such cost savings are inherent when listed companies are acquired and are typically one of the reasons why acquirers pay a control premium to target company shareholders.
- 245 Further, as noted in Section V, our assessed value of Healthia (on a 100% controlling interest basis) incorporates an allowance for the synergy benefits associated with public company and other similar cost savings. Accordingly, as the Cash Consideration sits towards the high end of our assessed value range, we are of the view that Healthia shareholders are being paid an appropriate share of the value of any synergy benefits which may potentially arise from the acquisition.

Share prices subsequent to the announcement of the Scheme

- 246 Shareholders should note that Healthia shares have traded in the range of \$1.74 to \$1.75 per share in the period since the Scheme was announced up to and including 22 September 2023 (and closed at \$1.75). The VWAP over this period was \$1.74 per share.
- 247 These share prices are slightly lower than the Cash Consideration. In our view, the trading above suggests that in the absence of a superior proposal the consensus market view is that the Scheme is likely to be successful.

Likely price of Healthia shares if the Scheme is not implemented

- 248 If the Scheme is not implemented we expect that, at least in the short term, Healthia shares will trade at a significant discount to our valuation and the Cash Consideration due to the difference between the value of Healthia shares on a portfolio basis and their value on a 100% takeover basis. In this regard we note that Healthia shares last traded at \$0.975 per share on 30 August 2023 (being the last trading day prior to the announcement of the Scheme).
- 249 Notwithstanding, if the Scheme is not implemented, those Healthia shareholders who wish to sell their Healthia shares are therefore likely, at least in the short term, to realise a significantly lower price for their shares than will be payable under the Scheme.

Likelihood of an alternative offer

- 250 We have been advised by the Directors of Healthia that no formal alternative offers have been received subsequent to the announcement of the Scheme on 31 August 2023.
- 251 Whilst there has effectively been (and remains) an opportunity for third parties contemplating an acquisition of Healthia to table a proposal before the Healthia Board, Healthia shareholders should note:

- (a) as at the date of this report, PEP BidCo has a relevant interest in 27.9 million Healthia shares representing 19.9% of the total Healthia shares on issue⁷⁴
- (b) the Scheme reflects the outcome of approaches by a number of entities, which ultimately resulted in negotiations between Healthia and PEP BidCo and the subsequent announcement of the Scheme
- (c) the Key Rolling Shareholders collectively control some 24.5% of Healthia shares on a fully diluted basis and any change of control transaction concerning Healthia would implicitly require their support. In this regard we note that the Key Rolling Shareholders have (subject to certain qualifications⁷⁵) stated their intention to retain an interest in Healthia by way of their election to participate in the Scrip Consideration Options for not less than a total of 15.74 million Healthia shares (being, in aggregate, some 11% of Healthia shares) that they respectively hold or control
- (d) the existence of the exclusivity obligations on Healthia (and break fee of \$2.6 million) pursuant to the SID, which are summarised in Section I above and discussed in further detail in the Scheme Booklet.

252 Although it is possible that a formal alternate offer / superior proposal may emerge, in our opinion, the factors set out above diminish the likelihood of this occurring.

Summary of opinion on the Scheme

253 We summarise below the likely advantages and disadvantages for Healthia shareholders if the Scheme proceeds.

Advantages

254 In our opinion, the Scheme has the following benefits for Healthia shareholders:

- (a) the Cash Consideration of \$1.80 per share lies towards the high end of our assessed value range for Healthia shares on a 100% controlling interest basis
- (b) the Cash Consideration represents a significant premium to the recent market prices of Healthia shares prior to the announcement of the Scheme on 31 August 2023
- (c) furthermore, the implied premium is well above observed premiums generally paid to target company shareholders in comparable circumstances (reflecting our view that there was a disconnect between the value attributed by share market investors to Healthia prior to the announcement of the Scheme and the intrinsic value of the Company)
- (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, Healthia shares are likely to trade at a significant discount to our valuation and the Cash Consideration due to the portfolio nature of individual shareholdings.

⁷⁴ This relevant interest arose as a result of the entry by PEP BidCo on 30 August 2023 in two call option deeds (in substantially similar form) with MA Financial Group and a number of Wilson Asset Management Group entities in respect of 14.7 million and 13.2 million Healthia shares respectively. Each call option gives PEP BidCo the right but not the obligation to acquire the optioned shares at \$1.80 per Healthia share. The call option may only be exercised in the event that there is a public announcement of a competing proposal to the Scheme after 30 August 2023.

⁷⁵ No superior proposal emerging and the independent expert concluding, and continuing to conclude, that the Scheme is fair and reasonable and in the best interests of Healthia shareholders.

Disadvantages

- 255 Healthia shareholders who elect to receive the Cash Consideration should note that if the Scheme is implemented they will no longer hold an interest in Healthia. Healthia shareholders receiving the Cash Consideration option will therefore not participate in any future value created by the company over and above that reflected in the Cash Consideration.
- 256 However, as the mid-point of our assessed value of Healthia shares is less than the Cash Consideration, in our opinion, the present value of Healthia's future potential is reflected in the Cash Consideration.

Conclusion

- 257 Given the above analysis, we consider the advantages of the Scheme to outweigh the disadvantages. Accordingly, in our view, the acquisition of Healthia shares under the Scheme is fair and reasonable to and therefore in the best interests of Healthia shareholders in the absence of a superior proposal.

Other matters relevant to Scrip Consideration Options

- 258 Eligible Healthia shareholders who wish to retain an economic interest in Healthia's business operations and assets have an opportunity to do so (albeit on a diluted basis) by validly electing to receive one of the Scrip Consideration Options.
- 259 However, it is important for Rolling Shareholders to note that an investment in TopCo is not the same as an investment in Healthia and will have different characteristics. In particular, we note the following:
- (a) TopCo will have a higher level of debt (i.e. gearing) than Healthia and the equity interests therein will therefore be subject to increased risk
 - (b) as stated in the Deed the intention is that no dividends will be declared or paid on TopCo shares for a period of three years commencing on implementation of the Deed
 - (c) PEP will have majority (not less than 70%) control of TopCo. The situation faced by the Rolling Shareholders will fundamentally be no different to that faced by minority shareholders generally (and due to the size of PEP's controlling interest, arguably a less advantageous situation than currently faced by existing minority shareholders in Healthia). Minority interests are normally discounted relative to the pro-rata value of a 100% controlling interest
 - (d) TopCo will be an unlisted entity with no public market for the trading of TopCo shares and the Deed will provide only limited liquidity mechanisms for Rolling Shareholders. Accordingly, there is no guarantee as to whether, or when, TopCo Shareholders may be able to dispose of (either part or all of) their TopCo Scrip (and at what price). Illiquid investments are ordinarily subject to a discount to reflect their lack of marketability.
- 260 Healthia shareholders who elect to receive the Scrip Consideration Options should also be aware that:
- (a) they are electing to retain a minority (and illiquid) economic interest in Healthia and thereby forgoing an immediate opportunity to receive an amount (i.e. Cash Consideration) that, in our opinion, is above the mid-point of the value of a 100% controlling interest in Healthia

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- (b) they will retain an exposure to the ongoing risks and uncertainties associated with an investment in Healthia including (inter alia) those risks associated with the execution of its long term strategy (including further acquisitions). In contrast, the Cash Consideration provides cash (value) certainty in this regard
 - (c) after the first anniversary of the implementation of the Scheme, the TopCo Board will have the power to require a Class B shareholder in TopCo who holds shares which had, at the time of the implementation of the Scheme, an aggregate value of \$10,000 or less to dispose of their Class B shares in TopCo at a fair market value price determined by the TopCo Board, or if the shareholder disputes that price, at the market value of the shares as determined by an independent expert. That is, such shareholders may be forced to sell their Class B shares in TopCo in any event after one year following the implementation of the Scheme.
- 261 The Scrip Consideration Options are only likely to be appropriate for sophisticated investors that are prepared to co-invest with PEP until a future liquidity event occurs and accept the related dividend and liquidity restrictions attaching to their investment in TopCo. Healthia shareholders contemplating such an investment should seek independent professional advice.
- 262 LEA offers no recommendation in relation to the Scrip Consideration Options ⁷⁶.

⁷⁶ We note that this approach is consistent with the Board of Healthia's decision to make no recommendation in relation to the Scrip Consideration Options.

A Financial Services Guide

Loneragan Edwards & Associates Limited

- 1 Loneragan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532, which authorises it to provide a broad range of financial services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

Financial Services Guide

- 3 LEA has been engaged by Healthia to provide general financial product advice in the form of an IER in relation to the Scheme. The *Corporations Act 2001* (Cth) (Corporations Act) requires that LEA include this Financial Services Guide (FSG) with our IER.
- 4 This FSG is designed to assist retail clients in their use of the general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

General financial product advice

- 5 The IER contains general financial product advice only and has been prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 6 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$130,000 plus GST.
- 7 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
- 8 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

Appendix A

- 9 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 10 If you have a complaint, please raise it with us first. LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

- 11 We will endeavour to satisfactorily resolve your complaint in a timely manner. Please note that LEA is only responsible for the preparation of this IER. Complaints or questions about the Scheme Booklet should not be directed toward LEA as it is not responsible for the preparation of this document.
- 12 If we are not able to resolve your complaint to your satisfaction within 30 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Compensation arrangements

- 13 LEA has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of the Corporations Act.

Appendix B

B Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Ms Julie Planinic and Mr Jorge Resende, who are each authorised representatives of LEA. Ms Planinic and Mr Resende have over 24 years and 21 years experience respectively in the provision of valuation advice (and related advisory services).

Declarations

- 3 This report has been prepared at the request of the Directors of Healthia to accompany the Scheme Booklet to be sent to Healthia shareholders. It is not intended that this report serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable and in the best interests of Healthia shareholders.
- 4 LEA expressly disclaims any liability to any Healthia shareholder who relies or purports to rely on our report for any other purpose and to any other party who relies or purports to rely on our report for any purpose whatsoever.

Interests

- 5 At the date of this report, neither LEA, Ms Planinic nor Mr Resende have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 6 LEA has not had within the previous two years, any business or professional relationship with Healthia or PEP BidCo or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.
- 7 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.
- 8 LEA has had no part in the formulation of the Scheme. Its only role has been the preparation of this report.

Sources of information

- 9 In preparing this report we have been provided with and considered the following sources of information:
 - (a) publicly available information:
 - (i) Scheme Booklet and SID

Appendix B

- (ii) annual reports for Healthia for FY20, FY21, FY22 and FY23 (and associated results presentations)
- (iii) half year reports for Healthia for the six months ended 31 December 2021 and 2022 (and associated results presentations)
- (iv) ASX announcements, press releases, media and analyst presentations and other public announcement by Healthia including information available on its website and recent press articles
- (v) analyst reports regarding Healthia
- (vi) company announcements, annual reports, analyst reports and press releases relating to comparable companies and comparable transactions
- (vii) information sourced from FactSet, Bloomberg and Connect4
- (b) publicly available industry sources such as:
 - (i) data sourced from the ABS and RBA
 - (ii) Australian Prudential Regulation Authority, *Quarterly private health insurance statistics, June 2023*
 - (iii) Australian Institute of Health and Welfare, *Profile of Australia's population, June 2023*
 - (iv) IBISWorld industry reports.
- (c) non-public information:
 - (i) Healthia Board papers
 - (ii) Healthia FY24 budget
 - (iii) other confidential documents, presentations and workpapers
 - (iv) discussions with, and information obtained from, senior management of Healthia.

Indemnification

- 10 As a condition of LEA's agreement to prepare this report, Healthia agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Healthia which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 11 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

C Valuation methodology

Valuation approaches

- 1 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, schemes of arrangement, takeovers, share buy-backs, selective capital reductions and prospectuses. These include:
 - (a) the DCF methodology
 - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
 - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
 - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
 - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

- 2 Under the DCF methodology the value of the business is equal to the NPV of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.

- 3 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future “maintainable” earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.

- 4 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, EBITA, EBIT or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

Appendix C

- 5 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

D Trading evidence

Integral Diagnostics

- 1 Integral Diagnostics is an Australian healthcare services company that specialises in the provision of diagnostic imaging services to general practitioners, medical specialists and allied health professionals and their patients across Australia and NZ. As at 30 June 2023, Integral Diagnostics operated a network of 91 sites comprising 37 MRI machines, 165 employed radiologists and a total workforce of 1,843 employees.

Australian Clinical Labs

- 2 Australian Clinical Labs is one of the largest private hospital pathology businesses in Australia. The company operates a network of 75 laboratories which perform a range of pathology tests for a variety of clients including doctors, specialists, patients, hospitals and corporate clients. The company has a network of over 1,300 accredited collection centres and employs over 3,100 staff including over 85 accredited pathologists and 500 scientists.

Monash IVF Group Limited

- 3 Monash IVF Group is leading fertility research and treatment company that primarily provides assisted reproductive services, ultrasound and other related services in Australia in addition to some assisted reproductive services in Malaysia and Singapore. The company operates across a network of 29 fertility clinics, 17 specialist women's imaging clinics, four service centres, two specialised diagnostic laboratories and seven day hospitals.

Capitol Health Limited

- 4 Capitol Health provides diagnostic imaging and related services to the healthcare market in Australia. The company owns and operates 66 practices throughout Victoria, Tasmania, Western Australia and South Australia that provide a wide range of diagnostic imaging services, with revenue primarily generated through x-ray, ultrasound, CT and MRI services.

Pacific Smiles Group Limited

- 5 Pacific Smiles Group operates over 138 dental centres around Australia at which independent dentists practice and provide clinical treatments and services. The company provides general dentistry services, dental treatments and advanced dentistry including dental implants. It also provides specialist dentistry comprising orthodontics, prosthodontics, endodontics and periodontics, as well as other treatments under general anaesthetic and intravenous sedation.

Appendix E
E Transaction evidence

- 1 The following table sets out the implied EBITDA multiples for recent transactions of Australian and NZ allied health companies as well as other healthcare services companies with a transaction value between \$20 million and \$1 billion:

Other healthcare transaction evidence					
Date ⁽¹⁾	Target	Acquirer	Enterprise value ⁽²⁾ ASm	EBITDA multiple Historical x	Forecast x
Diagnostic imaging companies⁽³⁾					
Aug 22	Future Medical Imaging Group	Capitol Health	56.1	8.5	na
May 22	Horizon Radiology	Integral Diagnostics	28.8	na	8.5
May 22	Exact Radiology	Integral Diagnostics	38.4	7.3	na
Feb 22	Peloton Radiology	Integral Diagnostics	68.5	na	8.6
Sep 21	The X-Ray Group	Integral Diagnostics	41.8	na	8.0
Jun 20	Ascot Radiology	Integral Diagnostics	48.0	na	8.6
Aug 19	Imaging Queensland	Integral Diagnostics	108.0	8.7	8.4
May 18	Specialist Radiology Group	Integral Diagnostics	97.7	na	8.1
Dec 17	Radiology Tasmania	Capitol Health	25.2	na	7.5
Jun 17	NSW radiology assets	I-MED Radiology	81.5	8.5	na
Apr 15	Two Sydney radiology clinics	Capitol Health	30.0	8.0	na
Mar 15	Sydney Ultrasound	Monash IVF	30.1	7.8	na
Jan 15	Imaging @ Olympic Park	Capitol Health	25.0	7.6	na
Other healthcare services companies⁽⁴⁾					
Jun 23	SILK Laser ⁽⁵⁾	API	185.3	9.9	na
Nov 21	Medlab Pathology	Australian Clinic Labs	67.5	6.4	na
Aug 21	1300Smiles	Abano Bidco	165.2	13.5	na
Jun 21	ASC	SILK Laser	52.0	na	10.6
Apr 21	SunDoctors	Australian Clinical Labs	74.8	na	8.6
Jun 20	Healius Primary Care	BGH Capital	500.0	8.1	na
Nov 19	Abano Healthcare	Adams NZ	272.2	8.7	8.4
Jun 18	Clearskincare Clinics	API	127.4	na	8.9
Aug 17	Healthscope's medical centres	Fullerton Health	55.0	6.3	na
Mar 17	Illawarra Healthcare	Healthe Care	53.0	na	11.0
Feb 17	Cura Day Hospitals Group ⁽²⁾	Fresenius	425.0	13.7	na
Oct 16	Pulse Health	Healthe Care	153.3	nm	8.6
Dec 15	Healthwoods and Hobson	Pulse Health	21.5	8.4	na
Dec 15	Healthe Care	Luye Medical	938.0	13.4	na
Nov 15	Hunter Valley Private Hospital	Healthscope	71.6	12.8	11.0
Aug 15	Vision Eye Institute	Jangho Group	205.4	7.8	7.9
Jun 15	Healthscope's Aus. pathology business	Crescent Capital Partners	105.0	11.3	na
Apr 15	The Hills Clinic	Pulse Health	27.7	8.5	8.5

Appendix E

Note:

- 1 Date of acquisition announcement.
- 2 The enterprise value for the Cura Day Hospitals transaction is shown on a 100% basis, noting this transaction related to the acquisition of a 70% interest. All other transactions relate to the acquisition of a 100% interest.
- 3 These companies provided a range of diagnostic imaging including x-ray, ultrasound and other services.
- 4 These transactions relate to a variety of other healthcare services companies which operated dental practices, medical centres, hospitals and day surgeries, pathology clinics and other health facilities.
- 5 Proposed transaction which had not yet completed as at the date of this report.

na – not available. nm – not meaningful.

Source: LEA analysis using data from ASX announcements, media articles, analyst reports and company annual reports.

F Glossary

Term	Meaning
AASB 16	Australian Accounting Standard AASB 16 – <i>Leases</i>
AED	Australian Eyewear Distributors Pty Ltd
AFCA	Australian Financial Complaints Authority
All Scrip Consideration	1 Class B share in TopCo for each Healthia share held, subject to any scrip scale back
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
BIM	Back in Motion Health Group
CAGR	Compound annual growth rate
Cash Consideration	Cash amount of \$1.80 per Healthia share held on the Scheme Record Date
Clinic Class Shares	Healthia share classes for clinicians to obtain an economic interest in the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulations	Corporations Regulations 2001
DBS Medical	Podiatry and foot care supplies and equipment wholesale business in which Healthia holds a 75% interest
DCF	Discounted cash flow
Deed	TopCo Shareholders' Deed
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax depreciation and amortisation
FSG	Financial Services Guide
FY	Financial year
Healthia	Healthia Limited
IER	Independent expert's report
iOrthotics	Healthia's orthotics manufacturing business and laboratory
Key Rolling Shareholders	Certain directors and key management personnel as identified and defined in the SID
LEA	LonerGAN Edwards & Associates Limited
Mix-and-Match Consideration	Class B shares in TopCo in exchange for between 30% and 100% of Healthia shares held (subject to any scrip scale back) and \$1.80 in cash for each remaining Healthia share
MRP	Market risk premium
NDIS	National Disability Insurance Scheme
NPV	Net present value
NZ	New Zealand
PEP	Pacific Equity Partners
PEP BidCo	Harold BidCo Pty Ltd
PEP Shareholders	PEP shareholders in TopCo that are not associated with Healthia
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
Rolling Shareholders	Unless otherwise agreed in writing by Healthia and PEP BidCo in accordance with the SID, Australian and NZ resident shareholders
Scheme	Scheme of arrangement between Healthia and its shareholders
Scheme Consideration	Collectively the Cash Consideration, the All Scrip Consideration or the Mix-and-Match Consideration
Scrip Consideration Options	The All Scrip Consideration and the Mix-and-Match Consideration

Appendix F

Term	Meaning
Scrip Scale Back	Scale back provision to ensure that the total number of B Class shares in TopCo does not exceed approximately 30% of the total TopCo shares on issue
SID	Scheme Implementation Deed dated 31 August 2023
TOC	The Optical Company
TopCo	Harold Topco Limited
US	United States of America
VWAP	Volume weighted average price
WANOS	Weighted average number of shares outstanding

Appendix C – Scheme

FINAL

SCHEME OF ARRANGEMENT

HEALTHIA LIMITED
AND
SCHEME SHAREHOLDERS

ALLEN & OVERY

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0084968-0000024 SYO1: 2003256949.1

SCHEME OF ARRANGEMENT

This scheme of arrangement is made under section 411 of the Corporations Act 2001 (Cth)

BETWEEN:

- (1) HEALTHIA LIMITED ACN 626 087 223 of Level 4, 25 Montpelier Road, Bowen Hills QLD 4006 (Target); and
- (2) Each person who is registered in the Target Share Register as the holder of one or more Scheme Shares as at the Scheme Record Date (each a Scheme Shareholder and, together, the Scheme Shareholders).

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this document:

Aggregate TopCo Elected Shares means the total number of TopCo Shares the subject of all Elections;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates;

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532 as the holder of a licence to operate a clearing and settlement facility;

Available TopCo Shares means 43,334,514 TopCo Shares or such other amount as agreed between the Bidder and the Target in writing;

Bidder means Harold Bideo Pty Ltd ACN 670 606 827;

Business Day means a day is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Australia;

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement;

CHESS Holding means a CHESS holding of Target Shares;

Class B Shareholder has the meaning given in the TopCo Shareholders Deed;

Corporations Act means the *Corporations Act 2001* (Cth);

Corporations Regulations means the *Corporations Regulations 2001* (Cth);

Court means the New South Wales Supreme Court or such other court of competent jurisdiction under the Corporations Act agreed to in writing by the Target and the Bidder;

Deed Poll means the deed poll executed by the Bidder and TopCo substantially in the form of Attachment 3 of the Scheme Implementation Deed or in such other form as the parties agree in writing

under which Bidder and TopCo covenant in favour of the Scheme Shareholders to perform their obligations under the Scheme;

Duty means any stamp, transaction, landholder, transfer or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them.

Effective, when used in relation to the Scheme, means the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme;

Effective Date means the date the Scheme becomes Effective;

Election means an election by a Target Shareholder to receive Scheme Scrip Consideration in accordance with the provisions of clause 6.2(c);

Election Time means 5.00pm on the fifth Business Day before the date of the Scheme Meeting or such other date as the Target and the Bidder agree in writing;

Election Form means a form issued by the Target for the purposes of a Scheme Shareholder (other than Foreign Target Shareholders) making an Election;

Encumbrance means means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest;

End Date means 29 March 2024, or such other date as agreed in writing by Target and Bidder;

Foreign Target Shareholder means a Scheme Shareholder whose address in the Target Share Register as at the Scheme Record Date is a place outside Australia or New Zealand unless Target and Bidder agree in writing that it is lawful and not unduly onerous or impracticable to issue TopCo Shares to the Scheme Shareholder if the Scheme Shareholder so elects under the Scheme;

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian;

Immediately Available Funds means cash, bank cheque or telegraphic or other electronic means of transfer or cleared funds into a bank account;

Implementation Date means the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as the parties agree in writing or is ordered by the Court or required by ASX;

Issuer Sponsored Subregister means a subregister of Target Shares operated by the Target in accordance with the ASX Settlement Operating Rules;

Nominee has the meaning given in the TopCo Shareholders Deed;

Nominee Deed has the meaning given in the TopCo Shareholders Deed;

Performance Rights means performance rights granted under the Target 'Employee Performance Rights Plan';

Registered Address means, in relation to a Target Shareholder, the address shown in the Target Share Register as at the Scheme Record Date;

Scaleback Arrangements means the provisions of this Scheme providing for the scaleback of TopCo Shares to be issued pursuant to this Scheme in accordance with clause 6.6;

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act under which all of the Scheme Shares will be transferred to the Bidder and the Scheme Shareholders will be entitled to receive the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by the parties in accordance with clause 11.2 of the Scheme but does not include the TopCo Shareholders Deed;

Scheme Booklet means the explanatory statement issued by Target in respect of the Scheme pursuant to section 412 of the Corporations Act dated 16 October 2023;

Scheme Cash Consideration means, in respect of each Scheme Share for which Scheme Scrip Consideration is not payable under the Scheme, A\$1.80 for each Scheme Share;

Scheme Consideration means the consideration to be provided by the Bidder to each Scheme Shareholder for the transfer to the Bidder of each Scheme Share, being for each Target Share held by a Scheme Shareholder as at the Scheme Record Date:

- (a) the Scheme Cash Consideration; and/or
- (b) the Scheme Scrip Consideration.

Scheme Implementation Deed means the scheme implementation deed dated 31 August 2023 between the Target and the Bidder under which, amongst other things, the Target agreed to propose the Scheme to the Target Shareholders and each of the Target and the Bidder agreed to take certain steps to give effect to the Scheme;

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting;

Scheme Record Date means 7.00pm on the second Business Days after the Effective Date or such other time and date as the parties agree in writing;

Scheme Scrip Consideration means one TopCo Share for each Scheme Share held by a Scheme Shareholder in respect of which a valid Election is made in accordance with this Scheme, subject to the Scaleback Arrangements and the other conditions in this Scheme;

Scheme Shareholder means a Target Shareholder as at the Scheme Record Date;

Scheme Share Transfer means, for each Scheme Shareholder, a duly completed and executed instrument of transfer in respect of the Scheme Shares held by the Scheme Shareholder for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares;

Scheme Shares means all of the Target Shares held by the Scheme Shareholders as at the Scheme Record Date;

Second Court Date means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the

application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard;

Security Interest means any mortgage, charge, pledge, lien, assignment or other security interest or any other arrangement (including a right of set off or combination) entered into for the purpose of conferring a priority, including any security interest as defined in section 51A of the Corporations Act or in the Personal Property Securities Act 2009 (Cth) or the Personal Property Securities Act 1999 (NZ);

Target Constitution means the constitution of the Target;

Target Registry means Link Market Services Limited of Level 12, 680 George St Sydney, NSW 2000;

Target Share means a fully paid ordinary share in the issued share capital of the Target;

Target Shareholder means each person who is registered in the Target Share Register as the holder of a Target Share;

Target Share Register means the register of members of Target maintained by the Target Registry in accordance with the Corporations Act;

TopCo means Harold Topco Limited ACN 670 591 303;

TopCo Constitution means the constitution of TopCo in the form set out in Attachment 4 to the Scheme Implementation Deed or such other form as agreed in writing by the parties;

TopCo Register means the register of holders of TopCo Shares maintained by or on behalf of TopCo;

TopCo Share means a fully paid Class B Share in the capital of TopCo, having the rights specified in the TopCo Constitution and the TopCo Shareholders Deed, to be issued under the Scheme;

TopCo Shareholders Deed means the shareholders' deed in relation to TopCo entered into by the shareholders of TopCo amongst others on substantially the terms set out in Attachment 5 to the Scheme Implementation Deed or such other form as agreed in writing by the parties;

Trust Account means an Australian dollar denominated trust account operated by the Target as trustee for the benefit of the Scheme Shareholders.

1.2 Things required to be done other than on a Business Day

Unless otherwise indicated, if the day on which any act, matter or thing is to be done under this document is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.3 Other rules of interpretation

In this document:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
 - (i) that legislation as amended, extended or applied by or under any other legislation made before or after the date of this document;
 - (ii) any legislation which that legislation re-enacts with or without modification; and

- (iii) any subordinate legislation made before or after the date of this document under that legislation, including (where applicable) that legislation as amended, extended or applied as described in subclause 1.3(a)(i), or under any legislation which it re-enacts as described in subclause 1.3(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives;
- (d) the schedules and annexes form part of this document and, unless otherwise indicated, a reference to a clause, subclause, schedule or annex is a reference to a clause, subclause, schedule or annex of or to this document;
- (e) references to a party to this document include the successors or assigns (immediate or otherwise) of that party;
- (f) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;
- (g) a reference to AS or dollars is to Australian currency;
- (h) singular words include the plural and vice versa;
- (i) a word of any gender includes the corresponding words of any other gender;
- (j) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (k) general words must not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words; and
- (l) the headings do not affect interpretation.

2. PRELIMINARY

2.1 Target

- (a) The Target is a public company limited by shares, incorporated in Queensland, Australia.
- (b) The Target is admitted to the official list of the ASX and the Target Shares are quoted on the ASX.
- (c) As at the date of the Scheme Implementation Deed, the Target had on issue:
 - (i) 140,197,977 Target Shares; and
 - (ii) 4,256,402 Performance Rights.

2.2 TopCo and Bidder

- (a) The Bidder is a proprietary company, limited by shares, incorporated in New South Wales, Australia.
- (b) TopCo is an unlisted public company, limited by shares, incorporated in New South Wales, Australia.

2.3 Scheme Implementation Deed and Deed Poll

- (a) The Target and the Bidder have entered into the Scheme Implementation Deed to implement the terms of the Scheme.
- (b) The Target has agreed in the Scheme Implementation Deed to propose a scheme of arrangement between the Target and the holders of Scheme Shares, the effect of which will be that all Scheme Shares will be transferred to the Bidder and the Bidder will provide or procure the provision of the Scheme Consideration to Scheme Shareholders.
- (c) The Scheme attributes actions to the Bidder and TopCo but does not itself impose an obligation on the Bidder and TopCo to perform those actions as the Bidder and TopCo are not parties to this Scheme. The Bidder and TopCo have executed the Deed Poll under which they have covenanted in favour of Scheme Shareholders to perform their respective obligations under the Scheme, including to provide (or procure the provision of) the Scheme Consideration to the Scheme Shareholders.

3. CONDITIONS PRECEDENT

3.1 Conditions precedent to the Scheme

The Scheme is conditional on, and will not come into effect unless and until, each of the following conditions precedent is satisfied:

- (a) as at 8.00am on the Second Court Date, the Scheme Implementation Deed and Deed Poll not having been terminated in accordance with their respective terms;
- (b) all of the conditions set out in clause 3.1 of the Scheme Implementation Deed (other than the condition relating to the Court having approved the Scheme in accordance with section 411(4)(b) of the Corporations Act) have been satisfied or waived in accordance with the terms of the Scheme Implementation Deed;
- (c) the Court approves the Scheme pursuant to section 411(4)(b) of the Corporations Act, with or without modification and, if applicable, the Target and the Bidder having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and
- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme.

3.2 Conditions precedent and operation of clauses 5 and 6 of the Scheme

The satisfaction or waiver of each condition set out in clause 3.1 of the Scheme is a condition precedent to the operation of clauses 5 and 6 of the Scheme.

3.3 Confirmations in relation to conditions

- (a) On the Second Court Date, each of the Target and the Bidder must provide to the Court a certificate, or such other evidence as the Court requests, confirming (in respect of the matters within their knowledge) whether or not the conditions set out in clause 3.1 of the Scheme (other than the conditions set out in clauses 3.1(c) and (d)) have been satisfied or waived as at 8.00am on the Second Court Date.

- (b) Unless the Court requires otherwise, the certificates provided by the Target and the Bidder under this clause 3.3 will constitute conclusive evidence as to whether or not those conditions referred to in clause 3.1 of the Scheme (other than the conditions set out in clauses 3.1(c) and (d)) have been satisfied or waived as at 8.00am on the Second Court Date.

4. THE SCHEME

4.1 Effect of the Scheme

If the Scheme becomes Effective then:

- (a) all of the Scheme Shares (together with all rights and entitlements attaching to them as at the Implementation Date) will be transferred to the Bidder without the need for any further act by any Scheme Shareholder (other than acts performed by the Target as attorney and agent for Scheme Shareholders under clause 9.1) and the Target will enter the Bidder's name in the Target Share Register as the holder of the Scheme Shares;
- (b) the transfer of Scheme Shares will be taken to be effective on the Implementation Date;
- (c) in consideration for the transfer of each of the Scheme Shares to the Bidder, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each Scheme Share registered in the name of that Scheme Shareholder as at the Scheme Record Date; and
- (d) the Bidder and TopCo will provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme and the Deed Poll.

4.2 Acknowledgment and agreement by Scheme Shareholders

Each Scheme Shareholder irrevocably:

- (a) acknowledges that the Scheme binds the Target and all Scheme Shareholders (including those Scheme Shareholders who do not attend the Scheme Meeting or do not vote at, or vote against the Scheme, at the Scheme Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the Target Constitution;
- (b) agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to them as at the Implementation Date, to the Bidder in accordance with the Scheme;
- (c) agrees, if they hold their Scheme Shares in a CHES Holding, to the conversion of their Scheme Shares to an Issuer Sponsored Subregister and irrevocably authorises the Target to do anything necessary or desirable (whether required by the ASX Settlement Rules or otherwise) to effect or facilitate such conversion;
- (d) authorises the Target to do and execute, and consents to the Target doing and executing, all acts, matters, things and documents on the part of each Scheme Shareholder necessary for, or incidental to, the implementation of the Scheme, and the transactions contemplated by it, including executing and delivering deeds, instruments, transfers or other documents, as agent and attorney of each Scheme Shareholder including:
 - (i) a Scheme Transfer in relation to its Scheme Shares as contemplated by clause 5.2;
 - (ii) any deed or document required by the Target, the Bidder or TopCo for the purposes of documenting any agreement or arrangement for the purposes of clause 4.2(h) and 4.2(i);

- (e) agrees to the variation, cancellation or modification of the rights and entitlements attaching to their Scheme Shares constituted by, or resulting from, the Scheme;
- (f) agrees to destroy any holding statements or share certificates relating to the Scheme Shares at the direction of the Bidder;
- (g) agrees that the payment of the Scheme Consideration in accordance with clause 6 shall constitute full satisfaction of that Scheme Shareholder's entitlements under the Scheme;
- (h) agrees, to the extent that they are to receive TopCo Shares under this Scheme as a component of Scheme Consideration to which they are entitled, subject to clause 4.2(j), to become a shareholder of TopCo, to have their name entered into the TopCo Register and to be bound by the TopCo Constitution and TopCo Shareholders Deed (including as a 'Class B Shareholder');
- (i) agrees, to the extent that they are to receive TopCo Shares under this Scheme as a component of Scheme Consideration to which they are entitled and the TopCo Shares are to be issued to the Nominee to hold as bare trustee for them, that the Nominee name be entered into the TopCo Register in respect of such TopCo Shares and they agree to be bound by the TopCo Shareholders Deed (including as a 'Class B Shareholder' and an 'Appointing Beneficiary'), TopCo Constitution and the Nominee Deed (including as an 'Appointing Beneficiary'); and
- (j) agrees and acknowledges, where it is a Foreign Target Shareholder, that payment to it of an amount in accordance with clause 6.3 constitutes satisfaction in full of its entitlement under this Scheme and that it is not entitled to Scheme Scrip Consideration even if it makes an Election to receive the same.

4.3 Effective Date

Subject to clause 4.4, the Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.4 End Date

The Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Deed or Deed Poll is terminated in accordance with its respective terms before 8.00am on the Second Court Date.

5. IMPLEMENTATION OF THE SCHEME

5.1 Lodgement of orders

If the conditions set out in clause 3.1 of the Scheme (other than the condition in clause 3.1(d) of the Scheme) are satisfied, the Target must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court orders made under section 411(4)(b) of the Corporations Act approving the Scheme as soon as practicable after such orders are made and, in any event, by 5:00pm on the first Business Day after the day on which the Court approves the Scheme or such later time as the Target and the Bidder may agree in writing.

5.2 Transfer and registration of Scheme Shares

On the Implementation Date, subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clause 6 of the Scheme and the Bidder having provided the Target with written confirmation of the provision of Scheme Consideration:

- (a) all Scheme Shares, together with all rights and entitlements attaching to them as at the Implementation Date, will be transferred to the Bidder, without the need for any further act by any Scheme Shareholder (other than the acts performed by the Target as attorney and agent for Scheme Shareholders), by:
 - (i) the Target delivering to the Bidder duly completed and executed Scheme Share Transfer executed on behalf of the Scheme Shareholders by the Target, for registration;
 - (ii) the Bidder duly executing the Scheme Share Transfer and delivering the Scheme Share Transfer to the Target for registration; and
- (b) as soon as reasonably practicable after receipt of the duly executed Scheme Share Transfer in accordance with clause 5.2(a)(ii), the Target will procure that the Bidder's name is entered in the Target Share Register in respect of all of the Scheme Shares transferred to the Bidder in accordance with the terms of the Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to the Bidder of the Scheme Shares, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of the Scheme.

5.4 Beneficial entitlement to Scheme Shares

Upon provision of the Scheme Consideration in accordance with clause 6 of the Scheme, the Bidder will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending the entry of the Bidder's name in the Target Share Register as the holder of the Scheme Shares.

5.5 Transfer free from Encumbrances

To the maximum extent permitted by law, all Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to the Bidder under this Scheme will, at the date of the transfer of them to the Bidder, vest in the Bidder free from all Encumbrances or interests of third parties of any kind, whether legal or otherwise, and from all other restrictions on transfer or any other security interests or arrangements (including any "security interests" within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and any other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.

6. SCHEME CONSIDERATION

6.1 Entitlement to Scheme Consideration

- (a) Subject to the Scheme becoming Effective, in consideration for the transfer to the Bidder of each Scheme Share held by a Scheme Shareholder, on the Implementation Date the Bidder must provide the Scheme Consideration to each Scheme Shareholder for each Scheme Share held by it.

- (b) The obligation of the Bidder to provide or procure the provision of the Scheme Consideration to Scheme Shareholders will be satisfied in accordance with clauses 6.4 and/or 6.5.

6.2 Election procedure

- (a) Unless the applicable terms of this Scheme otherwise provide, the Scheme Consideration will be in the form of Scheme Cash Consideration.
- (b) Each Scheme Shareholder (other than a Foreign Target Shareholder) will be entitled to make an Election. All Elections will take effect in accordance with this Scheme to the extent that any Target Shareholder (other than a Foreign Target Shareholder) who makes an Election qualifies as a Scheme Shareholder.
- (c) Despite clause 6.2(a), and subject to clauses 6.2(d), 6.2(f), 6.2(h) and 6.2(i) a Scheme Shareholder, other than a Foreign Target Shareholder, may elect to receive, subject to the Scaleback Arrangements:
 - (i) the Scheme Scrip Consideration in respect of at least 30% and up to 100% of the Scheme Shares; and
 - (ii) the Scheme Cash Consideration in respect the remaining number of Scheme Shares, held by the Scheme Shareholder if the Scheme Shareholder validly completes and returns an Election Form in accordance with the instructions specified in the form so that it is received on or before the Election Time.
- (d) If in accordance with an Election Form received on or prior to the Election Time, a Scheme Shareholder elects to receive:
 - (i) less than 30% of its Scheme Consideration in the form of the Scheme Scrip Consideration, then that Scheme Shareholder will receive Scheme Cash Consideration in respect of all of its Scheme Shares; or
 - (ii) at least 30% but not more than 100% of its Scheme Consideration in the form of the Scheme Scrip Consideration, then that Scheme Shareholder will receive:
 - (A) the Scheme Scrip Consideration in respect of the Scheme Shares subject to that Election subject to the Scaleback Arrangements; and
 - (B) the Scheme Cash Consideration in respect of the remaining number of Scheme Shares held by that Scheme Shareholder.
- (e) A Target Shareholder which makes an Election may vary, withdraw or revoke that Election by lodging a replacement Election Form so that it is received on or before the Election Time.
- (f) An Election must be made in accordance with the terms and conditions of the Election Form and this clause 6.2, and an Election not so made will not be a valid election for the purpose of this Scheme and will not be recognised by the Bidder, Topco or the Target for any purpose (provided that the Bidder may, with the agreement of the Target, waive this requirement and may, with the agreement of the Target, settle as it thinks fit any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any Election, and any such decision will be conclusive and binding on the Bidder, the Target and the relevant Scheme Shareholder and the Bidder and Target will have no obligation to communication with any Target Shareholder prior to making this determination).

- (g) Clause 6.3 will apply to any Target Shareholder who makes an Election but who qualifies as a Foreign Target Shareholder.
- (h) Subject to clause 6.2(i), if a Target Shareholder makes an Election, that percentage Election will be deemed to apply in respect of the greater of the Target Shareholder's entire registered holding of Target Shares at the Election Time and at the Scheme Record Date, provided that if the amount so calculated would otherwise exceed the Target Shareholder's entire registered holding at the Scheme Record Date, the amount will for the purposes of this Scheme be taken to be the Target Shareholder's entire registered holding at the Scheme Record Date.
- (i) A Target Shareholder who is noted on the Target Share Register as holding one or more parcels of Target Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections under this clause 6.2 in relation to each of those parcels of Target Shares (subject to providing to the Bidder and the Target any substantiating information they reasonably require), and if it does so it will be treated as a separate Scheme Shareholder in respect of each such parcel in respect of which a separate Election is made (and in respect of any balance of its holding), provided that if, at the Scheme Record Date, it holds fewer Target Shares than it held at the time that it made the Election, then, unless it has, at the time of any sale of Target Shares, notified the Target whether the Target Shares sold relate to any such separate Election (and if so which separate Election the Target Shares sold relate to), it will be treated as not having made a valid Election in respect of any of its Target Shares (or will be treated in any other manner that the Bidder and the Target agree is fair to the Target Shareholder in all the circumstances acting reasonably).

6.3 Foreign Target Shareholders

TopCo will be under no obligation to issue, and must not issue, any TopCo Shares under the Scheme to Foreign Target Shareholders. If a Foreign Target Shareholder makes an Election to receive Scheme Scrip Consideration, this Election will be invalid and will have no effect, and such Foreign Target Shareholder will receive the Scheme Cash Consideration in full for its Scheme Shares.

6.4 Provisions of Scheme Cash Consideration

- (a) The Bidder must, by no later than 5.00pm on the Business Day before the Implementation Date:
 - (i) deposit or procure the deposit, in Immediately Available Funds into the Trust Account, the AS amount equal to the aggregate amount of the total Scheme Cash Consideration payable to Scheme Shareholders to be held by or on behalf of Target on trust for those Scheme Shareholders and for the purpose of paying the Scheme Cash Consideration to the Scheme Shareholders in accordance with the Scheme. Any interest earned on the amount deposited (less bank fees and other charges) by the Bidder will be for the account of the Bidder; and
 - (ii) provide Target with written confirmation that payment has been made in accordance with clause 6.4(a)(i).
- (b) On the Implementation Date, and subject to the receipt of the aggregate amount of Scheme Cash Consideration in accordance with clause 6.4(a), the Target must pay to each Scheme Shareholder from the Trust Account the Scheme Cash Consideration in respect of each Scheme Share registered in the name of that Scheme Shareholder as at the Scheme Record Date by doing any of the following below (in the Target's absolute discretion):
 - (i) paying or procuring the payment of, the relevant amount in Australian currency by electronic transfer to a bank account nominated by the Scheme Shareholder, where

the Scheme Shareholder has made a valid election prior to the Scheme Record Date in accordance with the requirements of the Target Registry to receive dividend payments from the Target into that bank account;

- (ii) paying or procuring the payment of, the relevant amount in Australian currency by electronic transfer to a bank account nominated by the Scheme Shareholder by an appropriate authority received from the Scheme Shareholder to the Target; or
 - (iii) sending or procuring the despatch to each Scheme Shareholder by prepaid ordinary post to the address of the Scheme Shareholder recorded in the Target Share Register as at the Scheme Record Date of a pre-printed cheque for the aggregate amount of Scheme Cash Consideration due to that Scheme Shareholder in accordance with the Scheme.
- (c) In the event that:
- (i) either:
 - (A) a Scheme Shareholder does not have a Registered Address; or
 - (B) the Target as trustee for the Scheme Shareholder believes that a Scheme Shareholder is not known at the Scheme Shareholder's Registered Address, and no account has been notified in accordance with clause 6.4(b)(i) or 6.4(b)(ii) or a deposit into such account is rejected or refunded; or
 - (ii) a cheque issued under this clause 6 has been cancelled in accordance with clause 6.9(a),

the Target as the trustee for the Scheme Shareholder may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of the Target (**Separate Account**) to be held until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the Unclaimed Money Act 1995 (NSW). To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the Unclaimed Money Act 1995 (NSW).

Until such time as the amount is dealt with in accordance with the Unclaimed Money Act 1995 (NSW), the Target must hold the amount on trust for the relevant Scheme Shareholder, but any interest or other benefit accruing from the amount will be to the benefit of the Bidder. An amount credited to the Separate Account or Trust Account (as applicable) under this clause is to be treated as having been paid to the Scheme Shareholder when credited to the Separate Account or Trust Account (as applicable). The Target must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

- (d) To the extent that there is a surplus in the amount held by the Target as the trustee for the Scheme Shareholders in the Trust Account (including any accrued interest), that surplus may be paid by the Target as the trustee for the Scheme Shareholders to the Bidder following the satisfaction of the Target's obligations as the trustee for the Scheme Shareholders under this clause 6.4.

6.5 Provisions of Scheme Scrip Consideration

- (a) Subject to the Scaleback Arrangements, before 12:00pm (or such later time as the Bidder and the Target may agree in writing) on the Implementation Date, TopCo must:

- (i) issue the TopCo Shares to which the Scheme Shareholders are entitled as Scheme Scrip Consideration to:
 - (A) the Nominee to be held as bare trustee for those Scheme Shareholders in accordance with this Scheme; or
 - (B) the Scheme Shareholders; and
 - (ii) enter into the TopCo Register the name and address of the Nominee or each Scheme Shareholder (as applicable) in respect of the TopCo Shares to be issued to or for the benefit of that Scheme Shareholder.
- (b) Any Scheme Shareholder that becomes a shareholder in TopCo pursuant to this Scheme will be taken to automatically through this Scheme to have agreed to be bound by the TopCo Constitution and to be a party to the TopCo Shareholders Deed as a 'Class B Shareholder'.
 - (c) Any Scheme Shareholder that has TopCo Shares issued to the Nominee under this Scheme as a component of the Scheme Consideration to which they are entitled will be taken automatically through this Scheme to have agreed to be bound by the TopCo Shareholders Deed, TopCo Constitution and the Nominee Deed and to be a party to TopCo Shareholders Deed as a 'Class B Shareholder'.
 - (d) As soon as practicable, after the Implementation Date, TopCo must send a holding statement to relevant Scheme Shareholders reflecting the TopCo Shares that are held by the relevant Scheme Shareholder or Nominee as bare trustee for that Scheme Shareholder (as applicable).
 - (e) The TopCo Shares in respect of which a Scheme Shareholder is entitled may, in TopCo's absolute discretion, be issued:
 - (i) pursuant to and in accordance with the terms of the TopCo Shareholders Deed, to the Nominee to hold as bare trustee for that Scheme Shareholder (such that the Scheme Shareholder will be beneficial holder but not the legal holder of the relevant TopCo Shares); or
 - (ii) directly to that Scheme Shareholder (such that the Scheme Shareholder will be the legal holder of the relevant TopCo Shares).

6.6 Scaleback Arrangements

- (a) If the Aggregate TopCo Elected Shares are less than or equal to the Available TopCo Shares, each Scheme Shareholder (or Nominee on that Scheme Shareholder's behalf) who is entitled to be issued TopCo Shares will receive as Scheme Scrip Consideration the number of TopCo Shares the subject of their valid Elections in full, subject to the other conditions in this Scheme.
- (b) If the Aggregate TopCo Elected Shares exceed the Available TopCo Shares, each Scheme Shareholder (or Nominee on that Scheme Shareholder's behalf) who is entitled to be issued TopCo Shares will receive:
 - (i) the number of TopCo Shares as Scheme Scrip Consideration calculated in accordance with the formula below (**Scaleback TopCo Shares**), and that Scheme Shareholder will receive the Scheme Cash Consideration in respect of the remaining number of TopCo Shares that would otherwise have been issued to that Scheme Shareholder (or Nominee on that Scheme Shareholder's behalf):

$$\text{Scaleback TopCo Shares} = A \left(\frac{B}{C} \right)$$

where:

A is the number of Scheme Shares the subject of the Scheme Shareholder's valid Election;

B is the Available TopCo Shares; and

C is the Aggregate TopCo Elected Shares

6.7 Fractional entitlements

Where the calculation of Scheme Consideration to be provided to a Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent or a fraction of a TopCo Share, that fractional entitlement will be rounded down to the nearest whole cent or TopCo Share as the case may be.

6.8 Joint holders

Where Scheme Shares are held in joint names:

- (a) any TopCo Shares to be issued under the Scheme are to be issued to, and registered in the names of:
 - (i) the joint holders and entry into the TopCo Register must be in the same order as the holders' names currently appear in the Register; or
 - (ii) the Nominee to hold as bare trustee for the joint holders, and the joint holders will have joint beneficial ownership of those TopCo Shares;
- (b) any cheque that is required to be sent to a Scheme Shareholder under the Scheme must be payable to the joint holders and sent, at the sole discretion of the Target, to the address of the holder whose name first appears in the Target Share Register as at the Scheme Record Date or to the joint holders; and
- (c) any document required to be sent under the Scheme will be sent, at the sole discretion of the Target, to the address of the holder whose name first appears in the Target Share Register as at the Scheme Record Date or to the joint holders.

6.9 Unclaimed monies

- (a) The Target may cancel a cheque sent under this clause 6 if the cheque:
 - (i) is returned to the Target; or
 - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, upon request in writing from a Scheme Shareholder to the Target (or the Target Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), the Target must reissue a cheque that was previously cancelled under clause 6.9(a).
- (c) The Unclaimed Money Act 1995 (NSW) will apply in relation to any Scheme Consideration which becomes "unclaimed money" (as defined in the Unclaimed Money Act 1995 (NSW)).

- (d) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of the Bidder.

6.10 Status of TopCo Shares

- (a) Subject to this Scheme becoming Effective, TopCo and the Bidder must:
 - (i) issue (or procure the issue of) the TopCo Shares required to be issued under this Scheme on terms such that each TopCo Share will rank equally in all respects with each other TopCo Share; and
 - (ii) ensure that each TopCo Share required to be issued under this Scheme is duly issued and is fully paid and free from any Encumbrance or other security interests or arrangements (including any "security interests" within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) other than pursuant to the TopCo Constitution, the TopCo Shareholders Deed or the Nominee Deed.
- (b) On or before the date that is 5 Business Days after the Implementation Date, the Bidder must send or procure the sending of a certificate to each Scheme Shareholder or Nominee (as the case requires) entitled to receive TopCo Shares under this Scheme, reflecting the issue of such TopCo Shares.

6.11 Order of a court or Government Agency

If written notice is given to the Target (or the Target Registry) or the Bidder of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires payment to a third party of a sum or issuance of a security in respect of such Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by the Target in accordance with this clause 6, then the Target may procure that payment is made in accordance with that order or direction; or
- (b) prevents the Target from providing consideration to a particular Scheme Shareholder in accordance with clause 6.4 or 6.5, or such payment is otherwise prohibited by applicable law, the Target may retain an amount equal to the amount which would otherwise be payable to that Scheme Shareholder under clause 6.4 or 6.5 (as the case requires) until such time as the provision of the consideration in accordance with this clause 6 is permitted by that order or direction or otherwise by law, and the payment or retention by the Target (or the Target Registry) will constitute the full discharge of the Target's obligations under clause 6.4 or 6.5 with respect to the amount so paid or retained until it is no longer required to be retained.

6.12 Withholding

- (a) If the Bidder determines, having regard to legal advice, that Bidder is either:
 - (i) required by law to:
 - (A) withhold any amount from a payment to a Scheme Shareholder; or
 - (B) not issue a security (or any securities) to a Scheme Shareholder; or
 - (ii) liable to pay an amount to the Commissioner of Taxation under section 14-200 of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (amounts required to be paid for CGT non-resident withholding) in respect of the acquisition of Scheme Shares from a Scheme Shareholder,

then the Bidder is entitled to:

- (iii) withhold the relevant amount before making the payment to the Scheme Shareholder; or
- (iv) not issue the relevant security (or securities) to the Scheme Shareholder or Nominee (as the case requires) until permitted to do so,

(and payment of the reduced amount or issue of the reduced number of TopCo Shares shall be taken to be full payment of the relevant amount or issue of the relevant securities for the purposes of this Scheme, including clause 6.4 and clause 6.5).

- (b) The Bidder must pay any amount so withheld to the relevant taxation authority within the time permitted by law, and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Shareholder.

7. DEALINGS IN TARGET SHARES

7.1 Recognition of dealings

- (a) To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Target Share Register will only be recognised by the Target if:
 - (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Share Register as the holder of the relevant Target Shares on or before the Scheme Record Date; and
 - (ii) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Scheme Record Date at the place where the Target Share Register is kept.
- (b) The Target must register registrable transmission applications or transfers of Target Shares of the kind referred to in clause 7.1(a)(ii) by the Scheme Record Date (provided that for the avoidance of doubt nothing in this clause 7.1 requires the Target to register a transfer that would result in a Target Shareholder holding a parcel of Target Shares that is less than a 'marketable parcel' (as that term is defined in the Settlement Rules).

7.2 Dealings after Scheme Record Date

- (a) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Scheme Record Date except as set out in the Scheme and any such disposal will be void and of no legal effect whatsoever.
- (b) The Target will not accept for registration, or recognise for any purpose, any transmission application, transfer or other request in respect of the Target Shares received:
 - (i) after the Scheme Record Date; or
 - (ii) prior to the Scheme Record Date but not in registrable or actionable form,other than a transfer of Target Shares to the Bidder pursuant to the Scheme or any subsequent transfer by the Bidder to its successors in title.

7.3 Maintenance of Register

- (a) For the purpose of determining entitlements to the Scheme Consideration, the Target must maintain the Target Share Register in accordance with the provisions of this clause 7.3 until the Scheme Consideration has been issued or paid (as the case may be) to all Scheme Shareholders and the Bidder has been entered into the Target Share Register as the holder of all the Scheme Shares. The Target Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (b) The Target must provide, or procure the provision, to the Bidder in the form the Bidder reasonably requires, details of, details of any Election made by a Target Shareholder, on the Business Day after the Election Time, including the name, address and holding of Target Shares of each Target Shareholder who has made a valid Election as shown in the Target Share Register at the Election Time.
- (c) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the Business Day after the Scheme Record Date, the Target must make available to the Bidder in the form the Bidder reasonably requires details of the names, registered addresses and holdings of Scheme Shares for each Scheme Shareholder as shown in the Target Share Register on the Scheme Record Date.

7.4 Holding statements and Target Share Register entries

- (a) Subject to the provision of the Scheme Consideration and registration of the transfer of Scheme Shares to the Bidder, as contemplated in clauses 6.4 and 6.5 of the Scheme, with effect from the Scheme Record Date all statements of holding for Scheme Shares will cease to have effect as documents of title in respect of those shares (other than statements of holding in favour of the Bidder or its successors in title).
- (b) Following the Scheme Record Date, each entry on the Target Share Register current at that date (other than entries in respect of the Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry in accordance with this Scheme.

8. SCHEME SHAREHOLDER WARRANTIES

Each Scheme Shareholder is deemed to have warranted to the Bidder and the Target on the Implementation Date, and is deemed to have authorised the Target as its attorney and agent to warrant to the Bidder on the Implementation Date that:

- (a) all of the Scheme Shares registered to its name as at the Scheme Record Date (including all rights and entitlements attaching to them as at the Implementation Date) which are transferred to the Bidder under the Scheme will, at the date of transfer, be fully paid and free from all Encumbrances or interests of third parties of any kind, whether legal or otherwise, and from all other restrictions on transfer or any other security interests or arrangements (including any "security interests" within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth) or section 17 of the Personal Property Securities Act 1999 (NZ)) and any other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- (b) that Scheme Shareholder has full power and capacity to sell and transfer those Scheme Shares (together with all rights and entitlements attaching to them as at the Implementation Date) to the Bidder under the Scheme.

- (c) it has no existing right to be issued any Target Shares, options exercisable into Target Shares, convertible notes convertible into Target Shares.

The Target undertakes that it will provide such warranty to the Bidder as agent and attorney of each Scheme Shareholder.

9. ATTORNEY AND SOLE PROXY

9.1 Appointment of attorney

Each Scheme Shareholder, without the need for any further act irrevocably appoints the Target and all of its directors, officers and secretaries (jointly and severally) as its attorney and agent for the purpose of:

- (a) executing and delivering any deeds, instruments, transfers or other documents or form or doing any other act necessary to give effect to the Scheme including without limitation:
 - (i) a Scheme Transfer in relation to its Scheme Shares; and
 - (ii) any deed or document required by the Target, the Bidder or TopCo that causes each Scheme Shareholder entitled to TopCo Shares to be bound by the TopCo Shareholders Deed, TopCo Constitution and the Nominee Deed;
- (b) enforcing the Deed Poll against the Bidder and TopCo,

and the Target accepts such appointment and will be deemed to have authorised Target to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary, desirable, incidental or expedient to give full effect to this Scheme and the transactions contemplated by it, including executing and delivering the Scheme Transfer and any deed or document required by the Target, the Bidder or TopCo that causes each Scheme Shareholder entitled to TopCo Shares to be bound by the TopCo Shareholders Deed, TopCo Constitution and the Nominee Deed, as agent and attorney of each Scheme Shareholder.

9.2 Appointment of proxy

- (a) Subject to the provision of the Scheme Consideration as contemplated by clauses 5.3 and 6 of the Scheme, without the need for any further act, on and from the Implementation Date and until the Bidder's name is entered in the Target Share Register as the holder of all of the Scheme Shares, each Scheme Shareholder:
 - (i) irrevocably appoints the Target as attorney and agent (and directs the Target in such capacity), to appoint the Bidder and any director or officer of the Bidder (acting jointly or individually) as its sole proxy and, where applicable, corporate representative, of that Scheme Shareholder to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in the name of that Scheme Shareholder and sign shareholders' resolutions;
 - (ii) undertakes not to attend any shareholders' meeting or exercise the votes attaching to the Scheme Shares registered in the name of that Scheme Shareholder or sign any shareholders' resolutions, whether in person, by proxy or corporate representative (other than pursuant to this clause 9.2(a));
 - (iii) must take all other actions as registered holder of those Scheme Shares as the Bidder reasonably directs; and

- (iv) acknowledges and agrees that in exercising the powers conferred under this clause 9.2(a), the Bidder and any director, officer or corporate representative of the Bidder may act in the best interests of the Bidder as the intended registered holder of the Scheme Shares.
- (b) The Target undertakes in favour of each Scheme Shareholder that in accordance with clause 9.2(a), it will appoint the Bidder and any director or officer of the Bidder (acting jointly or individually) as that Scheme Shareholder's proxy or, where applicable, corporate representative.

10. QUOTATION OF TARGET SHARES

- (a) The Target will apply to ASX to suspend trading on the ASX in Target Shares with effect from the close of trading on the ASX on the Effective Date.
- (b) On a date after the Implementation Date to be determined by the Bidder, and only after the transfer of the Scheme Shares to the Bidder has occurred, the Target will apply:
 - (i) for termination of the official quotation of Target Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX.

11. GENERAL SCHEME PROVISIONS

11.1 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Participant to the Target binding or deemed binding between the Scheme Participant and the Target relating to the Target or the Target Shares (including any email addresses, instructions relating to communications from the Target, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from the Target) will be deemed from the Implementation Date (except to the extent determined otherwise by the Bidder in its sole discretion) by reason of this Scheme, to be made by the Scheme Participants to the Bidder and be a binding instruction, notification or election to the Bidder in respect of TopCo Shares provided to that Scheme Participant until that instruction, notification or election is revoked or amended in writing addressed to the Bidder at its registry.

11.2 Consent to amendments

- (a) If the Court proposes to approve the Scheme subject to any amendments or conditions, the Target may, by its counsel, consent on behalf of all persons concerned (including the Scheme Shareholders) to those amendments or conditions to which the Bidder has provided its prior written consent.
- (b) Each Scheme Shareholder agrees to any amendments or conditions to which the Target has consented pursuant to clause 11.2(a) of the Scheme.

11.3 No liability when acting in good faith

Without prejudice to either party's rights under the Scheme Implementation Deed, neither the Target nor the Bidder, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of the Scheme in good faith.

11.4 Costs and duties

The Target must pay the costs and expenses of the Scheme, except that the Bidder must pay all Duties and any fines and penalties with respect to Duty in respect of the Scheme or in accordance with the Scheme Implementation Deed, and indemnify each Scheme Shareholder on demand against any liability arising from its failure to pay such stamp, transaction and registration duties or similar charges.

11.5 Enforcement of Deed Poll

The Target undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against the Bidder and TopCo on behalf of and as agent and attorney for the Scheme Shareholders.

11.6 Further actions

The Target must, at its own expense, do all things and execute all documents necessary to give full effect to the Scheme and the transactions contemplated by it and the Scheme Shareholders consent to the Target doing all such things and executing all such documents and doing all other things necessary or incidental to the implementation of the Scheme.

11.7 Notices

- (a) If a notice, transfer, transmission, application, direction or other communication referred to in the Scheme is sent by post to the Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time at which it is actually received at the Target's registered office.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by any Target Shareholder will not invalidate the Scheme Meeting or the proceedings of the Scheme Meeting, unless the Court makes an order to the contrary.

12. GOVERNING LAW AND JURISDICTION

This scheme of arrangement is governed by the law applying in New South Wales. The courts having jurisdiction in New South Wales and the courts competent to determine appeals from those courts have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this scheme of arrangement and each of the Target, Bidder and each Scheme Shareholder irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in New South Wales and waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within this clause.

Appendix D – Deed Poll

CLAYTON UTZ

Final

Deed Poll

Harold Bidco Pty Ltd ACN 670 606 827
Bidder

Harold Topco Ltd ACN 670 591 303
TopCo

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Deed Poll

Date 12 October 2023

Parties **Harold Bidco Pty Ltd ACN 670 606 827** of Level 31, 126-130 Phillip Street, Sydney NSW 2000 (**Bidder**)
Harold Topco Ltd ACN 670 591 303 of Level 31, 126-130 Phillip Street, Sydney NSW 2000 (**Topco**)

In favour of each person registered as a holder of Target Shares as at the Scheme Record Date (**Scheme Shareholders**)

Background

- A. The Target and the Bidder entered into the Scheme Implementation Deed under which the Target agreed, subject to the satisfaction or waiver of certain conditions, to propose the Scheme to the Scheme Shareholders.
- B. The effect of the Scheme will be to transfer all Scheme Shares to the Bidder in exchange for the Scheme Consideration.
- C. The Bidder and Topco are making this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their respective obligations under the Scheme, including to provide or procure the provision of the Scheme Consideration in accordance with the Scheme.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this Deed Poll, unless the context requires otherwise:

Deed Poll means this deed poll including any recitals, any schedules and any annexures;

First Court Date means the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard (or if the application as adjourned or subject to appeal for any reason, the day on which the adjourned application is heard);

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Shareholders substantially in the form set out in Attachment 2 of the Scheme Implementation Deed, subject to any alterations or conditions agreed or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by the Bidder and the Target; and

Capitalised words and phrases used but not defined in this Deed Poll have the meaning given to them in the Scheme, unless the context requires otherwise.

1.2 Interpretation

Clauses 1.2 and 1.3 of the Scheme applies to the interpretation of this Deed Poll, except that references to "this Scheme" are to be read as references to "this Deed Poll".

1.3 Nature of Deed Poll

The Bidder and Topco acknowledge and agree that:

- (a) this Deed Poll may be relied upon and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it, and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints the Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this Deed Poll against the Bidder and Topco (as applicable).

2. Conditions precedent and termination

2.1 Conditions

The obligations of the Bidder and Topco under this Deed Poll are subject to the Scheme becoming Effective.

2.2 Termination

If:

- (a) the Scheme has not become Effective on or before the End Date or any later date as the Court, with the written consent of the Bidder and the Target, may order; or
- (b) the Scheme Implementation Deed is terminated in accordance with its terms,

then this Deed Poll and the obligations of the Bidder and Topco under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect unless the Bidder, Topco and the Target agree in writing (and, if required, as approved by the Court).

2.3 Consequences of termination

If this Deed Poll is terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:

- (a) the Bidder and Topco are released from their obligations to further perform this Deed Poll, except those obligations contained in clause 6; and
- (b) each Scheme Shareholder retains any rights, powers or remedies it has against the Bidder and Topco in respect of any breach of this Deed Poll which occurred before termination of this Deed Poll.

3. Scheme Consideration

3.1 Undertaking to provide Scheme Consideration

Subject to clause 2, each of the Bidder and Topco undertake in favour of each Scheme Shareholder to:

- (a) provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme; and
- (b) undertake or procure the undertaking of all other actions attributed to them under the Scheme, as if named as a party to the Scheme,

in each case, subject to and in accordance with the terms of the Scheme.

3.2 Status of HoldCo Shares

The Bidder and Topco undertakes in favour of each Scheme Shareholder that the Topco Shares which are provided to Scheme Shareholders in accordance with the Scheme will:

- (a) be duly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interests or arrangements (including any "security interests" within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth) and will have the rights attaching to them as set out in the Topco Shareholders Deed and Topco Constitution; and
- (b) rank equally in all respects with each existing Topco Share issued prior to the Implementation Date (if any).

4. Representations and warranties

Each of the Bidder and Topco represent and warrant in favour of each Scheme Shareholder that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the legal right and full corporate power to execute, deliver and enter into and perform its obligations under this Deed Poll and to carry out the transaction contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (d) it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets (or any event under any law which is analogous to, or which has a substantially similar effect to, any of the events referred to in this paragraph);
- (e) this Deed Poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (f) this Deed Poll does not conflict with or result in the breach of, or any default under:
 - (i) any provision of its constituent documents; or
 - (ii) any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5. Continuing obligations

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) the time at which the Bidder and Topco have fully performed their obligations under this Deed Poll; or
- (b) the earlier termination of this Deed Poll under clause 2.2.

6. Stamp duty

The Bidder must

- (a) pay or procure the payment of all Duties and any related fines and penalties with respect to Duty in respect of or in connection with this Deed Poll, the performance of this Deed Poll, or any instruments entered into under this Deed Poll and in respect of a transaction effected by or made under the Scheme and this Deed Poll, including the transfer by the Scheme Shareholders of Scheme Shares to the Bidder under the Scheme; and
- (b) indemnify each Scheme Shareholder on demand against any liability arising from its failure to comply with clause 6(a).

7. Notices

7.1 How notice to be given

- (a) Any notice or communication in respect of this Deed Poll (**Notice**) may be served by delivery in person, by post or by email to the address or email address of a party specified in this Deed Poll or most recently notified by a party to the sender.
- (b) Any Notice to a party must be in writing and signed by either the sender or, if a corporate party, an authorised officer of the sender.
- (c) A Notice:
 - (i) if delivered in person, will be deemed served upon delivery;
 - (ii) if posted, will be deemed served 2 Business Days after posting; and
 - (iii) if sent by email, will be deemed served that day unless the sender receives an automated message generated by the recipient's mail server (**Failure Message**) that the email has not been delivered within two hours. For the avoidance of doubt any response generated by or at the instigation of the recipient (including an 'out of office' message) will not be a Failure Message,

but if the delivery or receipt is on a day which is not a Business Day or is after 5.00pm (addressee's time), it is deemed to have been served at 9.00am on the next Business Day.

- (d) The address for service for Notices for the parties are:

Party name	Attention	Address	Email address
Bidder	Scott McKnight and David Emmanuel With a copy by email to each of Michael Parshall (michael.parshall@allenoverery.com) and Jamie Palmer (jamie.palmer@allenoverery.com) (provided that	Level 31, 126 Phillip Street, Sydney NSW 2000	Scott.McKnight@pep.com.au David.Emmanuel@pep.com.au

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	delivery of such copy will not constitute valid notice)		
Topco	<p>Scott McKnight and David Emmanuel</p> <p>With a copy by email to each of Michael Parshall (michael.parshall@allenoverery.com) and Jamie Palmer (jamie.palmer@allenoverery.com) (provided that delivery of such copy will not constitute valid notice)</p>	<p>Level 31, 126 Phillip Street, Sydney NSW 2000</p>	<p>Scott.McKnight@pep.com.au</p> <p>David.Emmanuel@pep.com.au</p>
Target	<p>Julia Murfitt and Wes Coote</p> <p>with a copy which will not constitute service to:</p> <p>Stephanie Daveson and Andrew Mackenzie</p>	<p>Level 4, 25 Montpelier Road, Bowen Hills QLD 4006</p> <p>Level 28, 71 Eagle Street, Brisbane QLD 4000</p>	<p>julia.murfitt@healthia.com.au</p> <p>Weslev.coote@healthia.com.au</p> <p>sdaveson@claytonutz.com</p> <p>amackenzie@claytonutz.com</p>

7.2 Notices sent by more than one method of communication

If a communication delivered or sent under this clause 7 is delivered or sent by more than one method, the communication is taken to be given by the sender and received by the recipient whenever it is taken to be first received in accordance with clause 7.1.

8. General provisions

8.1 Variation

This Deed Poll cannot be varied, altered or amended unless the variation is agreed to in writing by the Bidder and Topco and:

- (a) if before the First Court Date, the variation, alteration or amendment is agreed to in writing by the Target; and
- (b) if on or after the First Court Date, the variation, alteration or amendment is agreed to in writing by the Target and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event the Bidder and Topco must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation, alteration or amendment.

8.2 Assignment

- (a) The rights and obligations of each Scheme Shareholder and the Bidder and Topco under this Deed Poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt, or purport, to do so without the prior written consent of the Bidder, Topco and the Target.
- (b) Any purported dealing in contravention of clause 8.2(a) is invalid.

8.3 Further assurances

The Bidder and Topco must, at their own expense, execute any document and perform any action necessary (on their own behalf and on behalf of each Scheme Shareholder) to give full effect to this Deed Poll and the transactions contemplated by it.

8.4 Governing law and jurisdiction

- (a) This Deed Poll is governed by and construed under the laws of New South Wales, Australia.
- (b) Any legal action in relation to this Deed Poll against a party or its property may be brought in any court of competent jurisdiction of New South Wales.
- (c) By execution of this Deed Poll, the Bidder and Topco irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this clause in relation to both itself and its property.

8.5 Waivers

- (a) A Scheme Shareholder waives a right under this Deed Poll only by written notice that it waives that right. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.
- (b) A failure, delay, relaxation or indulgence by a Scheme Shareholder in exercising any power or right conferred on that party by this Deed Poll does not operate as a waiver of the power or right.
- (c) No Scheme Shareholder may rely on words or conduct of the Bidder or Topco as a waiver of any right unless the waiver is in writing and signed by the Bidder or Topco, as appropriate.
- (d) A single or partial exercise of the power or right does not preclude a further exercise of it or the exercise of any other power or right under this Deed Poll.
- (e) A waiver of a breach does not operate as a waiver of any other breach.

8.6 Joint and several obligations

The Bidder and Topco are jointly and severally liable for the each obligation imposed on both of them by the terms of this Deed Poll.

8.7 Remedies

The rights, powers and remedies of the Bidder, Topco and the Scheme Shareholders under this Deed Poll are cumulative and are in addition to, and do not exclude any other rights, powers and remedies provided by law.

8.8 Severability

Any clause of this Deed Poll which is invalid in any jurisdiction, is invalid in that jurisdiction to that extent, without invalidating or affecting the remaining clauses of this Deed Poll or the validity of that clause in any other jurisdiction.

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Signing page

Executed as a deed poll.

Executed as a Deed by Harold Bidco Pty Ltd
ACN 670 606 827 in accordance with section 127
of the Corporations Act 2001 (Cth):



Signature of director

David Brown

Full name of above signatory



Signature of company secretary/director

Shannon Wolfers

Full name of above signatory

Executed as a Deed by Harold Topco Ltd ACN
670 591 303 in accordance with section 127 of
the Corporations Act 2001 (Cth):



Signature of director

David Brown

Full name of above signatory



Signature of company secretary/director

Shannon Wolfers

Full name of above signatory

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Deed Poll

Appendix E – TopCo Shareholders' Deed

Shareholders Deed

Harold Topco Limited ACN 670 591 303

The parties set out in Schedule 1

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Shareholders Deed

Date	2023
Parties	Harold Topco Limited ACN 670 591 303 of Level 31, 126 - 130 Phillip Street, Sydney NSW 2000 (Company)
	The parties set out in Schedule 1 (each, an Initial PEP Shareholder)

Background

- A. The Company is an Australian unlisted public company limited by shares and was incorporated on 17 August 2023 with the name Harold Topco Limited.
- B. As at the date of this Deed, the Initial PEP Shareholders hold 100% of the Class A Shares in the Company.
- C. PEP intends for the Company to (through an indirect wholly owned subsidiary) acquire and hold 100% of the issued shares in the Target by way of a scheme of arrangement under part 5.1 of the Act (**Scheme**).
- D. Following the entry into of this Deed and prior to the Scheme becoming effective, PEP will subscribe for additional Class A Shares in the Company.
- E. The consideration offered to securityholders of the Target under the Scheme includes Class B Shares in the Company.
- F. Where securityholders of the Target accept Class B Shares in the Company as consideration under the Scheme, those shares will be issued to the Nominee to hold as bare trustee on and subject to the terms of the Nominee Deed and this Deed.
- G. This Deed sets out the terms and conditions upon which:
 - (a) the holdings of Shareholders are regulated;
 - (b) the Shareholders agree to conduct the Business of the Company; and
 - (c) the Shareholders agree to finance, control and manage the Company and its Subsidiaries.

The Parties agree

1. Definitions and interpretation

1.1 Definitions

In this Deed except where the context otherwise requires:

Acceptance Period has the meaning given in clause 10.2(a)(vi).

Accession Deed means a deed in substantially the form of the deed forming Schedule 2 or any other form required by the Board.

Act means the *Corporations Act 2001* (Cth).

Accounting Standards means, at any time:

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- (a) the requirements of the Act about the preparation and contents of financial reports;
- (b) accounting standards approved under the Act; and
- (c) Australia's equivalent to the International Financial Reporting Standards as approved by the Australian Accounting Standards Board.

Affiliate means in respect of a person (**Primary Person**), a person:

- (a) Controlled directly or indirectly by the Primary Person;
- (b) Controlling directly or indirectly the Primary Person; or
- (c) directly or indirectly under the common Control of the Primary Person and another person or persons,

and also (without requiring any of paragraphs (a) to (c) of this definition to be satisfied):

- (d) with respect to PEP, includes an Investor Advisor and an Investor Affiliate;
- (e) for the avoidance of doubt, a general partner is deemed to Control a limited partnership; and
- (f) with respect to a Class B Shareholder or Management Shareholder that is an individual, includes:
 - (i) any Family Entity of that individual;
 - (ii) any self-managed superannuation fund for that individual, the trustee of which is that individual, that individual and their spouse, or a Family Entity of that individual; and
 - (iii) a spouse of the individual.

Appointing Beneficiary means a person (other than a PEP Shareholder) who has appointed the Nominee to hold Shares on Bare Trust for it in accordance with clause 24 and the Nominee Deed.

Auditor means the person appointed from time to time to the office of the auditor of the Company.

Audited Financial Statements means the audited consolidated profit and loss account, consolidated balance sheet and statement of cash flow.

Australian Accounting Standards means:

- (a) the accounting standards referred to in section 334 of the Act; and
- (b) the generally accepted accounting principles of the accountancy profession in Australia to the extent those principles are not inconsistent with the accounting standards of the type described in paragraph (a) above.

Bad Leaver Event means any of the following occurs in relation to a Management Shareholder or its Relevant Manager (if any):

- (a) the Engagement of the Management Shareholder or Relevant Manager is terminated, or ceases or otherwise ends in circumstances which do not constitute a Good Leaver Event (including where such Engagement, if constituted under a fixed term contract, is not renewed or extended on expiry of the fixed term) and for this purpose, the Engagement of the Management Shareholder or Relevant Manager

will be deemed to have been terminated if (and on the date that) the Management Shareholder or Relevant Manager has given or received proper notice of termination of the relevant Engagement or has commenced a period of gardening leave pending termination or expiry of the relevant Engagement; or

- (b) after the occurrence of a Good Leaver Event in respect of the Management Shareholder or Relevant Manager, the Management Shareholder or Relevant Manager breaches any of its contractual obligations to any Company Group Member or any Shareholder, including under clause 27.

Bare Trust means a trust established under the Nominee Deed under which the Nominee holds Beneficial Securities for an Appointing Beneficiary.

Beneficial Holder means a Non-PEP Shareholder on whose behalf the Nominee holds Shares as bare trustee.

Beneficial Securities means in relation to a Beneficial Holder, the Shares held by the Nominee as bare trustee for that Beneficial Holder.

Board means the board of Directors as constituted from time to time.

Board Meeting means a duly constituted meeting of the Board.

Business means the business of the Company Group.

Business Day means any day other than a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

Business Hours means between 9.00am and 5.00pm on a Business Day.

Business Plan and Budget means, from time to time, the business plan for the conduct of the Business and budget for one or more Financial Years, which will be in a form, and include such statements, reports, forecasts and projections and other information, as the Board determines from time to time.

CEO means any person from time to time appointed to, or acting in the capacity of, the position of chief executive officer of the Company.

CEO Director has the meaning given in clause 4.2(d).

CFO means any person from time to time appointed to, or acting in the capacity of, the position of chief financial officer of the Company.

Chairperson means any person from time to time appointed to, or acting in the capacity of, the position of chairperson of the Board.

Change of Control means:

- (a) the person or persons that have Control of a Shareholder cease(s) to have Control of that Shareholder; or
- (b) a person or persons who did not have Control of a Shareholder gain(s) Control of that Shareholder.

Claim means any allegation, debt, cause of action, Liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise.

Class A Share means an Ordinary Share in the capital of the Company which is designated as a Class A Share and has the rights set out in this Deed.

Class B Director means a Director appointed by the Class B Shareholders pursuant to this Deed.

Class B Meetings has the meaning given in clause 5.6.

Class B Share means an Ordinary Share in the capital of the Company which is designated as a Class B Share and has the rights set out in this Deed.

Class B Shareholder means each person holding the legal or beneficial interest to any Class B Shares who is a Party to this Deed, including any Shareholder who executes an Accession Deed as a "Class B Shareholder".

Company Group means the Company, its Subsidiaries and each of its or their interests in joint ventures or other entities (including trusts), from time to time, and where the context allows, includes any one or more of such entities (each a **Company Group Member**).

Company Note means a loan note issued by the Company on such terms reasonably determined by the Board at a minimum interest rate equal to the higher of the FBT benchmark interest rate or Division 7A benchmark interest rate.

Confidential Information means:

- (a) all commercial, financial, legal and technical and other advice, correspondence, material, memoranda, opinions, know-how and information concerning the Business made available at any time (whether in written or electronic form or orally) by any party including information relating to secret processes, technical know-how, techniques, trade secrets, discoveries, inventions, ideas, research, engineering methods, practices, systems, formulae, drawings, trade secrets and special purpose computer programmes, financial, marketing and other confidential information and data subsisting in or relating to the Business or belonging to any Company Group Member;
- (b) notes, summaries, compilations, conclusions, calculations, computer records (including data, copies, models, reproductions and recordings) or other material in whatever form made or derived in whole or in part by a party from, or from inspection or evaluation of, any information of the type referred to in paragraph (a);
- (c) the nature, existence and contents of any meetings, discussions, negotiations or agreements between the Parties and their respective advisers in relation to the Business, the Company Group or this Deed;
- (d) the fact of or reasons for any termination of discussions or negotiations between the Parties and their respective advisers in relation to the Company Group; and
- (e) the existence and contents of this Deed, the Nominee Deed, the Constitution, the Transaction Documents or the constitutional documents of any Company Group Member.

Constitution means the constitution of the Company in the form set out in Annexure A to this Deed, as amended from time to time after the date of this Deed in accordance with this Deed.

Control has the meaning given in section 50AA of the Act, and:

- (a) in the case of a corporation, includes the power (whether it is legally enforceable or not) to control, whether directly or indirectly, the composition of a majority of the board of directors of that corporation or the voting rights of the majority of the voting shares of the corporation;
- (b) in the case of a trust or partnership, includes the power (whether it is legally enforceable or not) to control, whether directly or indirectly, the appointment or

removal of the trustee of the trust or general partner of the partnership, the composition of a majority of the board of directors of the trustee or general partner or the voting rights of the majority of the securities of the trust or partnership, and

- (c) in the case of a limited partnership, a general partner is deemed to Control the limited partnership of which it is the general partner,

and **Controlled** has a corresponding meaning.

Cost means, in respect of a Share:

- (a) where the Company issued that Share to the relevant Shareholder, the issue price paid (or deemed to be paid) for that Share; or
- (b) where the relevant Shareholder acquired that Share by way of purchase, the price it paid to acquire that Share (unless the Share was acquired from an Affiliate of the relevant Shareholder, in which case it is the earliest in time price paid to acquire that Share by any Affiliate of the relevant Shareholder from a person that was not an Affiliate of the relevant Shareholder).

Deed means this deed including its recitals, schedules and annexures.

Default Notice has the meaning given in clause 20.1(c).

Default Sale Shares has the meaning given in clause 20.1(c).

Defaulting Shareholder has the meaning given in clause 20.1(b)(i).

Director means a person from time to time appointed to, or acting in the capacity of, the office of director of the Company, and includes any alternate director duly appointed and acting as a director.

Disclosee has the meaning given in clause 28.1.

Dispose in relation to a person and any property (including any Security) means:

- (a) to sell, offer for sale, transfer, assign, surrender, gift, create an Encumbrance or option over, declare oneself a trustee of or part with the benefit of or otherwise dispose of that property (or any direct or indirect legal or beneficial interest in or over any rights in respect of any part of it);
- (b) to do anything which has the effect of placing a person in substantially the same position as if the person had done any of the things specified in paragraph (a); or
- (c) to attempt to do any of the things specified in paragraph (a).

and **Disposal** has a corresponding meaning.

Disposal Date means, in respect of a Shareholder or Relevant Manager to whom clause 27 applies, the date on which the Shareholder ceases to hold any Securities.

Disputing Shareholder has the meaning given in clauses 8.3(c), 10.2(b), 20.3 or 21.6 (as applicable).

Dividend includes a dividend, bonus or other distribution in kind or in cash made, declared or paid by the Company and, for the avoidance of doubt, excludes a return of capital.

Drag Along Buyer has the meaning given in clause 15.1.

Drag Along Notice means a notice given in accordance with clause 15.2.

Drag Price has the meaning given in clause 15.2(c).

Drag Proportion has the meaning given in clause 15.2(b).

Drag Sale Terms has the meaning given in clause 15.2(c).

Dragged Shares has the meaning given in clause 15.2(d).

Drag Transaction means a Disposal of Shares in accordance with clause 15.

Emergency Funding means funding provided by PEP in accordance with the provisions of clause 9.3(k).

Emergency Funding Shares has the meaning given in clause 9.3(k).

Emergency Funding Catch-up Offeree has the meaning given in clause 9.3(k)(iii).

Emergency Funding Catch-up Shares has the meaning given in clause 9.3(k)(iii).

Emergency Funding Catch-up Share Price has the meaning given in clause 9.3(k)(iv).

Employee means any person who is in full-time or part-time employment of a Company Group Member.

Employee Share Option Plan means an equity incentive plan established by the Company or another Company Group Member for Employees of the Company Group.

Encumbrance includes any mortgage, charge, pledge, lien, encumbrance, assignment, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person by way of security for the payment of a debt or any other monetary obligation.

Engage In means:

- (a) to carry on, participate in, provide finance (other than debt funding in the course of a genuine finance business to third parties), to provide services to (including license intellectual property rights to or from but excluding the provision of services as part of a bona fide business which provides services or arms-length terms to members of the public) or otherwise be directly or indirectly involved in, contribute to or have an economic interest in, directly or indirectly (including through any interposed body corporate, trust, partnership, entity or other person) and in any capacity whatsoever, including as a shareholder, unitholder, security holder, director, consultant, advisor, contractor, principal, agent, manager, employee, beneficiary, partner, associate, trustee or financier; or
- (b) managing, advising or influencing, whether for direct remuneration or benefit or otherwise, including influencing through any association or arrangement with any person in which any economic interest or over which influence (absolute or partial) is held,

and **Engaging In** has a corresponding meaning.

Engagement means, in respect of any person, that the person has an agreement, arrangement or engagement with any Company Group Member as an employee, contractor, consultant, director or officer.

Event of Default means, in relation to a Shareholder (other than a PEP Shareholder) or a Relevant Manager:

- (a) a breach of any of their obligations under or in relation to clause 14, which cannot be remedied or which remains unremedied for 20 Business Days after the Company has notified the Shareholder or Relevant Manager of the breach;
- (b) a breach of any other of their material obligations under any Transaction Document, which cannot be remedied or which remains unremedied for 20 Business Days after the Company has notified the Shareholder or Relevant Manager of the breach;
- (c) a breach of clause 27;
- (d) the Shareholder or Relevant Manager becomes the subject of an Insolvency Event;
- (e) the Shareholder becomes a Shareholder pursuant to a transfer of Shares in breach of this Deed;
- (f) a Change of Control occurs in relation to the Shareholder that circumvents the restrictions on Disposals set out in clause 14;
- (g) if it is a Management Shareholder:
 - (i) it is required (pursuant to a court order or otherwise) to transfer any or all of its Shares to its spouse or partner or its Relevant Manager's spouse or partner in connection with Relationship Proceedings;
 - (ii) it ceases to be an Affiliate of its Relevant Manager and its Relevant Manager fails to arrange for the transfer of the Shares held by it to the Relevant Manager or another Affiliate of the Relevant Manager approved by the Board within 20 Business Days of it ceasing to be an Affiliate of the Relevant Manager;
 - (iii) a Good Leaver Event occurs in relation to the Shareholder or its Relevant Manager; or
 - (iv) a Bad Leaver Event occurs in relation to the Shareholder or its Relevant Manager; or
- (h) the Shareholder or Relevant Manager is guilty of a criminal offence in any jurisdiction which would, in the reasonable opinion of the Board materially affect the Business or the duties of that Shareholder or Relevant Manager in respect of the Business.

Event of Default Date means, in relation to a Shareholder or a Relevant Manager, the date that both PEP and the Company become actually aware that the Shareholder or the Relevant Manager has committed an Event of Default.

Excess Emergency Funding Shares means, in respect of an issuance under clause 9.3(k), the amount of Emergency Funding Shares equal to the difference between the number of Emergency Funding Shares actually issued to PEP or an Affiliate of PEP under the issuance and the amount of Emergency Funding Shares that would have been issued to PEP or an Affiliate of PEP had they been issued at the Emergency Funding Catch-up Share Price.

Excess M&A Shares means, in respect of an issuance under clause 9.3(l), the amount of M&A Shares equal to the difference between the number of M&A Shares actually issued to PEP or an Affiliate of PEP under the issuance and the amount of M&A Shares that would have been issued to PEP or an Affiliate of PEP had they been issued at the M&A Catch-up Share Price.

Exit Event or Exit means:

- (a) an IPO;

- (b) Share Sale; or
- (c) a Trade Sale.

Exit Notice has the meaning given in clause 18.1.

Fair Market Value means the fair market value of a Security as determined by the Board, or if a Referral Notice is validly issued, the value determined under clause 23.

Family Entity means, with respect to a Class B Shareholder or Management Shareholder that is an individual, a company or trust of which the Class B Shareholder or Management Shareholder has Control and of which the ultimate beneficial owners (or, in the case of a trust, the beneficiaries or potential beneficiaries) are the Class B Shareholder or Management Shareholder and/or any of their Relatives or Manager and/or charities.

Financial Adviser has the meaning given in clause 18.1.

Financial Year in relation to the Company Group means each financial year aligning to the date on which the Company prepares audited financial statements, or such other period for a financial year as may be determined by the Board from time to time.

Fixed Rate Return Instrument means any preference share or other Security issued by the Company which has a fixed interest rate, coupon, dividend or other fixed return and is not convertible into an Ordinary Share.

Good Leaver Event means the Engagement of a Management Shareholder or its Relevant Manager (if any) is terminated:

- (a) due to his or her death or Permanent Disability;
- (b) in connection with the death or serious illness or serious disability of the spouse or dependent child of the Management Shareholder or Relevant Manager;
- (c) in circumstances where the Board has approved the cessation of employment as being on a good leaver basis for the purposes of this definition (including for example, in light of attenuating personal circumstances of the Management Shareholder or Relevant Manager),

and for this purpose, the Engagement of a Management Shareholder or Relevant Manager will be deemed to have been terminated if (and on the date that) the Management Shareholder or Relevant Manager has given or received proper notice of termination of the relevant Engagement or has commenced a period of gardening leave pending termination or expiry of the relevant Engagement.

Governmental Agency means any government or any governmental, semi-governmental or administrative department, entity, agency, authority, commission, corporation or body (including those constituted or formed under any statute) where the department, entity, agency, authority, commission, corporation or body is subject to the control or direction of the Commonwealth of Australia or a State or Territory of Australia.

Immediately Available Funds means cash, bank cheque, electronic funds transfer to an account nominated by the payee in writing, or any other form of payment that the payer and the payee agree in writing.

Implementation Date means the date on which the Scheme is implemented in accordance with its terms.

Inconsistent Instrument means any power of attorney or any other instrument signed, executed or issued by or on behalf of a Shareholder at any time, whether before on or after the date of this Deed, conferring on persons other than the attorney appointed under clause 25

(whether jointly or severally or jointly and severally) rights which contradict or are inconsistent with some or all of the rights contained in the power of attorney granted under clause 25.

Independent Directors has the meaning given in clause 4.3(a).

Instruction has the meaning given in the Nominee Deed.

Insolvency Event means:

- (a) a "**controller**" (as defined in section 9 of the Act), manager, trustee, administrator or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, a personal insolvency agreement or any other assignment, composition or arrangement (formal or informal) with a person's creditors or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Interest means:

- (a) an economic interest other than a passive ownership interest in securities in an entity which comprise 5% or less of the aggregate number of securities in that entity (on a fully-diluted basis) which does not confer any control, information or governance rights of any type; or
- (b) otherwise Engaging In,

whether held directly or indirectly or through any interposed entity, fund vehicle or other person.

Investor Advisor means any entity that from time to time provides investment advice, whether directly or indirectly, to PEP.

Investor Advisor Group means with respect to an Investor Advisor, that Investor Advisor and its Related Bodies Corporate and **Investor Advisor Group Company** is to be construed accordingly.

Investor Affiliate means:

- (a) any Investor Advisor Group Company (other than the Investor Advisor);
- (b) any partnership, limited partnership, venture capital limited partnership, trust, managed investment scheme, limited liability company or body corporate or other fund or entity of which any Investor Advisor Group Company or any person assuming the rights and obligations of such Investor Advisor Group Company, is the manager, trustee, responsible entity, general partner or investment advisor (**Investor Fund**);
- (c) any person Controlled by an Investor Fund; and
- (d) any partner, limited partner, unitholder, shareholder, trustee, responsible entity or custodian of any of the entities, funds, trusts or other things set out in any of paragraphs (a) to (c) above from time to time.

Invitation to Tag means in respect of the Shareholders, an invitation in the form contemplated by clause 16.2.

Involved includes direct or indirect involvement including as a principal, agent, partner, employee, shareholder, unitholder, acquirer, founder, director, trustee, beneficiary, manager, contractor, subcontractor, consultant, adviser or financier.

IPO means an initial public offering of shares in the Company, shares in any Subsidiary or shares in a company of which the Company is or will be a wholly owned subsidiary in conjunction with an application for the quotation of those shares on the Stock Exchange.

Liability means all liabilities, obligations, damages, losses, costs, interest, fees, penalties, fines, assessments, forfeiture and expenses of whatever description (whether actual, contingent, current or prospective), and irrespective of when the act, event or thing giving rise to the liabilities, obligations, damages, losses, costs, interest, fees, penalties, fines, assessments, forfeiture and expenses occurs.

M&A Catch-up Offeree has the meaning given in clause 9.3(l)(i).

M&A Catch-up Share Price has the meaning given in clause 9.3(l)(ii).

M&A Catch-up Shares has the meaning given in clause 9.3(l)(i).

M&A Funding means funding provided by PEP in accordance with the provisions of clause 9.3(l).

M&A Shares has the meaning given in clause 9.3(l).

Management Incentive Plan means equity plans or other equity incentive agreements or arrangements of the Company providing eligible Managers with an opportunity to acquire Securities.

Management Shareholder means a person who is any one or more of the following:

- (a) a person (other than the Nominee) holding the legal or beneficial interest to any MIP Shares who executes an Accession Deed as a "Management Shareholder";
- (b) a Class B Shareholder who is a Manager; or
- (c) a Class B Shareholder in respect of whom any Affiliate is a Manager.

Manager means a person who is any one or more of the following:

- (a) an Employee, contractor, consultant, executive director or non-executive director of any Company Group Member; or
- (b) named in any part of the scheme booklet for the Scheme providing detail as to the Target's key management and/or directors.

Member means a person whose name is entered in the register of members of the Company as a holder of a Share.

Minimum Rollover Percentage means:

- (a) in the case of a Shareholder who is or whose Relevant Manager is a non-executive director of a Company Group Member, 25%; or
- (b) in any other case, 50%.

Minimum Rollover Proceeds means, in respect of a Management Shareholder who is or whose Relevant Manager is a director of a Company Group Member or a senior manager of the Group and who has received a Drag Along Notice or who is exercising a Tag Option, the Minimum Rollover Percentage of the aggregate after tax proceeds received (or which would be received) from the sale of all Dragged Shares or Tagged Shares held by or on behalf of that Management Shareholder or their Relevant Manager or their Affiliates.

Minimum Rollover Securities means, in respect of a Management Shareholder who is or whose Relevant Manager is a director of a Company Group Member or a senior manager of the Group and who has received a Drag Along Notice or who is exercising a Tag Option, the Minimum Rollover Percentage of all Dragged Shares or Tagged Shares (as applicable) held by or on behalf of that Management Shareholder or their Relevant Manager or their Affiliates.

MIP Shares means any Securities issued pursuant to a Management Incentive Plan.

ND Deed of Adherence has the meaning given in the Nominee Deed.

Net Cost means, in respect of a Share, the greater of (i) \$0.00001; and (ii) Cost less the aggregate amount of all dividends, distributions, income, proceeds from share buy-backs and any capital returns paid to or for the benefit of the Shareholder on or in respect of the relevant Share.

Nominated Affiliate has the meaning given in clause 9.5.

Nominee means the independent third party trustee company appointed from time to time by the Company under clause 24 and the Nominee Deed to hold Shares on bare trust in accordance with clause 24 and the Nominee Deed.

Nominee Deed means the document entitled "Nominee Deed" entered into on or about the date of this Deed between the Company, the Nominee and the initial Appointing Beneficiaries as of that date in substantially the form set out in Annexure B.

Nominee Transfer means a transfer of legal title to Shares:

- (a) by a Non-PEP Shareholder to the Nominee to be held under a Bare Trust, either at the request of the Board or with the prior written consent of the Board;
- (b) in connection with the replacement of the Nominee in accordance with the Nominee Deed; or
- (c) by the Nominee to an Appointing Beneficiary if the Nominee is required to do so under this Deed or the transfer otherwise has the approval of the Board.

Non-contributing Shareholder has the meaning given in clause 10.2(e).

Non-PEP Shareholders means each Shareholder other than the PEP Shareholders.

Objectives means the objectives of the Company Group set out in clause 3.2.

Observer has the meaning given in clause 4.11.

Ordinary Shares means ordinary shares in the capital of the Company having the rights and entitlements set out in the Constitution, including the Class A Shares and the Class B Shares.

Oversubscribing Shareholder has the meaning given in clause 10.2(e)(ii).

Parties means each of the parties to this Deed and any other person that executes an Accession Deed and becomes a party to this Deed, in accordance with this Deed, from time to time and **Party** means any one of them.

PEP means the Initial PEP Shareholders and any of their respective Affiliates who hold Shares, from time to time (and each a **PEP Shareholder**).

PEP Director means a Director appointed by the PEP and their Permitted Transferees.

Permanent Disability means, in relation to a person, debilitating illness or permanent mental incapacitation that renders them incapable of performing their duties to or in respect of the Group as determined by the Board acting reasonably.

Permitted Transferee of a Shareholder means:

- (a) in relation to a Shareholder that is not an individual, a Related Entity of the Shareholder;
- (b) in relation to a Class B Shareholder that is an Appointing Beneficiary, the Nominee in its capacity as bare trustee for the Class B Shareholder; and
- (c) in relation to a Shareholder that is a PEP Shareholder, its Affiliates, and if a trustee, custodian, responsible entity or general partner of a trust or partnership, includes the person who is a replacement trustee, custodian, responsible entity or general partner of the same trust or partnership.

Qualified Person means a person who is not subject to any commercial or other conflict of interest in relation to the Business or operations of the Company Group, excluding any conflict arising solely from the person holding or having a relevant interest (as defined in the Act) in any Class B Shares. It is acknowledged that as at the date of this Deed, a Qualified Person shall include any person who is a director of the Target.

Referral Notice has the meaning given in clauses 8.3(c), 10.2(b), 20.3 or 21.6 (as applicable).

Related Body Corporate has the meaning given in section 9 of the Act and includes, with respect to any person, any other person which, directly or indirectly, Controls, is Controlled by, or is under common Control with, such first person.

Related Entity means, in relation to an entity (the **first entity**):

- (a) a Related Body Corporate of the first entity;
- (b) a Controlled entity of the first entity;
- (c) an entity of which the first entity is a Controlled entity;
- (d) a Controlled entity of another entity of which the first entity is also a Controlled entity; and

- (e) in relation to a PEP Shareholder, includes any Affiliate of PEP.

Relationship Proceedings means any proceedings for divorce or nullity of marriage by or against a Management Shareholder or Relevant Manager or, in the case of de facto relationships, an application under applicable law for property orders, and includes substantially similar types of proceedings instituted in any jurisdiction.

Relative means a spouse, former spouse, mother, father, brother, sister or child, and for the purposes of this definition the term 'spouse' includes de facto spouse or long term co-habitee.

Relevant Manager means, in relation to a Management Shareholder, any Manager Affiliated with that Management Shareholder (irrespective of whether or not such Manager is a party to this Deed).

Relevant Proportion means, in relation to a Shareholder:

- (a) when used in relation to all Shareholders, the proportions which their respective aggregate holdings of Shares bear to the aggregate of all of the issued Shares; or
- (b) when used in relation to less than all the Shareholders, the proportions which their respective aggregate holdings of Shares bear to the aggregate holdings of Shares of those Shareholders,

provided that, in each case, where the context requires a 'Relevant Proportion' to be determined with reference to a particular class of Shares, the proportionate holdings for the purposes of the above definition are to be determined with reference to the relevant parties' holdings of that particular class, that is, only Shares of the particular class will comprise the numerator and denominator for purposes of the calculation.

Relevant Transaction has the meaning given in clause 14.7.

Reorganisation Event means:

- (a) a bonus issue of Shares;
- (b) a subdivision or consolidation of Shares; or
- (c) any other reorganisation or reconstruction of share capital where the Company neither pays nor receives cash.

Restrained Party has the meaning given in clause 27.1.

Restraint means the prohibitions and restraints contained in clause 27.

Restraint Area means:

- (a) each country in which the Company Group Members have operations on the Disposal Date, or if that area is determined to be unenforceable, then;
- (b) Australia, the United States of America and New Zealand, or if that area is determined to be unenforceable, then;
- (c) Australia and New Zealand, or if that area is determined to be unenforceable, then;
- (d) Australia, or if that area is determined to be unenforceable, then;
- (e) Queensland, Victoria, New South Wales and South Australia, or if that area is determined to be unenforceable, then;

- (f) Queensland, Victoria, New South Wales, or if that area is determined to be unenforceable, then;
- (g) Queensland and Victoria, or if that area is determined to be unenforceable, then;
- (h) Queensland.

Restraint Period means:

- (a) the period during which the Restrained Party or, in the case of a Relevant Manager, its Management Shareholder is a Shareholder and three years after the Disposal Date, unless that period is held invalid for any reason by a court of competent jurisdiction; then
- (b) the period during which the Restrained Party or, in the case of a Relevant Manager, its Management Shareholder is a Shareholder and two years after the Disposal Date, unless that period is held invalid for any reason by a court of competent jurisdiction; then
- (c) the period during which the Restrained Party or, in the case of a Relevant Manager, its Management Shareholder is a Shareholder and one year after the Disposal Date, unless that period is held invalid for any reason by a court of competent jurisdiction; then
- (d) the period during which the Restrained Party or, in the case of a Relevant Manager, its Management Shareholder is a Shareholder and six months after the Disposal Date, unless that period is held invalid for any reason by a court of competent jurisdiction; then
- (e) the period during which the Restrained Party or, in the case of a Relevant Manager, its Management Shareholder is a Shareholder.

Sale Price has the meaning given in clause 20.1(d).

Scheme means the scheme of arrangement under Part 5.1 of the Act under which a Company Group Member acquires 100% of the issued shares in the Target.

Scheme Implementation Deed means the scheme implementation deed dated on or about 31 August 2023 between the Target and Harold Bidco Pty Limited ACN 670 606 827 in relation to the Scheme.

Secondary Acceptance Period has the meaning given in clause 10.2(e)(ii).

Securities means Shares, options, Fixed Rate Return Instruments, any security with rights of conversion into equity and/or all other securities of the Company within the meaning of section 92(3) of the Act other than debentures with no rights of conversion into equity and no rights of economic participation in the Company Group beyond a market interest rate.

Share Capital means all of the Shares on issue, from time to time.

Share Sale means a sale of the Share Capital.

Shareholder means a person that is from time to time a registered holder of Shares or for whom the Nominee is a registered holder of Shares (including each Class B Shareholder and each MIP Shareholder) who is a Party to this Deed whether as an original party or by acquiring Shares and duly executing and delivering an Accession Deed in accordance with this Deed.

Shares means shares in the capital of the Company and includes Ordinary Shares.

Simple Majority of Class B Shareholders means, in relation to a Class B Meeting, a majority of all votes cast by or on behalf of Class B Shareholders who are present at the Class B Meeting and entitled to vote on the resolution concerned.

Small Holding Securities means the Class B Shares held by a Small Shareholder.

Small Holding Transaction means a Disposal of Small Holdings Securities in accordance with clause 21.

Small Shareholder means a Class B Shareholder who holds Class B Shares which had, at the time or times of their issue, an aggregate issue price and/or face value (as applicable) of \$10,000 or less.

Special Majority Resolution means a resolution approved by:

- (a) a majority of the votes cast by the PEP Shareholders who are present (in person or by proxy) at the meeting of Shareholders and entitled to vote on the resolution concerned; and
- (b) a majority of all votes cast by or on behalf of Class B Shareholders who are present at the meeting of Shareholders and entitled to vote on the resolution concerned.

Special Resolution of Appointing Beneficiaries in relation to an amendment or variation of all or any part of clause 24.9, means a resolution that has been passed by at least 75% of the votes cast by Appointing Beneficiaries where:

- (a) only Appointing Beneficiaries can vote on the resolution;
- (b) each Appointing Beneficiary is entitled to cast a vote for each Security held on trust for, or on behalf of, the Appointing Beneficiary under the bare trustee arrangements set out in clause 24.9; and
- (c) the provisions of Part 2G.2 of the Act apply as if the Appointing Beneficiary is a member of the Company.

Stock Exchange means the Australian Securities Exchange or any other recognised stock exchange.

Structural Simplification means any one or more of the following from time to time:

- (a) the introduction of Tracking Shares; or
- (b) any offer to effect a 'roll-up' of shares or other securities in any Subsidiary of the Company held by a person other than a Company Group Member (**Relevant Shares**) in exchange for Securities in the capital of the Company which have and maintain similar economics and rights to the economics and rights attaching to the Relevant Shares, together with giving effect to and implementing any such offer.

Subsidiary in relation to any person, has the meaning given in the Act but so that:

- (a) an entity will also be deemed to be a Subsidiary of a company if that entity is required by the Australian Accounting Standards to be consolidated with that company;
- (b) a trust may be a Subsidiary, for the purposes of which any units or other beneficial interests will be deemed shares; and
- (c) a corporation or trust may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

Surviving Clause means clauses 1, 24, 25, 26, 27, 28, 30.2, 30.3, 31, 32, 33 and 35.

Tag Option has the meaning given in clause 16.2(d).

Tag Price has the meaning given in clause 16.2(c).

Tag Proportion has the meaning given in clause 16.2(b).

Tag Terms has the meaning given in clause 16.2(c).

Tag Transaction means a Disposal of Shares in accordance with clause 16.

Tagged Shares has the meaning given in clause 16.2(d).

Target means Healthia Limited ACN 626 087 223.

Tax means taxes, levies, imposts, charges and duties (including stamp and transaction duties) paid, payable or accessed as being payable by any authority together with any fines, penalties and interest in connection with them.

Termination Date has the meaning given in clause 24.9.

Third Party means a party other than a party or an Affiliate of the party.

Third Party Buyer a buyer (or a proposed buyer) of Securities who is a Third Party in relation to the seller (or proposed seller) of those Securities.

Tracking Shares means Securities to be issued to or for the benefit of clinicians (or their Affiliates) who provide services to Company Group Members and which Securities have similar economics and rights to any current or formerly issued 'clinic class shares' (or similarly named shares) in any Company Group Member.

Trade Sale means the sale of the whole or substantially all the Business or the sale of all or substantially all of the assets of the Company Group, whether by way of a sale of assets of the Company, or by a sale of assets or shares of any Subsidiary of the Company.

Transaction Documents means:

- (a) this Deed;
- (b) the Constitution;
- (c) Nominee Deed; and
- (d) any other agreement or document that the PEP Shareholders and the Company agree is a Transaction Document.

Trustee means the trustee or responsible entity of any Shareholder that is a trust.

Valuer means an independent chartered accountant nominated by, at the request of the Board, the managing partner (or similar officer or partner) in Australia of KPMG, Deloitte, PwC, Ernst & Young or any other independent firm of chartered accountants nominated by the President of the Institute of Chartered Accountants in Australia. The Shareholders must promptly sign a deed of release in the form required by the President of the Institute of Chartered Accountants in Australia.

Valuer's Certificate has the meaning given in clause 23.1(a)(ii).

1.2 Interpretation

In this Deed headings are for convenience only and do not affect interpretation and unless the context indicates a contrary intention:

- (a) the expression "**person**" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (b) a reference to a right or obligation of any 2 or more persons (including in respect of the PEP Shareholders, the Class B Shareholders and the Management Shareholders (as applicable)) confers that right, or imposes that obligation, severally, and not jointly or jointly and severally;
- (c) a reference to any Party includes that Party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (d) a reference to any document (including this Deed) is to that document as varied, notated, ratified or replaced from time to time;
- (e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (f) without limiting clause 14, a reference to a person Disposing of any Securities, includes Disposing of a beneficial or other interest in any of those Securities (or any rights attaching to any of those Securities) and instructing any trustee or other nominee (including the Nominee) to Dispose of a legal and/or beneficial interest in any of those Securities;
- (g) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (h) references to Parties, clauses, schedules, exhibits or annexures are references to Parties, clauses, schedules, exhibits and annexures to or of this Deed, and a reference to this Deed includes any schedule, exhibit or annexure to this Deed;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) the word "**includes**" in any form is not a word of limitation;
- (k) a reference to "**\$**" or "**dollar**" is to the currency of Australia;
- (l) references to payments to any Party to this Deed will be construed to include payments to another person upon the direction of such Party;
- (m) all payments to be made under this Deed must be made by unendorsed bank cheque or other Immediately Available Funds;
- (n) if any day appointed or specified by this Deed for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day;
- (o) this Deed must not be construed adversely to a Party just because that Party prepared it or caused it to be prepared;

- (p) a reference to writing includes typewriting, printing, lithography, photography and any other mode of representing or reproducing words, figures or symbols in a permanent and visible form; and
- (q) if any calculations relating to the issue or transfer of Shares under this Deed result in a number that is, or includes, a fraction, that fraction will be rounded upwards to the nearest whole number.

1.3 Paramourncy

To the extent permitted by law:

- (a) the Parties must ensure that the Constitution or other governing document of the Company is consistent with this Deed; and
- (b) if there is any inconsistency between the Constitution or other governing document of the Company and this Deed, this Deed prevails to the extent of the conflict of inconsistency; and
- (c) if a PEP Shareholder gives the Company a notice specifying an inconsistency and requesting an amendment to the Constitution that will remove that inconsistency, each Shareholder must take all necessary steps to amend the Constitution to make the Constitution consistent with this Deed.

1.4 Notices, consents and approvals

Unless otherwise provided in this Deed, where this Deed requires or allows a notice, consent or approval to be given the consent or approval:

- (a) must be given in writing unless this Deed expressly allows the notice, consent or approval to be given in another form;
- (b) may be given on a conditional basis; and
- (c) may be given or withheld in the absolute discretion of the party whose consent or approval is required unless otherwise specified.

1.5 Regulatory approvals

Any rights or obligations of a PEP Shareholder to acquire Securities or assets under this Deed are subject to any consents or approvals which must be obtained by that PEP Shareholder from a Governmental Agency, including under the Foreign Acquisitions and Takeovers Act 1975 (Cth) and the Foreign Acquisitions and Takeovers Regulation 2015 (Cth) (together, the **FATA**). If any issue or transfer of Securities or assets contemplated by this Deed requires a PEP Shareholder to obtain a consent or approval from a Governmental Agency, including under FATA, and that PEP Shareholder does not have the relevant consent or approval at the time when the issue or transfer would otherwise fall to be made under this Deed then:

- (a) the time period set out in this Deed for completion of the issue or transfer of those Securities or assets must be postponed to the extent necessary to permit such consent or approval to be obtained, subject to a maximum postponement of six months; and
- (b) the PEP Shareholder requiring such consent or approval must:
 - (i) inform the Board as soon as reasonably practicable of the need for such consent or approval;
 - (ii) use all reasonable endeavours to obtain such consent or approval as soon as reasonably practicable; and

- (iii) keep the Board updated in relation to the consent or approval process.

1.6 Relevant Managers

Where a Relevant Manager is not a party to this Deed:

- (a) an obligation which is expressed to be of, or to apply to or in respect of, a Relevant Manager shall be deemed to be an obligation of the Management Shareholder with whom that Relevant Manager is Affiliated; and
- (b) where this Deed contemplates any notice being given to or in respect of a Relevant Manager, there is no obligation to give such a notice, but such notice may be given, and will be taken to be given, if given to the Management Shareholder with whom that Relevant Manager is Affiliated.

2. Capital Structure and effect

2.1 Initial capital structure

- (a) As at the date of this Deed, the only Shareholders in the Company are the Initial PEP Shareholders.
- (b) Following entry into this Deed and on or before the Implementation Date, the Initial PEP Shareholders and its Affiliates will subscribe for additional Class A Shares in the Company and the PEP Shareholders and its Affiliates shall ensure that such subscription will be consistent with paragraph (m) of clause 9.3 of Schedule 3 of the Scheme Implementation Deed.

2.2 Effect

This document comes into effect on and from the Implementation Date, except for this clause 2, and clauses 1, 28, 30, 31, 32, 33, 34 and 35 which each come into effect on the date of this Deed.

2.3 Failure to achieve Scheme Implementation

Unless the Initial PEP Shareholders agree otherwise in writing, this Deed terminates if:

- (a) the Scheme fails and cannot be implemented for any reason; or
- (b) the Scheme Implementation Deed is terminated for any reason.

3. Business and objectives

3.1 Nature of Business

The Company Group will not carry on any other business apart from the Business unless authorised in accordance with this Deed.

3.2 Objectives

The Parties agree that the primary objectives of the Company Group are to:

- (a) carry on the Business as varied from time to time in accordance with this Deed; and
- (b) maximise the sustainable value of the Company Group for the Shareholders.

3.3 Parties' duties

To the maximum extent permitted by law, no Party shall owe any other Party any duty or obligations in relation to the Business or the Company except as set out in this Deed.

3.4 No partnership

This Deed is to be interpreted so as to not create or give rise to a relationship of agency, partnership or of a fiduciary nature between the Parties.

4. The Board

4.1 Number of Directors

The Board must consist of a maximum of ten Directors or such other maximum number as determined by the Board.

4.2 Appointment of Directors

- (a) The PEP Shareholders have the right to appoint, remove and replace up to the maximum number of Directors which may be appointed to the Board in accordance with clause 4.1 after allowing for, if applicable:
- (i) any Directors which may be appointed by the Class B Shareholders in accordance with clauses 4.2(b) or 4.2(c),
 - (ii) the appointment of the CEO Director under clause 4.2(d); and
 - (iii) the appointment of any Independent Directors.
- (b) Subject to the remainder of this clause 4.2, for so long as the Class B Shareholders in aggregate hold 20% or more of the Share Capital, the Class B Shareholders have the right to, by written notice to the Company, appoint, remove and replace two Directors to the Board.
- (c) Subject to the remainder of this clause 4.2, for so long as the Class B Shareholders in aggregate hold 10% or more of the Share Capital, the Class B Shareholders have the right to, by written notice to the Company, appoint, remove and replace one Director to the Board.
- (d) In addition to its rights to appoint Directors under clause 4.2(a), the PEP Shareholders have the right to appoint the CEO as a Director on the following basis:
- (i) the CEO will not be designated as a PEP Director, Class B Director or Independent Director; and
 - (ii) the CEO will be entitled to cast one vote on resolutions of the Board in accordance with clause 4.16(a)(iii).
- (e) Any person nominated as a proposed Director by the Class B Shareholders must:
- (i) be a Qualified Person;
 - (ii) have the necessary knowledge, skills and expertise, having regard to the Business, to serve as a Director of the Company; and

- (iii) be approved by the PEP Directors (with such approval not to be unreasonably withheld).
- (f) All Class B Directors must be Australian citizens who ordinarily reside in Australia.
- (g) All Class B Directors will be required to enter into appointment agreements with the Company that will require the Class B Director to immediately resign if that Class B Director ceases to be a Qualified Person or an Australian citizen who ordinarily resides in Australia.
- (h) A Class B Shareholder that is the subject of an Insolvency Event:
 - (i) may not exercise rights with respect to the appointment, removal or replacement of a Director under clauses 4.2(b) or 4.2(c); and
 - (ii) will be excluded for the purposes of calculating the percentage holding of one or more Shareholders within a class of Shares.
- (i) If one or more Class B Shareholders have appointed one or more Class B Directors and cease to be eligible to make such appointment under this clause 4.2, they must immediately remove the relevant Class B Director.

4.3 Appointment and removal of Independent Directors

- (a) The PEP Shareholders may, from time to time, nominate Independent Directors (**Independent Directors**).
- (b) An Independent Director will be appointed by the Board, provided that an individual appointed as Independent Director must have suitable experience in respect of general commercial matters and corporate governance to be able to effectively participate on the Board.
- (c) An Independent Director appointed under this clause 4.3 may at any time be removed from the Board by the PEP Shareholders by notice in writing to the Company.

4.4 Structure of initial Board

The initial Board from the Implementation Date will comprise (subject to the Company receiving each relevant consent to act):

- (a) any PEP Director or PEP Directors which PEP has appointed as at the Implementation Date in accordance with this Deed; and
- (b) any Class B Director or Class B Directors which the Class B Shareholders (if applicable) have validly appointed as at the Implementation Date in accordance with this Deed.

4.5 Appointment of Chairperson

- (a) PEP has the right to appoint, remove and replace the Chairperson.
- (b) The initial Chairperson of the Company will be that person appointed by PEP as the initial Chairperson as at the Implementation Date in accordance with this Deed.

4.6 Eligibility/appointment/removal formalities

To the extent permitted by the Corporations Act, no person may be appointed, removed or replaced as a Director (or Chairperson) other than in accordance with this Deed.

4.7 Removal of Directors

A person will be automatically removed as a Director of the Company if the person is, or becomes, ineligible to be a Director in accordance with this Deed, any applicable law or under the provisions of the Constitution.

4.8 Subsidiaries and Subsidiary Boards

- (a) The board of directors of each Subsidiary will consist of up to two Directors, or any other number the Board may determine from time to time. As at the Implementation Date, the Shareholders acknowledge that each Subsidiary board will comprise the CEO and the CFO.
- (b) Each Shareholder and the Company agree and must procure that each Subsidiary operates consistently with the Business Plan and Budget and the decisions of the Board, and that each Subsidiary does not do or commit to any action or undertaking without the approval of the Board where such approval is required in respect of the Company under this Deed.

4.9 Directors' Interests

- (a) A Director is not disqualified from holding office or position with PEP or any of PEP's Affiliates or Related Entities. A Director may:
 - (i) be or become a director or otherwise hold office or any position in any entity promoted by PEP or in which PEP may be interested; and
 - (ii) contract or make any arrangement with PEP or any of PEP's Affiliates or Related Entities.
- (b) A Director who has a material personal interest in a matter that relates to the Business (other than as a result of such Director's relationship with PEP or any of PEP's Affiliates or Related Entities) must give the other Directors notice of that interest and abstain from voting on that matter unless the Directors who are eligible to vote on the relevant matter unanimously agree otherwise.
- (c) Subject to applicable law, a Director may act in the interests of their nominating Shareholder(s), the funds managed or advised by their nominating Shareholder(s) or its Affiliates and their direct and indirect investors, if any, and a Director will not be in breach of their duties to the Company or any Company Group Member solely because the Director has regard to or acts in the interests of their nominating Shareholder(s), the funds managed or advised by their nominating Shareholder(s) or their Affiliates, or their direct and indirect investors, if any, provided that the Director must act in the best interests of the Company as a whole at all times.

4.10 Alternate Directors

- (a) Any Director may, by notice in writing to the Company, appoint a person to be his or her alternate Director to act in his or her place at such times as the Director may determine, provided that alternative Director must be a Qualified Person and approved by the Board. The person to be appointed as an alternate director may be, but does not need to be, a Director.
- (b) An alternate director:
 - (i) will be entitled to attend and vote at meetings of the Board, if the appointing Director does not attend that meeting;
 - (ii) is entitled to exercise the vote or votes of each Director the alternate Director represents as an alternate (in addition to any votes that the

alternate Director may have as a Director in his or her own right, if applicable);

- (iii) is entitled to receive notice of a Board Meeting, materials and other information in connection with any Board Meeting in the same way that Directors are entitled to receive notice of such meetings, materials and information;
 - (iv) who attends a Board Meeting is counted, for quorum purposes, as a Director for each Director on whose behalf the alternate Director is attending the meeting (in addition to being counted as a Director in his or her own right, if applicable).
- (c) The appointment of the alternate director will cease on the earliest of:
- (i) automatically on the alternate Director's appointing Director ceasing to be a Director;
 - (ii) on a date specified for that cessation in the notice of appointment of the alternate Director (if any); or
 - (iii) on the alternate Director's appointing Director providing notice in writing to the Company revoking the appointment.

4.11 Observer

- (a) The Board may consent to a PEP Shareholder's request from time to time to appoint one or more persons as observers (each an **Observer**) to attend any meeting of the Board or any other board of directors meeting of any Company Group Member provided the Observer's right to attend any meetings is subject to complying with the terms specified by the Board in relation to their appointment (including any confidentiality arrangements).
- (b) Any Observer will be entitled to attend, but not vote at, any meetings of the board of directors of any Company Group Member in respect of which the Observer has been appointed.
- (c) The Company will deliver, or will procure that the relevant Company Group Member delivers, all notices, written materials and other information given to relevant directors in connection with any meetings of the board of directors which an Observer is entitled to attend to the Observer at the same time that those materials or information are given to the directors of the relevant Company Group Member.

4.12 Directors' Remuneration

The Company may pay (at its discretion) any Directors' fees.

4.13 Expenses of Directors and Observers

A Director or Observer is entitled to be reimbursed out of the funds of the relevant Company Group Member for reasonable travelling, accommodation and other expenses which the Director or Observer incurs when travelling to or from meetings of the Board or board Meetings of any other Company Group Member (or a committee of the Board or board of any other Company Group Member) or when otherwise engaged on the business of a Company Group Member subject to, and in accordance with, any policy adopted by the Board from time to time relating to such expenses.

4.14 Board Meetings

- (a) Board Meetings shall be held at least once a quarter or as determined by the Board, from time to time.
- (b) Each Director must be given at least 3 Business Days prior written notice of any Board Meeting (unless all Directors otherwise agree). The notice must provide reasonable details of the matters to be considered at the meeting and the business to be put to the vote of the Directors as well as the matters required by clause 4.14(c).
- (c) The notice of a Board Meeting must include an agenda accompanied by:
 - (i) a report from the Company on the trading performance in each month since the last Board Meeting, in a form determined by the Board, from time to time; and
 - (ii) a copy of all papers to be considered at that meeting.
- (d) All Board Meetings to be held must permit Directors to participate through technological means such as video conference or teleconference. If the technological link fails, the meeting shall be adjourned until the failure is rectified.
- (e) If a Board Meeting is held in two or more places linked together by any technology:
 - (i) a Director present at one of the places is taken to be present at the meeting unless and until the Director states to the Chairperson of the meeting that the Director is discontinuing his or her participation in the meeting; and
 - (ii) the Chairperson of the meeting may determine at which place the meeting will be taken to have been held.

4.15 Quorum for Board Meetings

Other than as required under any applicable law or by any relevant Governmental Agency:

- (a) the quorum for a meeting of the Board is two Directors, of whom at least one must be a PEP Director and, for such time as the Board comprises a Class B Director, at least one must be a Class B Director;
- (b) if a quorum is not present at all times during a Board Meeting, the meeting must be adjourned and reconvened at such time and place as determined by the Directors present (provided that notice of the time, date and place of the reconvened meeting must be given to each Director not less than 48 hours before the meeting); and
- (c) if the quorum requirements referred to in clause 4.15(b) are not met at the next scheduled Board Meeting under clause 4.15(b), then the next Board Meeting may proceed provided there is at least one PEP Director present.

4.16 Directors' voting rights

At a meeting of the Board:

- (a) on each resolution:
 - (i) each PEP Director shall have the number of votes equal to the aggregate number of Shares held by the PEP Shareholders *divided by* the number of PEP Directors and alternate directors for PEP Directors present at the meeting and able to vote on the resolution;

- (ii) each Class B Director shall have the number of votes equal to the aggregate number of Shares held by the Class B Shareholders *divided* by the number of Class B Directors and alternate directors for Class B Directors present at the meeting and able to vote on the resolution;
- (iii) each other Director shall have 1 vote;
- (b) the Chairperson, if any, will not have a casting vote in addition to his or her deliberative vote;
- (c) fractional voting entitlements must be recognised and counted when cast; and
- (d) all decisions are by simple majority vote, unless otherwise expressly provided in this Deed.

4.17 Written resolutions

- (a) A written resolution circulated to all the Directors, and signed by those Directors who would be capable of approving the relevant resolution if it was considered at a Board meeting duly convened in accordance with this Deed, will be as valid and effective as a resolution duly passed at a meeting of the Board called and held in accordance with this Deed.
- (b) The document may be in counterparts, signed by one or more Directors and may be circulated by facsimile or email or such other technology platform or document exchange system approved from time to time by the Board.

4.18 Board decisions

No resolution of the Directors will be carried:

- (a) unless, subject to the Act or as otherwise expressly provided under this Deed, it is passed by a majority of votes entitled to be cast at the time of the vote; and
- (b) if the passing of the resolution, or the circumstances surrounding it, are inconsistent with the provisions of this Deed.

4.19 Committees

- (a) The Board may constitute committees of the Board from time to time. Such committees will have authority to approve any matters delegated to it by the Board.
- (b) The composition of such committees will be as determined by the Board from time to time.
- (c) The Directors may, at any time and from time to time, revoke or vary any and all powers delegated the Board to any committee in terms of this clause 4.19.

5. Shareholders

5.1 Shareholders' meetings

Subject to the Act, the Board may call a meeting of Shareholders at a time and place as the Directors resolve.

5.2 Quorum for Shareholders' meetings

- (a) A quorum for a meeting of Shareholders is constituted by the presence of two or more Shareholders, of whom at least one is a PEP Shareholder and, where the

Class B Shareholders hold 10% or more of the Shares, at least one is a Class B Shareholder.

- (b) No business may be transacted at any meeting of Shareholders unless a quorum is present at the commencement of the meeting, except for the adjournment of the meeting.
- (c) If a quorum is not present within 30 minutes after the time appointed for a meeting of Shareholders, the meeting shall be adjourned to the date 5 Business Days from the date of the original meeting, at the same time and place of the original meeting and the quorum for that re-convened meeting of Shareholders is the presence of one PEP Shareholder.

5.3 Chairperson

PEP has the right to appoint the chairperson of a general meeting. The chairperson of a general meeting does not have a casting vote.

5.4 Shareholder voting rights

- (a) Each Shareholder is entitled to cast votes by reference to the number of fully paid Shares held by it. The Nominee is entitled to and will vote the Shares held by it in proportion (as to for, against and abstain) to the instructions received from the Appointing Beneficiaries under clause 24.5(a).
- (b) If no less than the number of Shareholders who are required to approve a matter sign and date a document (or two or more documents which are in identical terms) which was sent to all Shareholders and contains a statement to the effect that they are in favour of the matter set out in the document, then the matter is taken to have been approved (as of the date of the last signature required to reach the number of Shareholders required to approve such matter).

5.5 Shareholder decisions

- (a) No resolution of Shareholders will be carried:
 - (i) unless, subject to the Act or clause 5.5(c) applies, it is passed by a majority of votes entitled to be cast at the time of the vote;
 - (ii) if the passing of the resolution, or the circumstances surrounding it, are inconsistent with the provisions of this Deed.
- (b) A Shareholder may have regard to and represent the interests of that Shareholder and may act on the wishes of that Shareholder in exercising any power to vote in relation to the Company.
- (c) The Company may not, and must ensure that each Company Group Member does not, take any action or pass any resolution in respect of any of the matters set out in Schedule 3 unless the action or resolution has been approved by a Special Majority Resolution or is pursuant to, or in connection with, a Structural Simplification.

5.6 Meetings of Class B Shareholders

- (a) Meetings of Class B Shareholders (**Class B Meetings**) will be held in order to facilitate the exercise of Class B Shareholders' rights to appoint, remove and replace directors under clauses 4.2(b) and 4.2(c).
- (b) The provisions of clauses 5.2 and 5.4 and apply to Class B Meetings, with the following changes:

- (i) any action or resolution in a Class B Meeting will be made by the affirmative vote of a Simple Majority of Class B Shareholders;
- (ii) a quorum for Class B Meeting is constituted by the presence of two or more Class B Shareholders; and
- (iii) only Class B Shareholders are permitted to vote at a Class B Meeting.

6. Management of the Company Group

6.1 Management

- (a) Subject to applicable law and this Deed, the overall direction and management of the Company and each other Company Group Member is vested in the Board including the formulation of policies to be applied in the conduct of the Business.
- (b) The Board and the board of each other Company Group Member must ensure that the Business is managed in accordance with this Deed, the Constitution and the Business Plan and Budget.
- (c) Decisions which are not part of the day to day management of the Company Group must be made at meetings of the Board. Any Director may make a submission to the Board specifying matters for determination by the Board which are not within the day to day management of the Company Group.
- (d) The CEO and such other persons as the Board determines from time to time are authorised by the Company to manage the Business and implement the Business Plan and Budget on a day to day basis, subject to any directions of the Board and subject to this Deed. The Board may revoke or vary such authorisation in its absolute discretion and at any time and from time to time.

6.2 Executives

- (a) The Board may remove and replace the CEO, CFO and any other direct report of the CEO.
- (b) The CEO will report to and serve under the direction of the Board and is subject to any lawful direction or delegation (or revocation of a prior delegation) from the Board.
- (c) The CFO will report to and serve under the direction of the CEO (or as the Board otherwise resolves) and will be responsible for managing the financial affairs of the Business on a day to day basis in accordance with the Business Plan and any policies approved by the Board from time to time.

6.3 Compliance, Corporate Governance and Risk Management

The Company must establish and comply with, and each other Company Group Member must comply with, a compliance, corporate governance and risk management plan which:

- (a) is appropriate for a group of companies conducting the Business; and
- (b) is of a standard which is at least comparable with that generally accepted in the markets in which the Business operates.

6.4 Company covenants

The Company undertakes to each Shareholder to do or cause to be done the following:

- (a) to the extent commercially possible, use reasonable endeavours to take out and maintain insurance policies in respect of all risks that a prudent person would insure against in relation to the conduct of a business similar to the Business including indemnity insurance policies in respect of the assets of the Company and review those policies annually so as to ensure that the policies are maintained so as to achieve the objective in this clause 6.4;
- (b) subject to the provisions of the Act and to the extent commercially possible or reasonable, take out and, at all times use reasonable endeavours to maintain directors' and officers' liability insurance in relation to all directors and officers of the Company and its Subsidiaries providing cover in the amount and of a level reasonably required by the relevant boards of directors; and
- (c) that the Company and each of its Subsidiaries will enter into deeds of access and indemnity with each Director and officer of the Company and each of its Subsidiaries, which deeds shall provide for indemnification of the Director or officer, access to company books by the director or officer for the purpose of defending an action against the director or officer for breach of duty and, subject to clause 6.4(b), maintenance of directors' and officers' insurance for the director or officer, after he or she ceases to be a director or officer, each to the maximum extent permitted by law.

7. Reporting and records

7.1 Information

- (a) The Company Group must maintain books and records as required by law.
- (b) Each Director must at all times be given reasonable access to:
 - (i) inspect the assets of the Company;
 - (ii) inspect and take copies of documents relating to the Business, including the accounts of the Company; and
 - (iii) discuss the affairs, finances and accounts of the Company with its officers, employees, agents, representatives or contractors and the Auditor.
- (c) Each Director may disclose all information (confidential or otherwise) about the affairs, finances and accounts of the Company to the Shareholder appointing him or her.

7.2 Information to PEP

- (a) The Company, and the CEO and CFO, must promptly deliver to, or as directed by, PEP such financial and other information relating to the Company Group as PEP may request, including any information required by any financiers or prospective financiers of the Company or the Company Group.
- (b) The Company must provide to each PEP Shareholder, upon written request, full access to:
 - (i) inspect the assets of the Company Group;
 - (ii) inspect and take copies of documents, records (including financial records) and accounts relating to the Business or the Company Group; and

- (iii) discuss the affairs, finances and accounts of the Company Group with the Company Group's officers, employees, agents, representatives or contractors and the Auditor.

7.3 Information to Class B Shareholders and Management Shareholders

The Company must provide a copy of the latest Audited Financial Statements of the Company Group on written request by a Class B Shareholder or a Management Shareholder, within a reasonable time of the request.

7.4 Business Plan and Budget

- (a) The Board must use all reasonable endeavours to agree and adopt an initial Business Plan and Budget within 90 days of the Implementation Date.
- (b) At least 1 month before the commencement of each Financial Year following the Implementation Date, the Company must procure that the CEO, in consultation with the Board, prepares and distributes to the Directors a draft Business Plan and Budget for the upcoming Financial Year.
- (c) The Directors must consider the draft Business Plan and Budget and, subject to compliance with clause 7.5, approve a Business Plan and Budget for the next Financial Year before commencement of the relevant Financial Year.
- (d) The Company must ensure that the Company Group conducts its Business in each Financial Year in accordance with the Business Plan and Budget approved and adopted by the Board for that financial Year, or as may be amended by the Board from time to time in accordance with clause 7.5.

7.5 Variation of Business Plan and Budget

The Board may, at their discretion, agree to amend the Business Plan and Budget at any time during a Financial Year.

8. Dividends

8.1 Decision to pay Dividend

Subject to the Act, a decision to pay and the amount of any Dividend will be at the sole discretion of the Board, subject to:

- (a) retention of such reasonable and proper reserves for working capital requirements, possible future acquisitions, capital expenditure, debt amortisation or other actual or contingent liabilities or commitments of the Company Group as the Board considers reasonably appropriate; and
- (b) such Dividend not resulting in a breach of any covenant or undertaking of the Company Group to any bank or financial institution or under any other material contract of the Company Group.

8.2 Entitlement to Dividend

- (a) Each Shareholder (as at the relevant record date) will be entitled to receive its Relevant Proportion of any Dividend declared by the Board.
- (b) The Parties agree and acknowledge that, as at the date of this Deed, there is no intention for any Dividends to be declared or paid for a period of 3 years commencing on the Implementation Date.

8.3 Dividend reinvestment plan

- (a) The Board may elect to establish a dividend reinvestment plan from time to time providing each Shareholder with the right to elect to apply the proceeds of any Dividend payable to it in respect of its Shares towards subscription for further Shares in the same class in the Company.
- (b) Shares to be issued pursuant to a dividend reinvestment plan established under clause 8.3(a) will be issued at Fair Market Value, as determined by the Board in good faith (**Issue Price**).
- (c) If a Shareholder (in this clause, the **Disputing Shareholder**), acting reasonably, disagrees with the Board's determination of the Fair Market Value, it must give the Company a notice (in this clause, the **Referral Notice**) within 2 Business Days of receiving notice from the Board of the Issue Price for the Shares to be issued pursuant to the dividend reinvestment plan, specifying the grounds on which it disagrees with the calculation of the Fair Market Value. If the Company receives a Referral Notice in accordance with this clause 8.3(c) the independent valuation process in clause 23 will apply.

9. Further funding and issue of Securities

9.1 No obligation

No Shareholder will be obliged to provide any funds of any nature whatsoever to or on behalf of any Company Group Member, whether by way of loans or subscription for Securities or debentures, provide any form of financial accommodation to or on behalf of any Company Group Member, or guarantee or secure the obligations of any Company Group Member.

9.2 Issues of Shares

The Company must not issue any Securities unless the issue is:

- (a) an issue of Securities permitted in accordance with clause 9.3, or
- (b) an issue of Securities pursuant to a pro rata offer in accordance with clause 10.

9.3 Permitted Issues

For the purposes of clause 9.2(a), the Company may issue Securities (or agree to issue or grant any option or right to issue Securities, or enter into a contract, arrangement or understanding with a similar economic effect) if the issue is approved by the Board and is:

- (a) an issue of Class A Shares to PEP Shareholders as contemplated by clause 2;
- (b) an issue of Class B Shares to shareholders of the Target pursuant to the Scheme;
- (c) an issue of Securities to a Manager (or an Affiliate of a Manager) by way of incentives including pursuant to, or as contemplated by, the Management Incentive Plan;
- (d) an issue of Securities in connection with a Structural Simplification as contemplated by clause 22;
- (e) an issue of Securities to Employees pursuant to an Employee Share Option Plan (including upon exercise of options or performance rights or conversion of instruments into Securities (if applicable) granted under the Employee Share Option Plan);

- (f) an issue of Securities pursuant to a dividend reinvestment plan established under clause 8.3;
- (g) an issue of Securities to Third Party investors pursuant to an IPO;
- (h) an issue of Securities as non-cash consideration for an arms' length, bona fide acquisition of a company, business or assets by a Company Group Member provided that any issue of Securities under this clause 9.3(h) is not to PEP or an Affiliate of PEP;
- (i) an issue of Securities under a Reorganisation Event provided that the Reorganisation Event does not dilute the interests of any Shareholder;
- (j) an issue of Securities to which all of the Directors consent in writing, provided PEP Directors are not the only Directors of the Company;
- (k) an issue of Securities to PEP or an Affiliate of PEP (**Emergency Funding Shares**), if the Board determines (acting reasonably), that an urgent injection of funds is appropriate in order to:
 - (i) ensure that the Company Group does not breach (or ceases to breach) the covenants and conditions of its external debt financing, or is otherwise required by its external debt financiers; or
 - (ii) ensure that the Company Group does not experience (or ceases to experience) an Insolvency Event,

provided however that:

- (iii) the process set out in clause 10 is followed after such injection of funds to give all other Shareholders (each such Shareholder being an **Emergency Funding Catch-up Offeree**) the opportunity to subscribe for further Securities, or to acquire Securities from PEP or its Affiliate, to maintain their Relevant Proportion prior to the injection of funds by PEP or its Affiliate and having regard to any additional Securities issued to the Shareholders of the Emergency Funding Shares under clause 9.3(k)(iv) (**Emergency Funding Catch-up Shares**);
- (iv) if the issue price for the Emergency Funding Catch-up Shares determined under clause 10 (**Emergency Funding Catch-up Share Price**) is less than the issue price of the Emergency Funding Shares, then the Company must, as soon as reasonably practicable after the determination of the issue price of the Emergency Funding Catch-up Shares, do all things necessary to ensure that the PEP Shareholders' holdings of Securities reflect the number of Emergency Funding Shares that would have been issued to the Shareholders of the Emergency Funding Shares had they been issued at the Emergency Funding Catch Up-Share Price, including issuing additional Securities for nil or nominal consideration; and
- (v) if the Emergency Funding Catch-up Share Price is greater than the issue price of the Emergency Funding Shares, then the Shareholders of the Emergency Funding Shares must, as soon as reasonably practicable after the determination of the Emergency Funding Catch-up Share Price, transfer to the Emergency Funding Catch-up Offerees in their Relevant Proportions (as determined immediately prior to the issuance of Emergency Funding Shares) the Excess Emergency Funding Shares (less the Shareholders of the Emergency Funding Shares' Relevant Proportion of the Excess Emergency Funding Shares) for nil consideration; or

- (l) an issue of Securities to PEP or an Affiliate of PEP (**M&A Shares**), if the Board determines (acting reasonably) that an injection of equity funding is required to implement an arms' length, bona fide acquisition of a company, business or assets by a Company Group Member and the timing required to implement the process set out in clause 10 would adversely affect the prospects of the Company Group implementing the transaction provided however that:
- (i) the process set out in clause 10 is followed after such injection of funds to give all other Shareholders (each Shareholder an **M&A Catch-up Offeree**) the opportunity to subscribe for further Securities, or to acquire Securities from PEP or its Affiliate, to maintain their Relevant Proportion prior to the injection of funds by PEP or its Affiliate and having regard to any additional Securities issued to the Shareholders of the M&A Shares under clause 9.3(l)(iii) (**M&A Catch-up Shares**);
 - (ii) if the issue price for the M&A Catch-up Shares determined under clause 10 (**M&A Catch-up Share Price**) is greater than the issue price of the M&A Shares, then the Shareholders of the M&A Shares must, as soon as reasonably practicable after the determination of the issue price of the M&A Catch-up Shares, transfer to the M&A Catch-up Offerees in their Relevant Proportions (as determined immediately prior to the issuance of M&A Shares) the Excess M&A Shares (less the Shareholders of the M&A Shares' Relevant Proportion of the M&A Shares) for nil consideration; and
 - (iii) if the M&A Catch-up Share Price is less than the issue price of the M&A Shares, then the Company must, as soon as reasonably practicable after the determination of the issue price of the M&A Catch-up Shares, do all things necessary to ensure that the PEP Shareholders' holdings of Shares reflect the number of M&A Shares that would have been issued to the Shareholders of the M&A Shares had they been issued at the M&A Catch Up-Share Price, including issuing additional Shares for nil or nominal consideration.

9.4 Classes of Securities

- (a) Other than as expressly provided in this Deed, Class A Shares and Class B Shares rank equally, and the rights and obligations attaching to Class A Shares and Class B Shares are identical.
- (b) If at any time a:
 - (i) Class A Share or MIP Share is issued or transferred to a Class B Shareholder, it will automatically and immediately be redesignated (in the case of a Class A Share) or convert (in the case of a MIP Shares) to a Class B Share;
 - (ii) Class A Share or Class B Share is issued or transferred to a Management Shareholder (that, for the avoidance of doubt, is not also a Class B Shareholder), it will automatically and immediately convert to a MIP Share; or
 - (iii) Class B Share or MIP Share is issued or transferred to a PEP Shareholder, it will automatically and immediately be redesignated (in the case of a Class B Share) or convert (in the case of a MIP Share) to a Class A Share.
- (c) Except as expressly provided in their terms of issue, Class A Shares, Class B and MIP Shares will otherwise not be redesignated or convert to another class of Security.

- (d) Subject to compliance with the Act and other applicable laws, the conversion of any Securities into any other class of Securities will not constitute a cancellation, redemption or termination of the Securities or the issue, allotment or creation of new Securities, but will have the effect of varying the status of, and the rights attaching to, the Securities so that they become Securities of the class into which they are converted. For clarity, any Securities that are converted in accordance with this clause 9.4 remains on issue at all times throughout the Conversion.
- (e) A redesignation of an Ordinary Share (including a Class A Share being redesignated to a Class B Share or vice versa) is not a conversion as it does not involve converting Shares from one class to another (and involves only redesignating Shares within the same class).

9.5 Nominated Affiliate

Subject to compliance with clauses 9.6, 11 and 12 a PEP Shareholder may nominate an Affiliate (**Nominated Affiliate**) to exercise its right to make an offer to subscribe for new Securities under clauses 9 and 10, and the Company must, subject to receipt of the relevant subscription amount and compliance with clauses 9 and 10, issue to the Nominated Affiliate the number of new Securities allocated to the PEP Shareholder.

9.6 Accession Deed

The Board must not allot or issue any Securities to any person that is not a Shareholder until the proposed allottee has executed, and delivered to the Company, an Accession Deed. If a proposed allottee executes or delivers an Accession Deed the Parties accept such a person as a party to this Deed.

9.7 Approvals

Each Non-PEP Shareholder agrees that, in respect of any approval:

- (a) of the type contemplated by:
 - (i) section 260A(1)(b) of the Act with respect to financing of a Company Group Member; or
 - (ii) section 260C(4) of the Act with respect to any issue of Securities (and any loans accompanying such issuances) to a Manager (or an Affiliate of a Manager);
- (b) necessary or desirable in connection with the adoption an Employee Share Option Plan or Management Incentive Plan by a Company Group Member; and
- (c) necessary or desirable in connection with a Structural Simplification,

it will vote any voting Securities it holds in accordance with any recommendation of the Board.

10. Pro rata issue of Shares

10.1 Pro rata offer to Shareholders

For purposes of clause 9.2(b), the Board may resolve to issue Securities, provided that those Securities are offered to all Shareholders in accordance with this clause 10.

10.2 Basis of Issue

The Company must ensure that the issue is conducted on the following basis:

- (a) the Company must in the first instance, offer each Shareholder in each class of Securities its Relevant Proportion of the total number of Securities to be issued in that class. The Company must serve notice on the holders of each class of Shares (**Issue Notice**) specifying:
- (i) the terms of issue;
 - (ii) the issue price per new Securities in the relevant class which must be equal to Fair Market Value as determined by the Board in good faith, at the date of the Issue Notice;
 - (iii) the total number of new Securities to be issued (as well as the total number of new Securities to be issued in each class);
 - (iv) the number of new Securities for which the Shareholder would need to subscribe to maintain its Relevant Proportion noting that Shareholders have the right to accept for the whole or part of their entitlement;
 - (v) if some or all of the new Securities will be:
 - A. Ordinary Shares, the number of new Securities which constitutes the Shareholder's Relevant Proportion of those Ordinary Shares; and/or
 - B. any other class of Securities, the number of new Securities for which the Shareholder would need to subscribe in order to maintain the Shareholder's existing Relevant Proportion (after accounting for any Ordinary Shares to be issued);
 - (vi) the date on which acceptance of the offer must be received by the Company which date must not be less than 5 Business Days after the date of the Issue Notice (**Acceptance Period**), and
 - (vii) the applicable date by which each Oversubscribing Shareholder must give notice to the Company for the purposes of its election under clause 10.2(e)(ii).
- (b) if a Shareholder (in this clause, the **Disputing Shareholder**), acting reasonably, disagrees with the Board's determination of the Fair Market Value of the new Securities, it must give the Company a notice (in this clause, the **Referral Notice**) within 2 Business Days of receiving the Issue Notice, specifying the grounds on which it disagrees with the calculation of the Fair Market Value of the new Securities. If the Company receives a Referral Notice in accordance with this clause 10.2(b) the independent valuation process in clause 23 will apply and the Issue Notice will be reissued following the determination of the Fair Market Value of the Securities under clause 23 and will constitute the Issue Notice for the purpose of this clause 10;
- (c) the issue must be for cash;
- (d) if a Shareholder accepts the offer made to it pursuant to clause 10.1 in respect of some or all of the Securities offered to it, the Shareholder must pay the agreed subscription amount at such time and in such manner that the Company directs the Shareholder in writing or as set out in the offer (not being less than 10 Business Days after the date of the Issue Notice);
- (e) in the event a Shareholder (**Non-contributing Shareholder**) does not take up all or any part of its entitlement within the Acceptance Period.

- (i) that Non-contributing Shareholder will cease to have any right to apply to subscribe for the Securities which have not been taken up; and
 - (ii) subject to clause 10.2(h), any other Shareholder who accepted their entitlement in full within the Acceptance Period (each an **Oversubscribing Shareholder**), may give notice to the Company within 5 Business Days after the expiry of the Acceptance Period (**Secondary Acceptance Period**) that it wishes to subscribe for the Securities not taken up by the Non-contributing Shareholders in which case the Oversubscribing Shareholders may subscribe for the new Securities not taken up by the Non-contributing Shareholders (in which case, at the conclusion of the Secondary Acceptance Period, those new Securities will be issued to the Oversubscribing Shareholders in accordance with the Relevant Proportions of Shares held by the Oversubscribing Shareholders);
- (f) the Company may issue any new Securities that are not subscribed for by Shareholders in accordance with clauses 10.2(a) to 10.2(e) to any Shareholder or Shareholders or their Affiliates or to any Third Party or Third Parties approved by the Board within 40 Business Days after the expiry of the later of the Acceptance Period and the Secondary Acceptance Period (as applicable) on terms no more beneficial to the subscriber than those set out in the offer made pursuant to clause 10.1;
- (g) if the Company does not issue the new Securities within 40 Business Days after the expiry of the Acceptance Period or the Secondary Acceptance Period (as applicable), it may not issue those new Shares without first complying again with clause 10.2; and
- (h) a PEP Shareholder may:
- (i) nominate a Nominated Affiliate to exercise its rights to make an offer to subscribe for new Securities under this clause in accordance with clause 9.5; or
 - (ii) subscribe for Securities that another PEP Shareholder has elected not to subscribe for and, provided that a PEP Shareholder subscribes for such Securities within 3 Business Days after the expiry of the Acceptance Period, such Securities will not be included in the Securities offered under clause 10.2(e)(ii).

11. Maximum number of Members

Notwithstanding any other provision of this Deed, except the approval of the PEP Shareholders or in connection with an IPO pursuant to clause 19:

- (a) the Company must not issue Securities to a person who is not a Member; and
- (b) no party may Dispose of any Securities to a person who is not a Member,

if that issue or Disposal of Securities would result in there being more than 50 Members (calculated assuming that at the time of that issue or Disposal of Securities, all Securities convertible into Shares or another class of Securities have been converted into Shares by their holders).

12. No requirement to prepare disclosure document

Any person's rights to be offered Shares, to subscribe for or transfer or otherwise Dispose of Shares under this Deed are subject to those rights not requiring a Company Group Member to

issue a disclosure document (including a prospectus) or a product disclosure statement, undertake any registration or filing with any Governmental Agency or take any comparable action, whether under Chapter 6D or Chapter 7 of the Act or any comparable legislation in any other jurisdiction, unless the Board determines otherwise. Neither the Company nor any other Party will be in breach of this Deed if it fails to offer or issue any Shares to any person, or give any notice which would constitute an offer of any Shares to any person, in circumstances where such offer or issue of Shares would require the taking of any action described in this clause 12.

13. Management and employee equity

- (a) The Board may consider the adoption by the Company of a Management Incentive Plan and an Employee Share Option Plan. This may include:
 - (i) the subscription of Securities by Managers; and/or
 - (ii) the issue, to Managers, of incentive securities rights that are convertible or exercisable into Securities; or
 - (iii) the issue, to Employees, of incentive securities rights that are convertible or exercisable into Securities.
- (b) If the Management Incentive Plan or Employee Share Option Plan involves the issue of Shares or Securities that are convertible or exercisable into Shares, then prior to the Shares being issued or transferred to the Manager or Employee, the Manager or Employee must execute an Accession Deed in order to become a Shareholder.
- (c) Any Shares issued to Management Shareholders under the Management Incentive Plan will be designated as MIP Shares. Subject to any voting rights prescribed by the Act or their terms of issue, MIP Shares are non-voting shares.

14. Restrictions on Disposal and Deemed Disposals

14.1 Restrictions on disposals of interests

- (a) A Shareholder may not Dispose of any Shares except in accordance with this Deed.
- (b) A Shareholder may not Dispose of its Shares other than if the Disposal is:
 - (i) permitted under clause 14.2 (Permitted Transfers);
 - (ii) required under clause 14.3 (Change of Permitted Transferee);
 - (iii) made in accordance with clauses 15 (Drag Along) or 16 (Tag Along);
 - (iv) made as part of an Exit pursuant to clause 18, including an IPO pursuant to clause 19;
 - (v) made pursuant to clause 20 (Compulsory Transfer);
 - (vi) made pursuant to clause 21 (Disposal of Small Holdings);
 - (vii) by PEP or an Affiliate of PEP to an Emergency Funding Catch-up Offeree or an M&A Catch-up Offeree pursuant to clause 9.3(k) or 9.3(l);
 - (viii) in respect of a Nominee Transfer pursuant to clause 24;
 - (ix) required under a Management Incentive Plan; or

- (x) approved by a Board resolution in respect of which at least 1 Class B Director (for so long as there is at least 1 Class B Director appointed) and a majority of the PEP Directors have voted in favour.
- (c) Each Shareholder must take all such actions as they are permitted to do by law so that any purported Disposal of Shares which does not comply with this Deed will be of no force or effect.
- (d) Each Share certificate issued by the Company must include a statement that:

"Transfer and disposal of Shares in the Company are subject to restrictions contained in the Shareholders Agreement relating to the Company dated [●] and its Constitution."

14.2 Permitted Transfers

Subject to clause 14.3 and 24:

- (a) a Class B Shareholder may transfer Shares to a Permitted Transferee of that Class B Shareholder subject to such party signing an Accession Deed; and
- (b) a PEP Shareholder may Dispose of Shares to a Permitted Transferee of that PEP Shareholder subject to such party signing an Accession Deed.

14.3 Change of Permitted Transferee

In the event that any person to whom Shares are Disposed of pursuant to clause 14.2(a) ceases to be within the required relationship to the original transferor then, that person must, within 15 Business Days of so ceasing, Dispose of all such Shares to the person who originally transferred them or to any person falling within the required relationship to the original transferor on the same terms (except as to consideration) as they were originally transferred.

14.4 Accession Deed

Notwithstanding any other clause in this Deed, a Disposal of Shares to a person that is not a Shareholder is void and of no effect unless and until the proposed transferee has executed, and delivered to the Company and each Shareholder, an Accession Deed.

14.5 Related parties

- (a) If a Class B Shareholder Disposes of any Class B Shares to a Permitted Transferee or the Nominee, or purports to Dispose of any Class B Shares other than in compliance with this Deed, that Class B Shareholder remains liable in respect of all covenants, warranties, undertakings and obligations given by it under this Deed (including in respect of those Class B Shares).
- (b) Each Class B Shareholder must ensure that each Permitted Transferee complies with all of its obligations under this Deed.

14.6 Deemed release

Despite any other provision of this Deed, on completion of any sale or other Disposal of Securities or Shares by any Shareholder other than PEP, after which the relevant Shareholder will no longer hold any Securities or Shares, the Company, PEP and its Affiliates and the other Shareholders will be deemed to be unconditionally released from all Liabilities to that Shareholder and any other Claims by that Shareholder of any nature whatsoever, actual or contingent, in respect of any prior breach by the Company, PEP, its Affiliates or any other Shareholder of any of their respective obligations under this document (whether that Liability or Claim is known at the relevant time or not).

14.7 Obligations on certain conversions and Disposals of Securities

If the Company wishes to undertake a conversion, buy back, redemption or cancellation of any Securities in accordance with this Deed, the Constitution, an incentive plan or the terms of issue of any Securities (**Relevant Transaction**), each party (in all relevant capacities) must do and perform, and procure that any Directors appointed or nominated by it and/or its Affiliates do and perform, all acts and enter into all documents which are within its power (in any capacity), and use its best endeavours to procure others to do and perform all acts and enter into all documents, which are requested by the Board to give effect to the Relevant Transaction, including:

- (a) voting in favour of the Relevant Transaction at any Board and Shareholder's meetings that may be required;
- (b) if the Relevant Transaction includes a buy back and/or cancellation of any Securities, entering into any buy back agreement or cancellation agreement that may be required to effect the buy back and/or cancellation;
- (c) lodging all necessary documents to effect the Relevant Transaction and giving all necessary notifications of the Relevant Transaction to regulatory authorities; and
- (d) performing those acts necessary to complete the Relevant Transaction in accordance with its terms including paying the price for the Securities and delivering the certificate(s) and, if necessary, executed transfer(s) for the Securities.

To avoid doubt, nothing in this clause 14.7 requires:

- (e) any Director to take any action which would breach any of his or her statutory duties;
- (f) any Shareholder to Dispose of its Securities in circumstances where it is not otherwise required to do so under this document, the Constitution, an incentive plan or the terms of issue of any Securities; or
- (g) any Shareholder to agree to the Disposal of its Securities at a price that is less than that specified in, or on terms which are otherwise inconsistent with a express provision of, this document, the Constitution, an incentive plan or the terms of issue of those Securities (if any) (as applicable to the Shareholder and the Securities which are subject to the Relevant Transaction).

15. Drag Along Rights

15.1 Drag Along

If PEP wishes to Dispose of any of its Shares to one or more buyers on arm's length terms (**Drag Along Buyer**) pursuant to simultaneous transactions in a manner permitted under this Deed, then it may give a Drag Along Notice to each Shareholder, with a copy to the Company.

15.2 Drag Along Notice

A Drag Along Notice must state:

- (a) the identity of the proposed Drag Along Buyer (except where the identity of the Drag Along Buyer is unknown due to the proposed sale being by way of auction or dual-track Exit process);
- (b) the number of Shares proposed to be sold by PEP and the percentage of the total number of Shares held by PEP proposed to be sold (in each case, a **Drag Proportion** of the relevant class of Shares, as applicable);

- (c) the sale price (which need not be a cash price) for each Share to be sold by PEP (except where the sale price is unknown due to the proposed sale being by way of auction or dual-track Exit process, in which case a minimum sale price must be specified other than where the sale price is unknown due to the proposed sale being by way of IPO, in which case a price range must be specified) (**Drag Price**), which need not be cash consideration, and any other terms of the proposed sale (including any representations, warranties and indemnities to be given) by PEP to the Drag Along Buyer (**Drag Sale Terms**); and
- (d) that PEP requires each other Shareholder to sell the Drag Proportion of their Shares (**Dragged Shares**) to the Drag Along Buyer at the Drag Price per Share and on terms no less favourable to the other Shareholders than the terms contained in the Drag Sale Terms.

15.3 Effect of Drag Notice

If a Drag Notice is given (and has not been withdrawn pursuant to clause 15.4), then:

- (a) each Shareholder (other than PEP) must sell its Dragged Shares to the Drag Along Buyer on the terms stated in the Drag Along Notice;
- (b) the Parties must do all things and execute such documentation as is reasonably necessary or is reasonably required by PEP to effect the proposed sale to the Drag Along Buyer, including taking all steps necessary to obtain any approvals required from any Governmental Agency;
- (c) PEP must not complete the proposed sale to the Drag Along Buyer unless at the same time, the Drag Along Buyer offers to buy all the Dragged Shares on the terms stated in the Drag Notice;
- (d) each Shareholder agrees that, except as otherwise expressly provided for in any relevant transaction documentation, each Shareholder must pay its pro rata share (based on the proceeds from the sale of its Shares as a proportion of all proceeds from the sale of Shares at the same time) of all expenses incurred by the PEP Shareholders and the Company Group Members (as the case may be) in connection with the relevant transaction, but only to the extent such expenses are not otherwise paid by the Company or another person; and
- (e) subject to clause 17(a), PEP may require each Shareholder to give reasonable representations and warranties under any agreements relating to the purchase of such Dragged Shares, the Business or the Company Group, provided that:
 - (i) such representations and warranties are given on an equivalent basis by PEP and are given on a several basis; and
 - (ii) all reasonable endeavours are used to procure a warranty and indemnity insurance policy on a no-recourse basis (other than in respect of customary exclusions such as fraud, wilful misconduct and breach of title warranties) and on market terms in respect of such representations and warranties.

15.4 Withdrawal of Drag Notice

- (a) A Drag Notice may be withdrawn by PEP at any time by written notice to each Shareholder, with a copy to the Company.
- (b) PEP may issue more than one Drag Notice.

15.5 Power of Attorney

Each Shareholder other than PEP irrevocably appoints the Company as its attorney in accordance with clause 25 on default by it of performance of its obligations under this clause 15.

15.6 Ongoing value of the Business

Without limiting clause 17, each Management Shareholder acknowledges that:

- (a) if the Drag Along Buyer wishes to offer it or its Relevant Manager participation in a management incentive plan relating to the Business after the Drag Along Buyer's acquisition, then it or its Relevant Manager will consider such opportunity in good faith and with a view to maximising the total value of the Business to that Drag Along Buyer; and
- (b) to achieve a successful Exit Event it or its Relevant Manager is likely to be required to commit (and undertakes to PEP that it will commit) to continue working in the Business in an executive capacity, on market terms, as reasonably required by PEP following the Exit Event.

16. Tag Along

16.1 Invitation to Tag

If PEP intends to Dispose of any of its Class A Shares to a Third Party Buyer, and has not issued a Drag Notice, or has withdrawn such Drag Notice, it must give an Invitation to Tag to the Shareholders other than PEP with a copy to the Company.

16.2 Contents of Invitation to Tag

An Invitation to Tag must state:

- (a) the identity of the proposed Third Party Buyer (except where the identity of the Third Party Buyer is unknown due to the proposed sale being by way of auction or dual-track Exit process);
- (b) the number of Shares proposed to be sold by PEP and the percentage of the total number of Shares held by PEP proposed to be sold (in each case, a **Tag Proportion** of the relevant class of Share, as applicable);
- (c) the sale price for each Share (except where the sale price is unknown due to the proposed sale being by way of auction or dual-track Exit process, in which case a minimum sale price must be specified or where the sale price is unknown due to the proposed sale being by way of IPO, in which case a price range must be specified) (**Tag Price**) to be sold by PEP (which need not be cash consideration) and any other terms of the proposed sale (including any representations, warranties and indemnities to be given) by PEP to the Third Party Buyer (**Tag Terms**);
- (d) that the Shareholder has an option (**Tag Option**) to direct PEP to include in the sale to the Third Party Buyer the Tag Proportion of Shareholder's Shares, as applicable (the **Tagged Shares**), at the Tag Price per Tagged Share and on terms no less favourable (subject to clause 17(a)) to the Shareholder than the terms contained in the Tag Terms; and
- (e) the period during which the Tag Option may be exercised, which must not be less than 10 Business Days from the date of the Invitation to Tag.

16.3 Exercise of Tag Option

A Tag Option may be exercised by notice in writing to PEP (with a copy to the Company) within the exercise period stated in the Invitation to Tag. Any exercise of a Tag Option must be for all Tagged Shares and is irrevocable.

16.4 Effect of exercise of Tag Option

If a Shareholder exercises its Tag Option:

- (a) that Shareholder must sell all Tagged Shares to the Third Party Buyer on the terms stated in the Invitation to Tag;
- (b) the Parties must do all things and execute such documentation as is reasonably necessary or is reasonably required by PEP to effect the proposed sale to the Third Party Buyer;
- (c) PEP must not complete the proposed sale to the Third Party Buyer unless at the same time, the Third Party Buyer offers to buy all the Tagged Shares for which a valid notice of exercise has been provided on the terms stated in the respective Invitation to Tag;
- (d) that Shareholder agrees that, except as otherwise expressly provided for in any relevant transaction documentation, each Shareholder who sells Tagged Shares at the same time that PEP sells its relevant Shares must pay its pro rata share (based on the proceeds from the sale of its Tagged Shares as a proportion of all proceeds from the sale of Shares at the same time) of all expenses incurred by the PEP Shareholders selling Tagged Shares and the Company Group Members (as the case may be) in connection with the relevant transaction, but only to the extent such expenses are not otherwise paid by the Company or another person; and
- (e) subject to clause 17(a), PEP may require each Shareholder to give reasonable representations and warranties under any agreements relating to the purchase of such Tagged Shares, the Business or the Company Group, provided that:
 - (i) such representations and warranties are given on an equivalent basis to PEP and are given on a several basis; and
 - (ii) all reasonable endeavours are used to procure a warranty and indemnity insurance policy on a no-recourse basis (other than in respect of customary exclusions such as fraud, wilful misconduct and breach of title warranties) and on market terms in respect of such representations and warranties.

16.5 Power of attorney

Each Shareholder other than PEP that exercises its Tag Option irrevocably appoints the Company as its attorney in accordance with clause 25 on default by it of performance of its obligations under clause 16.

16.6 Tag Option does not apply to certain Disposals

For the avoidance of doubt, this clause 16 does not apply to the following Disposals of Shares:

- (a) Disposals to an Emergency Funding Catch-up Offeree or an M&A Catch-up Offeree under clauses 9.3(k) or 9.3(l);
- (b) in connection with an IPO under clause 19; or
- (c) in connection with a Disposal to a Permitted Transferee.

17. Management Shareholders – Drag and Tag Sale Terms

- (a) For the purposes of clauses 15.3(e) and 16.4(e), a Management Shareholder and/or their Relevant Manager may be required by PEP to:
- (i) give additional representations and warranties without such representations and warranties being given on an equivalent basis by PEP or the Class B Shareholders, provided that the Company procures a warranty and indemnity insurance policy on a no-recourse basis (other than in respect of customary exclusions such as fraud, wilful misconduct and breach of title warranties) and on market terms in respect of such representations and warranties;
 - (ii) give a non-compete, non-solicit, non-interference and no-poach in favour of the proposed buyer on customary terms applying to that Shareholder and its Affiliates (which, to avoid doubt, shall be a reference to the Appointing Beneficiary and its Affiliates, in the case of a Beneficial Holder); and
 - (iii) in the case where the Relevant Manager is a director of a Company Group Member or a senior manager of the Group, accept securities (rather than cash) in the acquirer or any holding company of the acquirer in respect of up to their Minimum Rollover Securities, or alternatively, utilise up to their Minimum Rollover Proceeds to subscribe for securities in the acquirer or any holding company of the acquirer.
- (b) For the purposes of clauses 15.2(d) and 16.2(d), the giving of additional representations and warranties, non-compete, non-solicit, non-interference and no-poach by a Non-PEP Shareholder (including a Management Shareholder or their Relevant Manager under clause 17(a)) will not be considered as terms less favourable to the Management Shareholder than the terms contained in the Drag Sale Terms or Tag Terms (as relevant).

18. Exit Process

18.1 Exit Notice

The PEP Shareholders may, at any time, (which right, for the avoidance of doubt, may be exercised more than once) give a notice to the Company (**Exit Notice**), requiring the Board to appoint a financial adviser or investment bank of good standing (**Financial Adviser**) to act on behalf of the Company and all Shareholders to:

- (a) assist the Board with its evaluation on whether to proceed with an IPO, a Share Sale or Trade Sale or whether to commence preparations concurrently for more than one of those options, in order to obtain the highest valuation of the Company Group and the best return on exit for Shareholders; and
- (b) if the Board decides to proceed with an Exit, to manage the process of preparing for an IPO and/or conducting an auction offer for a Share Sale and/or Trade Sale.

18.2 Exit Assistance

If the Board decides to proceed with an Exit, without prejudice to their other obligations:

- (a) each party must (and the Company must procure that the other Company Group Members) use their best endeavours to ensure that the Exit occurs in accordance with the terms approved by the Board;

- (b) each Shareholder must exercise all rights it has in relation to the Company Group and its Securities to ensure that the Exit is achieved in accordance with the terms approved by the Board, and no Shareholder will object to the Exit or the process by which the Exit is implemented in accordance with the terms approved by the Board;
- (c) each Shareholder must, and must procure that each Director appointed by it and/or its Affiliates, approve all matters appropriate to ensure that the Exit occurs in accordance with the terms approved by the Board and must not withhold, deny or delay any consent or approval right it has in connection with an Exit;
- (d) each party must (and the Company must procure that the other Company Group Members) do all things, execute all documents and provide all such information and assistance as may be required by the Company or the PEP Shareholders, including:
 - (i) preparing any necessary materials for, and giving presentations to, Third Parties and potential financiers;
 - (ii) facilitating and supporting any due diligence process required (including providing information requested by the PEP Shareholders);
 - (iii) waiving any rights or pre-emption on the sale or issuance of securities;
 - (iv) providing assistance in obtaining Governmental Agency and third party approvals and consents required for the Exit;
 - (v) effecting any restructure or reorganisation necessary or desirable to give effect to the Exit;
 - (vi) undertaking any action required by clause 19 if the Exit is an IPO to facilitate the Exit; and
 - (vii) any agreement or deed effecting or facilitating any escrow arrangements or hold back of funds applying to some or all of the sellers on the same basis as the PEP Shareholders, and any agreement or deed appointing PEP or its nominee as the sellers' representative for the purposes of the Exit;
- (e) the Company must appoint financial, legal, taxation, accounting and other advisers nominated by the PEP Shareholders to advise on, and assist with, the Exit; and
- (f) PEP may do, and may procure that each Company Group Member does, all things required to give effect to the Exit.

18.3 IPO

If the Board decides to proceed with an IPO, then clause 19 will apply.

18.4 Trade Sale

- (a) If the Board decides to conduct a Trade Sale, the Company and each Shareholder (and each Shareholder must procure that the Directors) must co-operate and use its best endeavours to do all acts, matters and things within its power to effect the Trade Sale.
- (b) If a Trade Sale is implemented and required by the Company, the Parties must (including that the Company must procure that the other Company Group Members, and each Shareholder must procure that each director of the Company Group Members) do all things and execute all documents necessary to ensure that:

- (i) the Company distributes the proceeds of the Trade Sale to the Shareholders in accordance with their entitlements under this Deed, the Constitution and the terms of the Shares (net of any applicable tax or other costs and expenses to be paid on behalf of the Company Group Members or the Shareholders and net of all amounts which the Board determines should be retained by a Company Group Member or any third party escrow agent on account of any future contingent payments, including in support of any indemnity or post-completion adjustment (**Retained Amounts**)) as soon as reasonably practicable after completion of the Trade Sale;
- (ii) as soon as reasonably practicable (which may be at multiple times), the Company distributes so much of the Retained Amounts as are no longer required to be retained on account of any future contingent payments (net of any applicable tax or other costs and expenses to be paid on behalf of the Shareholders); and
- (iii) if required by PEP, any Company Group Member is wound up.

18.5 Share Sale

If the Board decides to conduct a Share Sale, the provisions of clause 15 may be applied in connection with the implementation of that Share Sale (with any required modifications to reflect the Exit process).

18.6 Agent for receipt of proceeds

In connection with any Tag Transaction, Drag Transaction or Exit, the Company or any PEP Shareholder may:

- (a) make appropriate arrangements to preserve the confidentiality of the details of the consideration received by each Shareholder in connection with the Tag Transaction, Drag Transaction or Exit; and
- (b) without limiting clause 18.6(a), act as, or appoint any other person with their consent to act as, agent for receipt of the proceeds to be paid to some or all Shareholders in connection with the Tag Transaction, Drag Transaction or Exit.

If the Company acts as, or appoints another person to act as, agent for the receipt of proceeds in accordance with this clause 18.6, distribution of those proceeds in accordance with directions received from the relevant Shareholders will constitute a full payment and distribution of the proceeds and neither the Company nor any other person will be liable to see to the receipt of those proceeds, in the absence of fraud or wilful misconduct.

18.7 Impact of Exit Notice on Permitted Transfers

The issue of an Exit Notice under this clause 17 does not limit the rights of Shareholders to under clauses 14, 15 and 16.

18.8 Operation of this clause

The PEP Shareholders may require various Exit processes (including dual-track processes) to be conducted contemporaneously, and may commence and cease any such process at any time and from time to time.

18.9 Power of attorney

Each Shareholder other than PEP irrevocably appoints the Company as its attorney in accordance with clause 25 on default by it of performance of its obligations under this clause 18.

19. IPO

19.1 IPO

- (a) If the Board determines to pursue an IPO (including as part of a dual track Exit process), each Shareholder and each Relevant Manager will undertake the reasonable requests of the Board including:
- (i) giving all reasonable undertakings and enter into any reasonable escrow arrangements in relation to their Shares as may reasonably be required by the relevant Stock Exchange, Financial Adviser or underwriters or brokers to the IPO;
 - (i) applying to the Stock Exchange for admission of the Company or IPO vehicle, as applicable, to its official list and official quotation of the relevant shares on that stock exchange;
 - (ii) exchanging its Securities for securities in the relevant IPO vehicle or any other company which is proposed by the Board to become (and following such exchange will become) the ultimate holding company of the Company Group provided that such change does not have a materially adverse effect on that Shareholder's interest in the Company Group;
 - (iii) appointing appropriately qualified professional advisors;
 - (iv) Disposing of some or all of its Securities (to a newly incorporated sale vehicle or otherwise) and surrendering the certificates (if any) for its Securities, in each case as requested by the Board; and allowing, and doing all things reasonably required by the Board to give effect to, the redemption, buy back, purchase and/or cancellation by the Company of all or some of its Securities, provided that the price per Security (net of costs, if applicable) for any such Disposal, redemption, buy back, purchase or cancellation is the same for all Securities of the same class issued on the same terms (and for the purpose of determining this price, Class A Shares, Class B Shares and MIP Shares will be taken to be in the same class of Securities and on the same terms);
 - (v) appointing an appropriate board of directors to the Company or IPO vehicle having regard to any advice from the Financial Adviser appointed in connection with the IPO, including an appropriate number of independent non-executive directors for the Company's or IPO vehicle's listed state;
 - (vi) if a Relevant Manager, consider in good faith and with a view to maximising the total value of the Business, giving all reasonable undertakings and committing to continue working in the Business in an executive capacity, on market terms, as reasonably required by PEP;
 - (vii) if recommended by the underwriters, joint lead managers or Financial Adviser in relation to the IPO, do all things reasonably necessary to effect a change in the number and mix of Shares issued by the Company (or its Subsidiary) provided that such change does not have a materially adverse effect on that Shareholder's interest in the Company Group;
 - (viii) if recommended by the underwriters, joint lead managers or Financial Adviser in relation to the IPO, reinvest the recommended proportion of Shares held by it immediately prior to completion of the IPO;
 - (ix) assist the Company in preparing a prospectus or similar disclosure document;

- (x) do all things reasonably necessary to obtain requisite Stock Exchange and shareholder approvals, as well as other regulatory approvals, for the IPO, including procuring the passing of all appropriate resolutions of a Company Group Member in general meeting (including any class meeting) or by its directors (subject to their fiduciary obligations);
- (xi) meeting the financial reporting requirements of the Stock Exchange or trading system (including as to trading history, extracts from audited accounts of prior years, cash flow and profit forecasts, working capital reports and indebtedness statements);
- (xii) agreeing to amendments to this document, the Constitution and the constitutional documents of other Company Group Members, as appropriate in connection with the IPO; and
- (xiii) provide all reasonable assistance for marketing activities, including road shows,

in each case to achieve an IPO on the terms and structure identified by the Board.

- (b) Each Manager Shareholder and each Relevant Manager acknowledges and agrees that for purposes of clauses 19.1(a)(i) and 19.1(a)(viii) it will be reasonable for each Manager Shareholder to be required to reinvest or agree to restrictions on transfer of a material proportion of the aggregate value of the Shares held by it immediately prior to completion of the IPO.

19.2 Participation in IPO

Subject to clause 19.3, any Shareholder may participate as a selling Shareholder in an IPO and the Company must (or if applicable must ensure that the IPO vehicle and/or any other relevant offering entity will) allow the Shareholder to Dispose of its Securities or its securities in the IPO vehicle (as applicable) in the IPO (without imposing any obligation on the Company to ensure or facilitate any such Disposal of Securities or other securities).

19.3 Restrictions and escrow

Each Shareholder agrees to:

- (a) such restrictions on the number of Securities in the Company or IPO vehicle, as applicable, it is permitted to realise for cash as part of an IPO; and
- (b) such escrow arrangements for its Securities in the Company or IPO vehicle, as applicable, on completion of the IPO,

as are imposed or otherwise required of the PEP Shareholders, provided that the Board may reasonably require further restrictions or escrow arrangements in respect of any Management Shareholders or Non-PEP Shareholders who are Affiliates of a person with an Engagement with a Company Group Member, having regard to the advice of the financial adviser and joint lead managers on what is reasonably required or desirable for a successful IPO.

19.4 Relationship deed

If an IPO is undertaken, the Parties must procure that the relevant listed entity (be that the Company or the IPO vehicle) enters into a relationship deed with the PEP Shareholders which includes the following terms:

- (a) the PEP Shareholders will be entitled to collectively appoint up to 3 directors to the board of the listed entity for so long as the PEP Shareholders hold at least 20% of its issued share capital of the relevant listed entity and 2 directors to the board of

the listed entity for so long as the PEP Shareholders hold at least 10% of its issued share capital;

- (b) for so long as the PEP Shareholders are entitled to appoint any directors to the board of the relevant listed entity,
 - (i) the PEP Shareholders will also be entitled to appoint up to 3 observers to attend each board meeting of the relevant listed entity;
 - (ii) the relevant listed entity must, on written request of a PEP Shareholder, provide the PEP Shareholder with:
 - A. board packs including monthly trading updates;
 - B. consolidated Audited Financial Statements and quarterly unaudited financial and management reports; and
 - C. any other information reasonably requested by the PEP Shareholders for accounting purposes or to otherwise manage their investment in the relevant listed entity; and
- (c) the listed entity agrees to give a cleansing statement under section 708A of the Act on the request of any PEP Shareholder who is party to the relationship deed and holds not less than the proportion of the shares in the listed entity (as agreed by the Company and PEP) if it proposes to sell-down its securities in the listed entity.

19.5 Consent rights

- (a) No Shareholder may use, and each Shareholder must procure that any Directors or other directors of the Company Group appointed or nominated by it and/or its Affiliates (as applicable) do not use, any consent or approval rights conferred on that Shareholder, those Directors and/or those other directors, whether under this document or any Transaction Document, to prevent, prejudice, hinder or delay the performance by any party of any of its obligations under clauses 15, 16, 17 or this clause 19 or any transaction contemplated by any of those clauses (or any obligation or other matter reasonably incidental to giving effect to such matters).
- (b) If a Shareholder or any Director or other director referred to in clause 19.5(a), fails to give consent or approval within 2 Business Days of a request to do so by the PEP Shareholders or any director of a Company Group Member appointed or nominated by the PEP Shareholders and the failure to give that consent or approval would result in (or would be reasonably likely to result in) the prevention, prejudicing, hindering or delaying of the performance by any party of any such obligations or any such transaction:
 - (i) if the consent or approval is the consent or approval of a Shareholder, the consent or approval will be deemed to have been given at 5.00pm on the 2nd Business Day following the request being made; or
 - (ii) if the consent or approval is the consent or approval of a Director or director of a Company Group Member appointed or nominated by the Shareholder and/or its Affiliates (as applicable), the Shareholder must immediately remove, or procure that the relevant Company Group Member removes, the relevant director and replaces him or her with a person willing and able to give the relevant consent or approval.

19.6 Company's obligations

Without limiting the generality of clause 19.1 above, the Company must:

- (a) pay the costs of preparing the prospectus (or other relevant offer document), advisory fees, underwriting commissions (if any), expenses of due diligence investigations, Stock Exchange fees, fees of the relevant regulatory authorities, legal fees, expert's fees, printing expenses and postage expenses;
- (b) use its best endeavours to satisfy all terms and conditions of admission to listing imposed by the Stock Exchange, and
- (c) use reasonable endeavours to maximise liquidity for all Shareholders in connection with the IPO.

19.7 Power of attorney

Each Shareholder other than the PEP Shareholders irrevocably appoints the Company as its attorney in accordance with clause 25 on default by it of performance of its obligations under this clause 19.

20. Compulsory Transfer

20.1 Right to purchase Shares following Event of Default

- (a) Each Non-PEP Shareholder must immediately notify PEP if an Event of Default occurs in relation to it.
- (b) PEP (or at PEP's election, its nominee, including the Company) may purchase (or in the case of the Company, buy back, cancel or redeem) some or all of another Shareholder's Shares in accordance with this clause 20 if:
 - (i) that other Shareholder commits an Event of Default (**Defaulting Shareholder**); and
 - (ii) within six months of the Event of Default Date, PEP notifies the Defaulting Shareholder in writing that it wishes to purchase (or at PEP's election, have its nominee, including the Company, purchase) all or any portion of the Defaulting Shareholder's Shares.
- (c) Shares sold under clause 20.1(a) (**Default Sale Shares**) may be sold to:
 - (i) the Company by way of a purchase, buy back, cancellation as part of a reduction of capital or redemption of the relevant Share (subject to applicable law); and/or
 - (ii) PEP or it's nominee (which may include any other Shareholder and/or any third party),

in such combination, as determined by the Board. The Company must notify the relevant Shareholder promptly of any such determination (a **Default Notice**).
- (d) The sale price for Default Sale Shares will be an amount equal to:
 - (i) in the case of an Event of Default within limb (g)(i) of the definition of 'Event of Default' (Relationship Proceedings) or limb (g)(iii) of the definition of 'Event of Default' (Good Leaver Event), the Fair Market Value of the Default Sale Shares measured as at the Event of Default Date, as determined by the Board in good faith; or
 - (ii) in any other case, the lower of the Fair Market Value and the Net Cost of the Default Sale Shares measured as at the Event of Default Date, as determined by the Board in good faith, provided always that the Board in

its absolute discretion may (but is not required to), agree to a higher amount,

(Sale Price).

- (e) Despite any other provision of this clause 20, where a Shareholder or their Relevant Manager commits an Event of Default within limb (g)(i) of the definition of 'Event of Default', the Company and the PEP will act reasonably in exercising their rights under this clause 20.
- (f) Where Default Sale Shares are acquired at Fair Market Value as determined pursuant to clause 20.1(d)(i) following a Good Leaver Event, but an event of the kind referred to in paragraph (b) of the definition of Bad Leaver subsequently occurs, the relevant Defaulting Shareholder will be liable for, and must pay to PEP on demand, an amount equal to the difference between the Fair Market Value and Net Cost of the Default Sale Shares measured at the Event of Default Date, as determined by the Board.

20.2 Default Notice

If a Defaulting Shareholder is required to dispose of its Default Sale Shares, the Default Notice must specify for each Default Sale Share:

- (a) the Sale Price payable for the Default Sale Shares on disposal;
- (b) any conditions and other terms of the disposal required by the Board;
- (c) the Company's reasonable best estimate of the date for completion of the disposal;
- (d) the documents required to be signed by the relevant Shareholder to give effect to the disposal of the Default Sale Shares, copies of which must accompany the Default Notice; and
- (e) such other arrangements as the Board reasonably requires to give effect to the disposal of the Default Sale Shares.

20.3 Referral to Valuer

If a Defaulting Shareholder (in this clause, the **Disputing Shareholder**), acting reasonably, disagrees with the Board's determination of the Sale Price specified in the Default Notice, it must give the Company a notice (in this clause, the **Referral Notice**) within 2 Business Days of receiving the Default Notice specifying the grounds on which it disagrees with the calculation of the Sale Price. If the Company receives a Referral Notice in accordance with this clause 20.3 the independent valuation process in clause 23 will apply.

20.4 Suspension of rights

- (a) If an Event of Default occurs, the rights in this clause 20 are without prejudice to any other rights any other party may have.
- (b) With effect from the date that the Defaulting Shareholder receives a notice stating that it is a Defaulting Shareholder in accordance with clause 20.1, all rights, voting rights and entitlements held by the Defaulting Shareholder are immediately suspended.
- (c) Each suspension under clause 20.4(b) continues in respect of any Shares held by the Defaulting Shareholder until the Event of Default has been remedied to the reasonable satisfaction of the Company.

- (d) For the purposes of this clause 20.4, a Defaulting Shareholder will be deemed to have remedied a breach of clause 14 relating to the Disposal of Shares if the Shares the subject of that breach are transferred back to the Defaulting Shareholder and no loss has been suffered by any Shareholder other than the Defaulting Shareholder as a result of the breach.
- (e) The Defaulting Shareholder's obligations under this Deed continue to apply during the period of any suspension of rights under this clause 20.4.

20.5 Completion

On the date which is 10 Business Days after the date of service of the Default Notice or, if later, the date on which the sale price is determined in accordance with clause 20.3 (or such other date as the Defaulting Shareholder and the Company may agree) the Defaulting Shareholder must sell and the relevant buyer(s) must buy the Default Sale Shares free and clear of all Encumbrances.

20.6 Payment of Sale Price and completion

- (a) Upon the sale or disposal of Default Sale Shares, the PEP Shareholders or their nominee or the Company or the Company's nominee, as appropriate, must pay the Sale Price to the Defaulting Shareholder:
 - (i) where the disposal is to the Company, in accordance with clause 20.7, or
 - (ii) where the disposal is to another person, in Immediately Available Funds; and
- (b) the Defaulting Shareholder must do anything (including execute any document) reasonably required by the PEP Shareholders (or their nominee) (or the Company or the Company's nominee, as appropriate) to give effect to the sale of the Default Sale Shares free from any Encumbrances.

20.7 Payment of Sale Price by Company

The Company must pay the Sale Price for any Default Sale Shares acquired by it pursuant to this clause 20:

- (a) in Immediately Available Funds (to be paid within 10 Business Days of the completion of the acquisition of the Default Sale Shares); or
- (b) in the case of Management Shareholders only, if and to the extent that the Company is not able to pay, or it would not reasonably be considered prudent to pay, the Sale Price in Immediately Available Funds as determined by the Board in its absolute discretion, by issuing a Company Note for all or part of the Sale Price.

20.8 Power of attorney

In consideration of each other Shareholder entering into this Deed, a Defaulting Shareholder that has received a notice from the PEP Shareholders in accordance with clause 20.1(b)(ii) irrevocably appoints the Company to be its attorney in accordance with clause 25 for the purposes of giving effect to the transactions contemplated by this clause 20 on default by it of any of its obligations under clause 20.

20.9 Other remedies

The rights and remedies contained in this clause 20 are in addition to and not to the exclusion of any other rights or remedies that a party may have against a party in default of this Deed.

20.10 Authorisations

The Parties must do all things necessary to ensure that the Company may acquire any Default Sale Shares as contemplated by this clause 20.

21. Disposal of Small Holdings

21.1 Disposal of Small Holdings

- (a) After the first anniversary of the Implementation Date of the Scheme, the Board may at any time serve written notice (**Small Holding Disposal Notice**) on a Small Shareholder that it requires the Small Shareholder to Dispose of all of its Securities on the terms in this clause 21.
- (b) For the avoidance of doubt, under this clause 21:
 - (i) Small Shareholders may be requested by the Board to Dispose of their Small Holding Securities at different times and in different manners (subject to the price per Small Holding Security being the Fair Market Value of that Small Holding Security at the date of the relevant Small Holding Disposal Notice and no Small Shareholder being required to Dispose of only some of its Securities); and
 - (ii) Small Holding Disposal Notices may be given at multiple times.

21.2 Small Holding Disposal Notice

A Small Holding Disposal Notice must state:

- (a) how the Board requires the Small Shareholder to Dispose of its Small Holding Securities, including whether the Small Holding Securities will be bought-back, redeemed, cancelled (including by way of capital reduction) and/or transferred to another Shareholder or third party nominated by the Board;
- (b) the Fair Market Value per Class B Share comprising of the Small Holding Securities subject to the Small Holding Disposal Notice; and
- (c) the date or dates on which the Disposal of the Small Shareholder's Small Holding Securities will be completed.

21.3 Effect of Small Holding Disposal Notice

- (a) If a Small Holding Disposal Notice is given, each Small Shareholder must Dispose of its Small Holding Securities on the terms stated in the Small Holding Disposal Notice (or any amended Small Holding Disposal Notice given by the Company in accordance with clause 21.3(b)).
- (b) A Small Holding Disposal Notice is revocable and may be amended by the Company (in each case, with the consent of the Board and by written notice to the relevant Small Shareholder) without the consent of the Small Shareholder.

21.4 Co-operation

The Company and all Shareholders:

- (a) must take all actions requested by the Board to give effect to a Small Holding Transaction; and

- (b) must enter into and execute all documents as required by the Board in connection with a Small Holding Transaction.

21.5 Small Holding price

The price payable for a Small Holding Shareholder's Small Holding Securities will be the aggregate Fair Market Value of the Small Holding Securities, as determined by the Board in good faith, at the date of the relevant Small Holding Disposal Notice or any other price agreed between the Small Shareholder and the Company (with Board approval).

21.6 Referral to a Valuer

If a Small Holding Shareholder (in this clause, the **Disputing Shareholder**), acting reasonably, disagrees with the Board's determination of the Fair Market Value of the Small Holding Securities specified in the Small Holding Disposal Notice, it must give the Company a notice (in this clause, the **Referral Notice**) within 2 Business Days of receiving the Small Holding Disposal Notice specifying the grounds on which it disagrees with the calculation of the Fair Market Value. If the Company receives a Referral Notice in accordance with this clause 21.6 the independent valuation process in clause 23 will apply.

21.7 Completion of a Small Holding Transaction

Completion of a Small Holding Transaction must occur on the date or dates specified in the Small Holding Disposal Notice or any other date determined by the Board and notified to the relevant Small Shareholder.

21.8 Power of attorney

Each Class B Shareholder irrevocably appoints the Company as its attorney in accordance with clause 25 on default by it of performance of its obligations under this clause 21.

22. Structural Simplification

If required by the Board by ordinary resolution at any time and from time to time each Party must do (and each such Party must procure that its Affiliates also do) all things requested by the Board which are, in the Board's opinion (as evidenced by such resolution), required, necessary or desirable to effect a Structural Simplification including:

- (a) entering into all agreements, deeds and arrangements, or approving any Company Group Member's entry into all agreements, deeds and arrangements necessary or desirable in connection with the Structural Simplification;
- (b) voting in favour of or consenting to any matter relating to, or waiving any and all pre-emptive rights necessary to effect, the Structural Simplification;
- (c) agreeing to, and voting in favour of, all resolutions in relation to amendments to the Constitution to facilitate the Structural Simplification, including where this results in the creation of Tracking Shares or new classes of Securities which rank ahead of any existing classes of Securities (provided always that to the extent ranking ahead of Class B Shares, such securities must also rank ahead of Class A Shares to the same extent) whether with respect to dividends, distributions, capital returns, winding up or any other matters; and
- (d) to the extent required under this document, consenting to any and all amendments to this Deed to facilitate the Structural Simplification (including by executing and delivering any deed of amendment, restatement or variation in relation to this Deed).

23. Valuer

23.1 Appointment of Valuer

- (a) The Board must as soon as reasonably practicable and in any event not more than 3 Business Days after the date of receipt of a Referral Notice, appoint an appropriate Valuer to:
- (i) determine the Fair Market Value in accordance with clause 23.2; and
 - (ii) as soon as reasonably practicable and, in any event, no later than 15 Business Days following the Valuer's appointment, issue a certificate (**Valuer's Certificate**) specifying the Sale Price or Fair Market Value (as applicable) of Securities, expressed as a price per Share or other Security (as applicable), and provide a report to the Company setting out the results of its valuation, including an explanation of the methodologies used to conduct the valuation.
- (b) The Company and each Shareholder must provide all information and assistance reasonably requested by the Valuer.
- (c) The Valuer acts as an independent expert and not as an arbitrator when valuing Shares.

23.2 Process for Valuation

- (a) The Valuer must be instructed to conduct the valuation:
- (i) in accordance with the terms of this Deed;
 - (ii) as at the date specified by the Board;
 - (iii) in accordance with the valuation standards, practices and principles generally accepted in the Commonwealth of Australia;
 - (iv) on the basis of an arm's length transaction between an informed and willing seller and an informed and willing buyer under no compulsion to sell or buy, respectively;
 - (v) assuming a reasonable period within which to negotiate the sale considering the state of the market on the valuation date;
 - (vi) assuming no account is taken of any prospective purchaser with unique attributes;
 - (vii) assuming the buyer would not have the benefit of any uncommon sale terms which would serve to increase or decrease the value of the Shares or the Company Group;
 - (viii) if relevant, assuming no allowance for any charges, mortgages or amounts owing on the Shares, or for any expenses or taxation which may be incurred or payable in effecting a sale (although an allowance will be made for any Encumbrances, restrictions or outgoings of an onerous nature which are specific to the Shares and which would affect value if they would not be discharged in the ordinary course prior to a transfer.
- (b) The Valuer must determine the Sale Price or Fair Market Value of Shares as follows:

- (i) value the whole Company as if it were being sold to a third party in accordance with the Accounting Standards and having regard to the profit, strategic positioning, future prospects and undertaking of the Business;
- (ii) determine the price per Share on the basis of the proportion that the value of relevant parcel of Shares in question bears to the total value of Shares on issue; and
- (iii) in respect of Securities issued to PEP or an Affiliate of PEP pursuant to clauses 9.3(k) (Emergency Funding) or 9.3(l) (M&A Funding), the price per Security must be determined at the time immediately prior to the time at which PEP or its relevant Affiliate agreed to provide such Emergency Funding or M&A Funding (as applicable).

23.3 Valuation binding

The Valuer's Certificate is conclusive and binding on the Shareholders and the Company and is not subject to review or appeal except in the case of manifest error.

23.4 Costs of Valuer

The Parties agree that the costs of the Valuer in connection with the valuation are to be:

- (a) borne by the Disputing Shareholder if:
 - (i) the Valuer determined a specific dollar value and the Fair Market Value as determined by the Valuer is equal to or less than the proposed Fair Market Value determined by the Board that was the subject of the relevant Referral Notice; or
 - (ii) the Valuer determined a range of values and the proposed Fair Market Value determined by the Board that was the subject of the relevant Referral Notice is within the range of values determined by the Valuer or is higher than the highest endpoint of the range of values determined by the Valuer; or
- (b) borne by the Company if:
 - (i) the Valuer determined a specific dollar value and the Fair Market Value as determined by the Valuer is greater than the proposed Fair Market Value determined by the Board that was the subject of the relevant Referral Notice; or
 - (ii) the Valuer determined a range of values and the proposed Fair Market Value determined by the Board that was the subject of the relevant Referral Notice is lower than the lowest endpoint of the range of values determined by the Valuer.

24. Bare Trusts

24.1 Issue or Disposal to Nominee

- (a) If requested by the Company (with Board approval) at any time and from time to time, a Non-PEP Shareholder must Dispose of the Shares that it holds to the Nominee.

- (b) Each Non-PEP Shareholder must comply with the directions of the Company for the purposes of facilitating the Disposal of its Shares to the Nominee in accordance with this clause 24, including executing a ND Deed of Adherence.

24.2 Intended operation of this clause

- (a) The Parties confirm that the principle to which this clause 24 is intended to give effect is that the voting, economic and other interests of a Non-PEP Shareholder under this Deed and in respect of the Non-PEP Shareholder's holding of Shares should, assuming that the Nominee and Non-PEP Shareholder act in accordance with this Deed and the Nominee Deed, be neither enhanced nor impaired as a consequence of appointing the Nominee as bare trustee in respect of that Non-PEP Shareholder's Shares.
- (b) Each party must take all actions within its power and authority, including giving relevant instructions to the Nominee and, in the case of an Appointing Beneficiary, exercising its rights in its capacity as appointor of the Nominee as bare trustee for it, to give effect to the principle in clause 24.2(a).
- (c) Clauses 24.3 to 24.7 (both inclusive) are to be interpreted subject to, and in a manner is consistent with, the principle in clause 24.2(a).
- (d) This clause 24 applies separately in relation to the Nominee in its capacity as bare trustee for each Appointing Beneficiary.

24.3 Appointing Beneficiary rights and obligations

- (a) Each Appointing Beneficiary will have the benefit of, and be bound by, all the provisions of this Deed which would have applied to the Appointing Beneficiary by virtue of, or in relation to, that Appointing Beneficiary's holding of the its Beneficial Securities had it not transferred legal title to or appointed the Nominee to hold its Beneficial Securities to the Nominee (**Relevant Rights and Obligations**), subject to the terms of this Deed and the Nominee Deed.
- (b) The Relevant Rights and Obligations will so far as possible have application to the Nominee and the relevant Appointing Beneficiary in the same way as they would have continued to apply to the Appointing Beneficiary if it held legal title to its Beneficial Securities.
- (c) Each Appointing Beneficiary undertakes to the Company that it will not:
 - (i) take any action, or omit to take any action (including the giving of any Instruction to the Nominee or failing to give any Instruction to the Nominee) which would breach its obligations under this Deed;
 - (ii) fail to give, or delay in giving, any Instruction to the Nominee which is required to enable the Appointing Beneficiary or the Nominee to comply with their respective obligations under this Deed or the Nominee Deed; or
 - (iii) give an Instruction to the Nominee which has the effect of cancelling or superseding an Instruction given on behalf of the Appointing Beneficiary by an attorney acting on behalf of the Appointing Beneficiary under clause 24.1.

24.4 Definitions

- (a) Where the context requires to give effect to clauses 24.2 and 24.3 and without limiting any other provision of this Deed, including clause 24.4(b), any reference in this Deed to a Non-PEP Shareholder who is an Appointing Beneficiary is to be

taken to also include a reference to the Nominee as bare trustee for that Appointing Beneficiary.

- (b) If a Non-PEP Shareholder is an Appointing Beneficiary, then for the purposes of any references in this Deed to:
- (i) the Shares of, or held by, the Non-PEP Shareholder (or any comparable expression, including for the purposes of determining the Relevant Proportion of the Non-PEP Shareholder or determining any amounts received by the Non-PEP Shareholder), the Non-PEP Shareholder is to be regarded as holding legal title to its Beneficial Securities; and
 - (ii) the Non-PEP Shareholder taking an action in respect of any Shares, is taken to also include a reference to the Nominee taking that action as bare trustee for the Non-PEP Shareholder.
- (c) If a Non-PEP Shareholder is:
- (i) a Class B Shareholder, that Shareholder will continue to be a Class B Shareholder for the purposes of this Deed irrespective of whether legal title to all or any of the Shareholder's Class B Shares is held by the Nominee; and
 - (ii) a Management Shareholder, that Shareholder will continue to be a Management Shareholder for the purposes of this Deed irrespective of whether legal title to all or any of the Shareholder's MIP Shares is held by the Nominee.
- (d) Obligations under this Deed or the Constitution on a Non-PEP Shareholder who is an Appointing Beneficiary to exercise voting rights or take other actions as the registered holder of Shares are to be interpreted as obligations to ensure that the Nominee takes the relevant actions.
- (e) The Nominee is not itself to be regarded for the purposes of this Deed as:
- (i) as a Class B Shareholder or Management Shareholder; or
 - (ii) otherwise as a holder of any Shares who has independent obligations in their capacity as such.

24.5 Voting and dividends

- (a) Instructions may be given by each Appointing Beneficiary to the Nominee (as the person legally entitled to voting rights, dividends and distributions in respect of those Shares) in accordance with this Deed and the Nominee Deed:
- (i) in relation to voting, Disposals and other dealings in respect of the Appointing Beneficiary's Beneficial Securities; and
 - (ii) in respect of the payment of dividends and distributions.
- (b) Each Appointing Beneficiary directs the Company to pay dividends and distributions in respect of its Beneficial Securities as it directs in accordance with the Nominee Deed. This clause 24.5 does not affect the right of an Appointing Beneficiary to change such a direction from time to time.

24.6 Disposals of Securities

- (a) References to a Disposal of Class B Shares or MIP Shares in this Deed and the Constitution include a Disposal of a beneficial interest in Beneficial Securities and

any Disposal of the legal title to those Shares by the Nominee (at the Appointing Beneficiary's direction, or by the Company or another attorney on behalf of the Appointing Beneficiary acting under power of attorney, or otherwise).

- (b) An Appointing Beneficiary must not direct the Nominee to Dispose of, nor otherwise procure the Disposal of, legal or beneficial title to any of its Beneficial Securities to itself or any other person unless it would be entitled in accordance with this Deed to Dispose of these Shares in that manner in the relevant circumstances if it held legal title to them.
- (c) Where this Deed permits the Company to issue or any other party to transfer, sell or otherwise Dispose of Shares to any person, that provision includes permission to issue, transfer, sell or otherwise Dispose of Shares to the Nominee as bare trustee for the Appointing Beneficiary.
- (d) An Appointing Beneficiary may Dispose of Shares to a Permitted Transferee under clause 14.1(b)(i) on the basis that the Nominee is directed to transfer beneficial title to the relevant Beneficial Securities to the Permitted Transferee (that is, the Appointing Beneficiary may Dispose of only the beneficial interest in its Beneficial Securities without a Disposal of legal title from the Nominee).
- (e) An Appointing Beneficiary must not without the consent of the Board direct the Nominee to transfer or Dispose of (or otherwise procure the transfer or Disposal of) legal title to any of its Beneficial Securities to itself or any other person.

24.7 Additional Securities

- (a) If an Appointing Beneficiary becomes entitled to receive any additional Shares, whether by way of issue or Disposal (and whether under this Deed or otherwise), then unless the Board has approved another holding arrangement in relation to the relevant transaction, the issue or Disposal must be made in favour of the Nominee on the basis that the Shares are to be held by the Nominee as bare trustee for the Appointing Beneficiary and will be Beneficial Securities of the Appointing Beneficiary.
- (b) An offer to an Appointing Beneficiary to participate in an issue of Shares or other transaction on the basis that legal title to the relevant Securities will be issued to the Nominee as bare trustee for the Appointing Beneficiary will not be regarded for that reason alone as being on different terms from the terms offered to other Shareholders.
- (c) Clause 12 applies in relation to an issue of Shares to the Nominee as bare trustee for an Appointing Beneficiary by reference to the ability of the Company to make an offer of the beneficial interest in the Shares to the relevant Appointing Beneficiary.

24.8 Notices

All notices or communications under this Deed or the Nominee Deed which are provided to the Nominee in its capacity as bare trustee for a particular Appointing Beneficiary must also be provided at the same time to the relevant Appointing Beneficiary.

24.9 Conversion and termination

- (a) If the Company applies to the Australian Securities and Investments Commission to change its type to a proprietary company at a time when it has more than 50 non-employee Appointing Beneficiaries:
 - (i) the bare trustee arrangements contemplated in this clause 24 will terminate on the date on which the change of company type takes effect (**Termination Date**); and

- (ii) the Nominee must as soon as reasonably possible (and, in any event, before the Termination Date) transfer legal title in respect of all of the Beneficial Securities held by it to the relevant Appointing Beneficiaries who must be registered in the register of members of the Company as the legal holders of such Beneficial Securities.

- (b) Notwithstanding any other provision of this Deed, the provisions of clause 24.9 must not be amended or varied unless such amendment or variation has been approved by a Special Resolution of Appointing Beneficiaries.

24.10 Liability of Nominee

Each party acknowledges that, subject to the terms of the Nominee Deed, the Nominee is obliged to act in accordance with the directions of the Appointing Beneficiaries in relation to their respective Beneficial Securities. Each party agrees that any breach of this Deed or the Constitution which arises as a result of the Nominee complying with a direction given by an Appointing Beneficiary (**Directed Breach**) is to be construed for all purposes as a breach by the relevant Appointing Beneficiary for which the Appointing Beneficiary is personally liable (including in accordance with the Nominee Deed) and not by the Nominee and without limiting the foregoing.

- (a) the Nominee is released from any Claim or Liability in respect of any Directed Breach; and
- (b) each party (other than the Nominee) covenants not to claim, sue or take any action against the Nominee in respect of any Directed Breach.

24.11 Limitation of Nominee's liability

- (a) Without limiting any provision of the Nominee Deed, the Nominee need not take (or omit to take) any action where that taking (or omitting to take) the action:
 - (i) would be contrary to law;
 - (ii) would result in the Nominee incurring a liability for which it cannot be fully indemnified under the Nominee Deed; or
 - (iii) would result in a breach of this Deed or any Transaction Document.
- (b) Each Appointing Beneficiary:
 - (i) indemnifies the Nominee against any cost or liability which the Nominee pays, suffers, incurs or is liable for arising out of or in connection with; and
 - (ii) covenants with the Nominee not to claim, sue or take any action against the Nominee in relation to,

anything done by the Nominee at the direction of or on behalf of the Appointing Beneficiary, or by reason of the Appointing Beneficiary's Beneficial Securities being registered in the name of the Nominee.

- (c) The indemnity and covenant in clause 24.11(b) does not apply to any cost or liability which is caused by the actual fraud by the Nominee.
- (d) Any breach of this Deed or any Transaction Document that arises out of the Nominee complying with a direction given by a Appointing Beneficiary in relation to that Appointing Beneficiary's Beneficial Securities (**Directed Breach**) is to be construed for all purposes as a breach by the relevant Appointing Beneficiary (and

the other parties will be entitled to take action against, and seek remedies from, that Appointing Beneficiary accordingly) and not by the Nominee

- (e) Each party acknowledges that the Nominee enters into this Deed in its capacity as bare trustee of the Bare Trusts and in no other capacity.
- (f) Any Liability of the Nominee arising under or in connection with this Deed is limited to, and can be enforced against the Nominee only to the extent to which it can be satisfied out of, the assets of the Bare Trust from which the Nominee is actually indemnified for the Liability or to the extent that the Nominee is actually indemnified for the Liability under the Nominee Deed. This limitation of the Nominee Liability applies despite any other provision of this Deed and extends to all liabilities of the Nominee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed or the Nominee Deed.
- (g) No party may sue the Nominee in any capacity other than as trustee of a Bare Trust, including seeking the appointment of a receiver (except in relation to property of a Bare Trust), a liquidator, an administrator, or any similar person to the Nominee nor may any party prove in any liquidation, administration or arrangement of or affecting the Nominee (except in relation to property of the relevant Bare Trust).
- (h) The provisions of this clause 24.11 do not apply to any Liability of the Nominee to the extent that it is not satisfied under the Nominee Deed or by operation of law or there is a reduction in the extent of the Nominee's indemnification out of the assets of the relevant Bare Trust, in each case as a result of the Nominee's fraud, negligence or breach of trust.
- (i) No attorney, agent, receiver or receiver and manager appointed in accordance with this Deed has authority to act on behalf of the Nominee in a way which exposes the Nominee to any personal liability.

24.12 Indemnity from Appointing Beneficiaries

If the Company pays, suffers, incurs or is liable to the Nominee for any costs under the Nominee Deed arising out of or in connection with any Shares held by the Nominee on behalf of an Appointing Beneficiary, the relevant Appointing Beneficiary must indemnify the Company against those costs.

25. Power of Attorney

25.1 Appointment

If a Non-PEP Shareholder is in breach of its obligations in clauses 4.2, 15, 16, 17, 18, 19, 20, 21, 22 or 24, then for so long as such breach is continuing, or if the Non-PEP Shareholder does not comply promptly with a request made of it under any of those clauses which is reasonably necessary or desirable to give effect to a transaction, action or matter contemplated in those clauses, that Shareholder hereby severally and irrevocably appoints the Company as its agent and attorney with power to complete any action, matter, or transaction (including Disposal) contemplated in clauses 4.2, 15, 16, 17, 18, 19, 20, 21, 22 or 24 including the power to execute all necessary documentation and the power to vote (to the exclusion of that Shareholder) at any meeting of Shareholders in relation to any such action, matter or transaction (including Disposal).

25.2 Validity

- (a) Each Non-PEP Shareholder declares that all acts and things done by the Company in exercising its powers under this power of attorney will be as good and valid as if they had been done by the Shareholder and agrees to ratify and confirm whatever is done in exercising powers under this power of attorney.

- (b) Each Non-PEP Shareholder agrees that it will not challenge the validity of any act carried out by an attorney on its behalf appointed under this clause.
- (c) Each Non-PEP Shareholder indemnifies the attorney appointed under this clause against, and agrees to reimburse and compensate the attorney for, all liabilities arising in any way in connection with the exercise in accordance with this Deed of any of the powers and authorities under the appointment in this clause.

25.3 Benefits

The Company is expressly authorised to do any act as a result of which a benefit is conferred on it or its appointor.

25.4 Irrevocable

Each Non-PEP Shareholder declares that this power of attorney is given for valuable consideration and is irrevocable whilst that person remains a Shareholder.

25.5 Inconsistent Instruments

Each Non-PEP Shareholder will not issue, sign or execute any Inconsistent Instrument and undertakes to immediately revoke any powers given in such Inconsistent Instrument which contradict or are inconsistent with the powers granted under this power of attorney. If a Non-PEP Shareholder fails to revoke an Inconsistent Instrument the attorney appointed under this clause is authorised to revoke the powers given in the Inconsistent Instrument which contradict or are inconsistent with the powers granted in this power of attorney.

25.6 Specific Performance

Each Non-PEP Shareholder acknowledges that its obligations under this clause may be of a special, unique or invaluable nature such that an award of damages or an account of profits may be inadequate to compensate the PEP Shareholders for a failure by the Non-PEP Shareholders to comply with this clause. Each Non-PEP Shareholder therefore acknowledges that the PEP Shareholders will have a right to seek an ex parte, interlocutory or final injunction to prohibit or restrain any Non-PEP Shareholder from any violation or suspected or threatened violation of this clause. Each Non-PEP Shareholder also acknowledges that the PEP Shareholders will have a right to seek an order for specific performance to require the Non-PEP Shareholders to comply with this clause.

26. Disclaimers

26.1 No representation about acquisition or investment

None of PEP, the Company or any of their respective representatives makes:

- (a) any representation or warranty to any other Shareholder in relation to any acquisition by the Company Group, the value of any Securities or other securities in any Company Group Member at any time, the proposed business strategy of any Company Group Member, the Business performance or the potential Exit strategy or returns achievable on an Exit; or
- (b) any recommendation on the suitability of an acquisition by any Company Group Member or on the suitability of an investment in the Company by any PEP Shareholder or Class B Shareholder.

26.2 No liability accepted for Shareholders investing

To the maximum extent permitted by law, the Company, PEP and their representatives (other than any Class B Shareholder who is such a representative) disclaim all Liability in relation to

the matters referred to in clause 26.1 and no Class B Shareholder may take any action against the Company, PEP or any of their representatives for any Liability suffered as a result of PEP's or any other Class B Shareholder's decision to invest in the Company, in relation to any matter referred to in clause 26.1(a) or as a result of PEP lawfully performing its obligations and/or exercising its rights under this Deed.

26.3 Independent investigations, assessment and advice

Each Class B Shareholder:

- (a) acknowledges and agrees that it has entered into this Deed on the basis of its own independent investigation and assessment and after making its own enquiries; and
- (b) confirms that it has received independent legal, accounting and tax advice in relation to the terms and conditions of this Deed (including the escrow arrangements contemplated by clause 19.3 and clause 26.2).

27. Restraint

27.1 Restraint

- (a) Subject to this clause 27, for the purposes of promoting the commercial objectives of the Company Group and the Business, each Non-PEP Shareholder and Relevant Manager (each a **Restrained Party** and together the **Restrained Parties**) undertakes to the Company that during the Restraint Period, each Restrained Party will not, and must procure that each of its Affiliates does not:
 - (i) become Involved within the Restraint Area in any capacity in any business or activity which competes with, or which otherwise offers the same or substantially similar products or services as those offered by, the Business or by the business of any Company Group Member;
 - (ii) directly or indirectly seek to prejudice the any Company Group Member's relationship with, or solicit the custom of any person who is, or was a customer of the Business or of the business of any Company Group Member during the period which the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) is or was a Shareholder or in the 12 month period following the date the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) ceased to be a Shareholder in respect of the same or substantially similar products or services provided by the Business or by the business of any Company Group Member during that 12 month period; or
 - (iii) directly or indirectly entice or endeavour to entice from any Company Group Member any person who is, or was during the period which the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) is or was a Shareholder or in the 12 month period following the date the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) ceased to be a Shareholder, an employee, consultant or officer in a managerial role of any Company Group Member.
- (b) Each Restrained Party will procure that its Related Entities comply with the undertaking.

27.2 Acknowledgment

Each Restrained Party acknowledges that:

- (a) each Restraint is reasonable in the circumstances and necessary to protect the goodwill of the Business;
- (b) damages are not an adequate remedy if a Restrained Party breaches this clause 27;
- (c) it has received independent legal advice as to the operation and effect of this clause 27; and
- (d) this clause 27 survives termination of this Deed.

27.3 Deletion of restrictions

If any part of the Restraint goes beyond what is reasonable in the circumstances and necessary to protect the goodwill of the Business but would be reasonable and necessary if any activity were deleted or a period or area were reduced, then the Restraint applies with that activity deleted or period or area reduced by the minimum amount necessary to make the Restraint reasonable in the circumstances.

27.4 Severance

Each part of the Restraint has effect as a separate and severable restriction and is to be enforced accordingly.

27.5 Exceptions

This clause 27 does not restrict a Restrained Party from:

- (a) any action (including any economic interest) or omission which has been approved by the PEP Shareholders (acting reasonably and in good faith);
- (b) holding Shares;
- (c) holding or acquiring (either directly or indirectly) in aggregate not more than 5% of the issued ordinary shares in the capital of any body corporate listed on a recognised Stock Exchange;
- (d) holding interests in a managed investment fund in respect of which the relevant Restrained Party has no investment decision making capacity, control or influence and which amounts to not more than 5% of the equity in the managed investment scheme; or
- (e) recruiting a person through a recruitment agency (unless the agency targets employees of the Company Group) or in response to a bona fide published advertisement that is targeted to a wide audience of potential applicants.

27.6 Injunctive relief

The Company, PEP or any Company Group Member may apply for injunctive relief if it believes a Restrained Party or any of their respective Affiliates is likely to breach this clause 27 or if a Restrained Party or any of their respective Affiliates has breached or threatened to breach this clause 27.

28. Confidentiality

28.1 Confidential information not to be disclosed

A Party in receipt of Confidential Information under this Deed (**Disclosee**) must use that information only for the purposes for which it was provided by the relevant disclosing party to the Disclosee and not:

- (a) make public or disclose that Confidential Information to any third party; or
- (b) make or allow to be made copies of or extracts of all or any part of the Confidential Information except for the purposes of this Deed.

28.2 Permitted disclosure

Confidential Information may be disclosed by a Disclosee, despite clause 28.1, where:

- (a) the Confidential Information was at the time immediately before the first disclosure to or observation by the Disclosee already in the lawful possession of the Disclosee;
- (b) the Confidential Information is or becomes part of the public domain (other than by an act of the Disclosee in breach of this Deed);
- (c) the Confidential Information is disclosed to a party by a person who is not a Party to this Deed and that information was not obtained directly or indirectly from the Disclosee;
- (d) the Confidential Information is disclosed to an employee, agent or adviser of the Disclosee who needs to know, but only where such employees, agents or advisers have been required to keep the information confidential;
- (e) the Confidential Information is disclosed in proceedings before any court or tribunal arising out of, or in connection with, this Deed;
- (f) the Confidential Information is disclosed to the extent required by lawful requirement of:
 - (i) any Governmental Agency having jurisdiction over a Party to this Deed or its Related Entities; or
 - (ii) any Stock Exchange having jurisdiction over a Party to this Deed or its Related Entities;
- (g) the disclosure is required under any law, or administrative guidelines, directives, requirements or policies having force of law;
- (h) the party who first provided the Confidential Information to the Disclosee consents to the disclosure of the information by the Disclosee;
- (i) the Confidential Information is disclosed to any Related Body Corporate of a Party, but only where such Related Body Corporate has been required to keep the information confidential;
- (j) Confidential Information is disclosed to investment banks, brokers or accounting firms, or any other professional advisers, by the PEP Shareholders for the purposes of seeking the proposals contemplated under clause 17;
- (k) the Confidential Information is disclosed to an Affiliate of PEP or any potential limited partners or investors in such Affiliate on a confidential basis; or

- (l) the Confidential Information is disclosed to a financier (or a security trustee, facility agent or security agent of any bank or other financial institution, or syndicate or other group of banks or financial institutions) of the Company Group or any bona fide prospective purchaser (or financier of such a purchaser) of some or all of the Securities held by the Disclosee, but only where such person has been required to keep the information confidential.

28.3 Announcements concerning this Deed

The Parties will not make any public announcement or statement concerning the existence or the terms and conditions of this Deed unless and to the extent:

- (a) **(court)**: required by an order of a court or tribunal arising out of, or in connection with, this Deed;
- (b) **(regulatory body)**: required by lawful requirement of any Governmental Agency or Stock Exchange having jurisdiction over a Party to this Deed or its Related Entities;
- (c) **(law)**: required under any law; or
- (d) **(consent)**: where the announcement or statement has been made following the procedures under clause 28.4.

28.4 Procedure for making announcements

In the case of written announcements or other written publicity to be issued or made by the Parties concerning the making or the contents of this Deed, or concerning the Business, or concerning any Company Group Member, the Party intending to make the announcement or to issue the publicity must:

- (a) first deliver a copy of the proposed announcement or publicity to the other Parties;
- (b) give the other Parties 5 Business Days (or such shorter period as may reasonably be required in case of emergency or as required by law) to provide comment on the announcement or publicity before either:
 - (i) permitting the making of the announcement or issuing the publicity; or
 - (ii) refusing to grant its consent to the making of the announcement or issuing the publicity; and
- (c) if the consent is not refused, promptly after making the announcement or issuing the publicity give a written copy of the final version of the announcement of publicity to the other Parties.

28.5 Disclosure in contemplation of a sale or exit

A PEP Shareholder or a Company Group Member may disclose information relating to any Company Group Member to:

- (a) any prospective purchaser of Securities;
- (b) any person to whom the Company proposes to sell the assets of the Group in accordance with the provisions of this Deed; or
- (c) any person in contemplation of an IPO, Share Sale or Trade Sale,

but before any such information is disclosed, the potential buyer or investor must enter into appropriate confidentiality undertakings enforceable by the Company on terms that PEP approves, acting reasonably.

28.6 Outgoing Security Holder

If a Shareholder ceases to hold Shares, it must immediately, and procure that any person to whom it has provided Confidential Information in accordance with clause 28.2:

- (a) deliver all documents or other materials in tangible form that are in its possession or control and that contain Confidential Information to the relevant Company Group Member; and
- (b) permanently delete all Confidential Information that has been stored on any computer, database or other electronic storage medium by it or on its behalf,

except to the extent that:

- (c) the Shareholder or the relevant Affiliate or Representative is required to retain such information by law, the rules of any regulatory authority or any mandatory professional standards rules or in accordance with its reasonable and bona fide internal compliance policies; or
- (d) in the case of a Shareholder which is a fund or an entity owned by a fund or which holds Securities on behalf of or for a partnership, unit trust or any other fund, to each manager, adviser, trustee, custodian, nominee, general partner, limited partner, investor or prospective investor of or in that partnership, trust or fund.

28.7 Survival of Termination

The rights and obligations of the Parties set out in this Deed with respect to Confidential Information survive termination of this Deed.

29. Representations and warranties

29.1 Representations and warranties

Each Party makes the following representations and warranties on the date of this Deed or when it becomes a party to the Agreement (as the case may be):

- (a) **(registration)**: if the Party is a corporation, the corporation is established with limited liability, registered (or taken to be registered) and validly existing under the Act;
- (b) **(power)**: the Party has full power and has been duly authorised in accordance with its constituent documents to enter into and perform its obligations under this Deed in accordance with the terms of this Deed;
- (c) **(Authorisation)**: all consents, licences, approvals and authorisations of every Governmental Agency required to be obtained by it in connection with the execution, delivery and performance of this Deed are valid and subsisting;
- (d) **(binding obligations)**: this Deed constitutes legal, valid and binding obligations on the Party;
- (e) **(transaction permitted)**: the execution, delivery and performance by the Party of this Deed does not and will not violate, breach or result in a contravention of:
 - (i) any law;
 - (ii) any authorisation, ruling, consent, judgment, order or decree of any Governmental Agency;

- (iii) the constitution of the Party;
 - (iv) the trust deed establishing the trust of which the Party is the trustee;
 - (v) any partnership agreement to which the Party is a party; or
 - (vi) any Encumbrance or document which is binding upon the Party; and
- (f) **(information):** all information provided by a Party to the other Parties under or in connection with this Deed is true in all material respects and is not, by omission or otherwise, misleading in any material respect.

30. Termination

30.1 Automatic Termination

Subject to clause 30.2, this Deed will terminate automatically:

- (a) subject to clause 19, on the date of completion of an IPO;
- (b) by agreement of all Parties;
- (c) for any Shareholder, when it ceases to hold, directly or indirectly, any Shares in the capital of the Company, at which time that Shareholder will have no further rights or obligations under this Deed, except in respect of any prior breach of this Deed;
- (d) upon the appointment of a receiver or a liquidator to the Company, whether voluntarily or involuntarily;
- (e) on the date when the Company is wound up;
- (f) on the date on which one person becomes the beneficial owner all of the Shares; or
- (g) on the day on which an agreement to sell all of the Shares is completed.

30.2 Consequences of termination

- (a) On termination of this Deed this Deed is at an end as to its future operation, except that termination:
 - (i) will be without prejudice to any obligations of the Parties which accrued prior to that termination and which remain unsatisfied; and
 - (ii) will not affect any provision of this Deed which is expressed to come into effect on, or to continue in effect after, termination.
- (b) The provisions of and the rights and obligations of each Party under each of the Surviving Clauses survive the termination of this Deed.

30.3 Winding up the Company

If the Company is to be wound up the proceeds of the winding up must be distributed to the Shareholders of the Company at that time in accordance with the provisions of the Constitution.

31. Specific performance

31.1 Injunction

Each Shareholder and the Company agree that specific performance and injunctive relief would be appropriate remedies in the event of any breach or threatened breach of this Deed. Without limiting the generality of the foregoing, should any controversy arise concerning a sale or disposition of any Shares, an injunction may be issued restraining any sale or disposition pending the determination of such controversy and the resolution thereof shall be enforceable in a court of equity by a decree of specific performance. The remedies specified in this clause 31.1 shall be cumulative and not exclusive, and shall be in addition to any other remedies which the Parties may have.

31.2 Confirmation

Each Party confirms to each other Party that, for the purposes of entering into the transactions contemplated by this Deed:

- (a) it has entered into such transactions entirely on the basis of its own assessment of the risks and effect thereof, except as expressly set out in this Deed it is owed no duty of care or other obligation by any other Party in respect thereof; and
- (b) insofar as it is owed any duty or obligation (not expressly set out in this Deed) (whether in contract, tort or otherwise) by such other Party it hereby waives, to the extent permitted by law, any rights which it may have in respect of such duty or obligation.

32. Limitation of liability - Trustee

32.1 Defined terms

In this clause 32:

- (a) **Trustee** means any entity which is or becomes a party to this Deed in the capacity as trustee or responsible entity of a Trust.
- (b) **Trust** means the trust of which the Trustee is the trustee or responsible entity.
- (c) **Trustee Liability** means any liability or obligation (of any kind including, without limitation, for negligence, in tort, in equity, or under statute) of the Trustee which arises in any way under or in connection with this Deed or its performance, or any representation, warranty, conduct, omission, agreement or transaction made under or in connection with this Deed or its performance.

32.2 Scope and limitation of liability

- (a) The Trustee enters into this Deed in its capacity as trustee of the Trust and in no other capacity.
- (b) The Parties acknowledge that the Trustee incurs the Trustee Liabilities solely in its capacity as trustee of the Trust and agree that (to the maximum extent permitted by law) the Trustee will cease to have any Trustee Liability if the Trustee ceases for any reason to be trustee of the Trust.
- (c) A Trustee Liability may be enforced against the Trustee only to the extent to which:
 - (i) the Trustee is actually indemnified in respect of that Trustee Liability out of the property of the Trust; and

- (ii) there is sufficient property held by the Trustee as trustee at the time, which is available to meet that indemnity (after all Trust assets have been allocated to meet the indemnity and any other valid Claims).
- (d) Subject to clause 32.2(e), no person will be entitled to:
 - (i) claim from or commence proceedings against the Trustee in respect of any Trustee Liability in any capacity other than as trustee of the Trust;
 - (ii) enforce or seek to enforce any judgment in respect of any Trustee Liability against any property of the Trustee other than property held by the Trustee as trustee of the Trust;
 - (iii) take any steps to procure or support the appointment of a liquidator, administrator or any other similar office holder to the Trustee on the basis of a Trustee Liability, or prove in any liquidation, administration or arrangement of or affecting the Trustee; or
 - (iv) in respect of a Trustee Liability, appoint or take any steps to procure or support the appointment of a receiver or receiver and manager to any property of the Trustee, other than property which is held by it in its capacity as trustee of the Trust.
- (e) The restrictions in clauses 32.2(c) and 32.2(d) do not apply to any Trustee Liability to the extent to which there is, whether under the trust deed in relation to the relevant Trust or by operation of law, a reduction in the extent of the Trustee's indemnification, or in respect of which the Trustee is not entitled to be indemnified, out of the property of the Trust, as a result of the Trustee's fraud, negligence or breach of trust.
- (f) Each other party to this Deed agrees that no act or omission of the Trustee (including any related failure to satisfy any Trustee Liabilities) will constitute fraud, negligence or breach of trust of the Trustee for the purposes of clause 32.2(e) to the extent to which the act or omission was caused or contributed to by any failure of that party to fulfil its obligations relating to the Trust or by any other act or omission of that party.
- (g) No attorney, agent or other person appointed in accordance with this Deed has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability, and no act or omission of such a person will be considered fraud, negligence or breach of trust of the Trustee for the purposes of clause 32.2(e).
- (h) This limitation of the Trustee's Liability applies despite any other provisions of this Deed and extends to all Trustee Liabilities of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed or its performance.
- (i) The Trustee is not obliged to do or refrain from doing anything under this Deed (including incur any liability) unless the Trustee's liability is limited in the same manner as set out in clauses 32.2(a) to 32.2(h) (both inclusive).
- (j) Clauses 32.2(a) to 32.2(i) (both inclusive) survive the termination or expiry of this Deed.

33. Limitation of liability – General Partner

33.1 Defined terms

In this clause 33:

General Partner means the general partner, or the general partner of a general partner, of an Investor Affiliate from time to time.

33.2 Scope and limitation of liability

- (a) Each General Partner enters into this Deed as general partner of a relevant PEP Shareholder and in no other capacity.
- (b) The obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, a General Partner under or in respect of this Deed (**Obligations**) are incurred by that General Partner solely in its capacity as general partner of its PEP Shareholder, and a General Partner will cease to have any obligation under this Deed if the General Partner ceases for any reason to be the general partner of its PEP Shareholder. Each General Partner must, prior to ceasing to be the general partner of its PEP Shareholder, cause any successor of it as the general partner of its PEP Shareholder to execute such documents required by the Company to ensure that this Deed is binding on its successor.
- (c) No General Partner will be liable to pay or satisfy any Obligations except out of the assets, property and right, real and personal, of any value whatsoever against which it is entitled to be indemnified in respect of any liability incurred as general partner of its PEP Shareholder (**LP Assets**).
- (d) If a party does not recover all money owing to it arising from non-performance or breach of the Obligations, it may not seek to recover the shortfall by applying to have any General Partner wound up or proving in the winding up of a General Partner.
- (e) Notwithstanding anything in this clause 33, each General Partner is liable and is not released to the extent that a Liability under this Deed arises out of a General Partner's own fraud, negligence or default, which disentitles it from an indemnity out of the LP Assets in relation to the relevant Liability.
- (f) No attorney or agent appointed in accordance with this Deed has the authority to act on behalf of a PEP Shareholder in a way which exposes that PEP Shareholder to any Liability in excess of any amount for which a PEP Shareholder may be liable under clause 33.2(a).

34. PEP Shareholders and PEP Directors

34.1 Disposals of Shares

- (a) Where a clause in this Deed refers to 'PEP' acquiring or being offered Shares, the PEP Shareholders may elect as between themselves which PEP Shareholder or Affiliates will acquire those Shares.
- (b) In clauses 14 and 15, the reference to the proportion of Shares being sold or Disposed of is a reference to the proportion of Shares held by all of the PEP Shareholders in aggregate.

34.2 Provision of information to PEP Shareholders

Any information or notice that is to be provided to 'PEP' under this Deed is to be provided to each PEP Shareholder.

34.3 Management services agreement

- (a) Subject to clause 34.3(b), it is acknowledged and agreed that the Company (or another Company Group Member) will enter into a management services

agreement with the PEP Shareholders (or an Affiliate of PEP) pursuant to which, in addition to reimbursement for costs for specialised operational services provided to the Company Group, the PEP Shareholders (or an Affiliate of PEP) will be paid fees by the Company (or other applicable Company Group Member), including an annual management fee, refinancing fee and an exit fee, as consideration for the services provided under the agreement.

- (b) To the extent that it is not on arm's length terms, entry into the agreement contemplated by clause 34.3(a) shall be subject to obtaining any approvals required under the Corporations Act.

35. Other provisions

35.1 Amendment

Subject to clauses 5.5(c), this Deed may only be amended by a document signed by:

- (a) the Company; and
- (b) the PEP Shareholders.

35.2 Notices

Any communication under or in connection with this Deed (including, without limitation, any request for information or assistance in accordance with the terms of this Deed):

- (a) must be in writing;
- (b) (in the case of email) must be in pdf or other format that is a scanned image of the original of the communication, including a handwritten signature, and be attached to an email that states that the attachment is a communication under this Deed;
- (c) are taken to be received by the addressee:
 - (i) **(in the case of prepaid post)** on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting by airmail to an address outside Australia;
 - (ii) **(in the case of email)** unless the party sending the email knows or reasonably ought to suspect that the email and the attached communication were not delivered to the addressee's domain specified in the email address notified for the purposes of this clause 35.1, 24 hours after the email was sent; and
 - (iii) **(in the case of delivery by hand)** on delivery at the address of the addressee as provided in this clause, unless that delivery is made outside Business Hours, when that communication is taken to be received at 9.00 am on the next Business Day, and
- (d) must be addressed as set out opposite the party's name in Schedule 1, or as otherwise notified by that party to the other parties from time to time.

35.3 No recourse

Notwithstanding anything that may be expressed or implied in this Deed, no recourse under this Deed may be pursued against any past, current or future representative (including any past, current or future, employee, agent, officer, director, auditor, adviser, partner, Affiliate, consultant, shareholder, member, general or limited partner or other beneficial owner, joint venturer or contractor) of any PEP Shareholder or any of their respective Affiliates and

representatives, whether by the enforcement of any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal Liability whatsoever attaches to, may be imposed on or will otherwise be incurred by any such person for any obligation of a PEP Shareholder or any other person under this Deed for any Claim based on, in respect of or by reason of such obligations or their creation. The provisions of this clause 35.3 survive the termination of this Deed indefinitely.

35.4 Governing Law

This Deed is governed by and must be construed according to the law applying in New South Wales, Australia.

35.5 Jurisdiction

Each Party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia, and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Deed; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any Claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 35.5(a).

35.6 Waiver

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, a right, power or remedy provided by law or under this Deed by a Party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this Deed.
- (b) A waiver or consent given by a Party under this Deed is only effective and binding on that Party if it is given or confirmed in writing by that Party.
- (c) No waiver of a breach of a term of this Deed operates as a waiver of another breach of that term or of a breach of any other term of this Deed.

35.7 Nominee Transfer

Provided that clauses 14.4, 11, and 12 are observed but despite anything to the contrary in this Deed, nothing in this Deed:

- (a) prevents or limits the ability of the Nominee to, or the Company to require that the Nominee or a Class B Shareholder, undertake a Nominee Transfer at any time; or
- (b) confers on any other Shareholder any rights with respect to any Nominee Transfer, including any rights under clause 16.

35.8 Further acts and documents

Each Party must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that Party) required by law or reasonably requested by another Party to give effect to this Deed.

35.9 Consents

A consent required under this Deed from a Party may be given or withheld, or may be given subject to any conditions, as that Party (in its absolute discretion) thinks fit, unless this Deed expressly provides otherwise.

35.10 Assignment

A Shareholder cannot assign, novate or otherwise transfer any of its rights or obligations under this Deed without the prior consent of each other Party.

35.11 Electronic execution

- (a) Each Party unconditionally and irrevocably acknowledges and agrees that:
- (i) it consents to the formation and execution of this Deed and any amendments or variations to it by way of electronic signature and to any method used by the Parties to identify the signatories to this Deed;
 - (ii) it will be bound by the terms of this Deed if it is executed by any other parties to it using electronic signature; and
 - (iii) if it executes this Deed using electronic signature, it intends to be legally bound by its terms, and the other parties to this Deed can rely on its execution, with the same effect as if the Deed had been signed in wet ink.
- (b) In this clause 35.11, electronic signature includes 'electronic communication' (as defined in the Act) and any other method of electronic signature permitted by applicable law (including insertion of the signer's name or digitised signature by electronic means including by use of a digital signing platform or signing on an electronic device).

35.12 Counterparts

This Deed may be executed in any number of counterparts and by the Parties on separate counterparts. Each counterpart constitutes an original of this Deed, and all together constitute one agreement.

35.13 No representation or reliance

- (a) Each Party acknowledges that no Party (nor any person acting on a Party's behalf) has made any representation or other inducement to it to enter into this Deed, except for representations or inducements expressly set out in this Deed.
- (b) Each Party acknowledges and confirms that it does not enter into this Deed in reliance on any representation or other inducement by or on behalf of any other Party, except for representations or inducements expressly set out in this Deed.

35.14 Expenses

Except as otherwise provided in this Deed, each Party must pay their own costs and expenses incurred in connection with negotiating, preparing and executing this Deed.

35.15 Share Sale and Trade Sale costs

Each Shareholder will be liable for its proportionate share of all Share Sale and Trade Sale costs unless a Company Group Member agrees to bear any Share Sale or Trade Sale costs (which will, to the extent that the Board determines that it is practicable, be set off from the

proceeds payable to the Shareholder in the Share Sale or Trade Sale). For the purpose of this clause 35.15, a Shareholder's proportionate share of the Share Sale or Trade Sale costs is the proportion that the proceeds to that Shareholder in connection with the Share Sale or Trade Sale, bears to the total proceeds in connection with the Share Sale or Trade Sale.

35.16 IPO costs

Unless the Board determines that any IPO costs will be borne by each Shareholder pro rata to their proceeds in the IPO, the Company will pay the IPO costs. Each Party will be liable for any individual costs incurred by it.

35.17 Aborted Exit

If a Share Sale, Trade Sale or an IPO is aborted prior to its completion, the Company will pay all Share Sale, Trade Sale Costs and IPO Costs to the maximum extent permitted by law.

35.18 PEP costs

The Company must reimburse PEP for all reasonable out-of-pocket expenses associated with or incidental to the monitoring of the Company or otherwise incurred by PEP or Affiliate of PEP in connection with activities to assist with achieving the Objectives, including all travelling, hotel and other comparable expenses and the costs of any third-party external advisers retained by PEP or Affiliate of PEP (such expenses to be reimbursed by the Company to PEP or its Affiliate within 10 Business Days of receipt of a statement of account in respect of those expenses).

35.19 Entire agreement

To the extent permitted by law, in relation to its subject matter, this Deed:

- (a) embodies the entire understanding of the Parties, and constitutes the entire terms agreed by the Parties; and
- (b) supersedes any prior written or other agreement of the Parties.

35.20 Indemnities

- (a) Each indemnity in this Deed is a continuing obligation, separate and independent from the other obligations of the Parties, and survives termination, completion or expiration of this Deed.
- (b) It is not necessary for a Party to incur expense or to make any payment before enforcing a right of indemnity conferred by this Deed.
- (c) A Party must pay on demand any amount it must pay under an indemnity in this Deed.

35.21 Severance

If any provision or part of a provision of this Deed is held or found to be void, invalid or otherwise unenforceable (whether in respect of a particular party or generally), it will be deemed to be severed to the extent that it is void or to the extent of voidability, invalidity or unenforceability, but the remainder of that provision will remain in full force and effect.

35.22 GST

- (a) Any payment or other consideration referred to in any other provision of this Deed for any supply that may be made under this Deed (**Consideration**) is set out or calculated to be exclusive of GST.

- (b) Where any amounts that may be payable under this Deed are calculated by reference to a cost, expense or other amount paid or incurred by a party, the amount so payable must be reduced by the amount of any input tax credits to which the party incurring such cost, expense or other amount is entitled in connection with any acquisition relating to such cost, expense or other amount.
- (c) If GST is payable in relation to a supply made under this Deed, the party required to provide that Consideration (**Recipient**) to another party (**Supplier**) must pay an additional amount equal to the amount of that GST. Any such additional amount must be provided at the same time as this Deed requires the first part of the Consideration for the taxable supply to be provided and is subject to the Supplier issuing a tax invoice to the Recipient for that supply at or before such time.
- (d) If the GST payable in relation to a supply made under this Deed varies from the additional amount paid by the Recipient under clause 35.22(c) in respect of that supply, then the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from the Recipient (as appropriate).
- (e) Except where the context suggests otherwise, terms used in this clause 35.22 have the meanings given by *A New Tax System (Goods and Services Tax) 1999* (Cth).

Schedule 1 - Initial PEP Shareholders

	Name	Notice Details
1.	Pacific Equity Partners Fund VI, L.P., acting via its general partner, Pacific Equity Partners Fund VI GP (Jersey) Limited	<p>Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000</p> <p>Email: Scott.McKnight@pep.com.au and David.Emmanuel@pep.com.au</p> <p>Attention: Scott McKnight and David Emmanuel</p>
2.	Pacific Equity Partners Fund VI (Australasia) Pty Limited as trustee for Pacific Equity Partners Fund VI (Australasia)	<p>Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000</p> <p>Email: Scott.McKnight@pep.com.au and David.Emmanuel@pep.com.au</p> <p>Attention: Scott McKnight and David Emmanuel</p>
3.	Pacific Equity Partners Fund VI-A (Australasia) Pty Limited as trustee for Pacific Equity Partners Fund VI-A (Australasia)	<p>Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000</p> <p>Email: Scott.McKnight@pep.com.au and David.Emmanuel@pep.com.au</p> <p>Attention: Scott McKnight and David Emmanuel</p>
4.	Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust A	<p>Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000</p> <p>Email: Scott.McKnight@pep.com.au and David.Emmanuel@pep.com.au</p> <p>Attention: Scott McKnight and David Emmanuel</p>
5.	Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust B	<p>Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000</p> <p>Email: Scott.McKnight@pep.com.au and David.Emmanuel@pep.com.au</p> <p>Attention: Scott McKnight and David Emmanuel</p>
6.	PEP Investment Pty Limited	<p>Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000</p> <p>Email: Scott.McKnight@pep.com.au and David.Emmanuel@pep.com.au</p> <p>Attention: Scott McKnight and David Emmanuel</p>

[For use if Acceding Party is an individual]

SIGNED, SEALED AND DELIVERED by)
[INSERT NAME OF INDIVIDUAL] in the)
presence of:)

Signature of witness

Signature

Name of witness

[Other execution blocks to be inserted as required]

Schedule 3 - Matters requiring Special Majority Resolution

1. **(Amendment of the Constitution)** The making of any amendment to the Constitution that materially adversely affects the rights of Class B Shares or the modification or abrogation of any rights attached to any Class B Shares whether issued or unissued (other than in a way that impacts the Class A Shares and the Class B Shares equally).
2. **(Amendment of this Deed)** The making of any amendment to this Deed that materially adversely affects the rights or obligations of Class B Shareholders under this Deed (other than in a way that impacts Class A Shares and Class B Shares equally).
3. **(Class of securities)** Creating any new class of securities in the Company that ranks ahead of the Class B Shares in a winding up (other than where such securities also rank ahead of Class A Shares in a winding up in the same manner and to the same extent).
4. **(New Securities)** Issuing, allotting or granting any Securities other than as contemplated by clauses 9 and 10.
5. **(Winding up)** The making of an application or the commencement of any proceedings or the taking of any other steps for the voluntary winding up, liquidation or deregistration of a Company Group Member, other than where such Company Group Member is dormant or otherwise no longer conducting any business.

EXECUTION PAGE**EXECUTED** as a deed.**EXECUTED** by **PACIFIC EQUITY PARTNERS
FUND VI GP (JERSEY) LIMITED** as General
Partner of **PACIFIC EQUITY PARTNERS FUND
VI L.P.** by:_____
Signature of witness_____
Signature of authorised signatory_____
Full name of witness_____
Full name of authorised signatory

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EXECUTED by PACIFIC EQUITY PARTNERS FUND VI (AUSTRALASIA) PTY LIMITED (ACN 630 504 960) AS TRUSTEE OF THE PACIFIC EQUITY PARTNERS FUND VI (AUSTRALASIA) UNIT TRUST in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director

EXECUTED by PACIFIC EQUITY PARTNERS FUND VI-A (AUSTRALASIA) PTY LIMITED (ACN 632 814 881) AS TRUSTEE OF THE PACIFIC EQUITY PARTNERS FUND VI-A (AUSTRALASIA) UNIT TRUST in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director

EXECUTED by **EAGLE COINVESTMENT PTY LIMITED (ACN 119 182 688) AS TRUSTEE FOR PACIFIC EQUITY PARTNERS FUND VI EXECUTIVES COINVESTMENT TRUST A** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director

EXECUTED by **EAGLE COINVESTMENT PTY LIMITED (ACN 119 182 688) AS TRUSTEE FOR PACIFIC EQUITY PARTNERS FUND VI EXECUTIVES COINVESTMENT TRUST B** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director

EXECUTED by PEP INVESTMENT PTY LIMITED (ACN 083 026 984) in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Full name of director

Signature of company secretary/director

Full name of company secretary/director

EXECUTED by HAROLD TOPCO LTD (ACN 670 591 303) in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Full name of director

Signature of company secretary/director

Full name of company secretary/director

Annexure A - Constitution

[Please note that a copy of the Constitution has been omitted to avoid duplication. A copy of the Constitution is attached as Appendix F to the Scheme Booklet.]

Annexure B - Nominee Deed

NOMINEE DEED

PACIFIC CUSTODIANS PTY LIMITED
the Nominee

HAROLD TOPCO LIMITED the Company

Each Appointing Beneficiary from time to time.

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THIS DEED is made on

BETWEEN:

- (1) **PACIFIC CUSTODIANS PTY LIMITED** ACN 009 682 866 of Level 12, 680 George Street, Sydney NSW 2000 (**Nominee**)
- (2) **HAROLD TOPCO LIMITED** ACN 670 591 303 of Level 31, 126 – 130 Phillip Street, Sydney NSW 2000 (**Company**)
- (3) Each person listed in Schedule 1 with the notice details set out in Schedule 1 or as notified in a Deed of Adherence (**Appointing Beneficiaries**).

RECITAL:

- (A) The Nominee agrees to act as trustee of each Bare Trust on the terms set out in this Deed.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

Authorised Person has the meaning given to that term in Clause 6.1.

Appointing Beneficiary means each person noted on the Trusts Register as the holder of the beneficial interest in the Bare Trust Property held by the Nominee under a Bare Trust.

Bare Trust means each bare trust created by declaration pursuant to Clause 2.2

Bare Trust Property means, in the case of each Bare Trust:

- (a) the Securities held by the Nominee for and on behalf of the relevant Appointing Beneficiary, as shown in the Trusts Register, and
- (b) all accretions, rights and benefits attaching to the Securities referred to in paragraph (a) of this definition, including all rights to receive dividends and any other distributions, and all rights to receive or subscribe for Securities, notes, options or other Securities, but excluding amounts or other property that are paid or delivered by the Company directly to the Appointing Beneficiary under this Deed and/or the Shareholders Deed.

Claim means any allegation, cause of action, action, dispute, claim, debt, Liability, proceeding, investigation, inquiry, prosecution, litigation, arbitration, mediation or dispute resolution, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

Deed means this deed including its recitals, schedules and annexures.

Deed of Adherence means a deed substantially in the form set out in Annexure A or such other form approved in writing by the Company and the Nominee.

Details for the purpose of Clause 18 means the following details in relation to notices:

(a) to the Company:

To:	Harold Topco Limited
Address:	Level 31, 126 Phillip Street, Sydney NSW 2000
Email:	scott.mcknight@pep.com.au david.emmanuel@pep.com.au
Attention:	Scott McKnight David Emmanuel

(b) to the Nominee:

To:	Pacific Custodians Pty Limited
Address:	Level 12, 680 George Street, Sydney NSW 2000
Email:	ess.trustees@linkmarketservices.com.au
Attention:	Trustee Manager

Instruction means an instruction to the Nominee from an Appointing Beneficiary in respect of, or in connection with, the Bare Trust of which the Nominee is the bare trustee for the Appointing Beneficiary and/or the Bare Trust Property of that Bare Trust.

Individual Costs means any of the following incurred by a party other than a Company Group Member:

- (a) advisory costs for tax, legal or other professional advice given to that party in connection with an IPO, Trade Sale, Share Sale or other relevant transaction, as applicable, which is not advice for the benefit of other parties;
- (b) Tax; and
- (c) a Liability arising out of any claim, action or proceeding of any nature in connection with an Exit or other relevant transaction, as applicable, unless otherwise approved by the Board.

Shareholders Deed means the document dated on or about the date of this Deed between, amongst others, the Company and:

- (a) Pacific Equity Partners Fund VI, L.P., acting via its general partner, Pacific Equity Partners Fund VI GP (Jersey) Limited;
- (b) Pacific Equity Partners Fund VI (Australasia) Pty Limited as trustee for Pacific Equity Partners Fund VI (Australasia);
- (c) Pacific Equity Partners Fund VI-A (Australasia) Pty Limited as trustee for Pacific Equity Partners Fund VI-A (Australasia);

- (d) Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust A;
- (e) Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust B; and
- (f) PEP Investment Pty Limited,

in relation to the control, management and financing of the Company.

Trusts Register means the register of Bare Trusts established and maintained by the Company in accordance with Clause 10.

1.2 Interpretation

Headings are for convenience only and do not affect the interpretation of this Deed. Unless the contrary intention appears, in this Deed:

- (a) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to any document (including this Deed) is to that document as varied, notated, ratified or replaced from time to time;
- (d) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (e) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (h) a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this Deed;
- (i) a reference to a time of day is a reference to Sydney, New South Wales time;
- (j) a reference to **dollar, S or AS** is a reference to the currency of Australia;
- (k) a reference to **law** includes common law, principles of equity and legislation (including regulations);
- (l) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;

- (m) a reference to "regulations" includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (n) unless a contrary intention appears, a reference to a person Disposing of any Securities, includes disposing of a beneficial interest in any of those Securities and instructing any trustee or other nominee (including the Nominee) to Dispose of a legal and/or beneficial interest in any of those Securities;
- (o) a reference to anything (including an amount) is a reference to the whole and each part of it provided that satisfaction of only part of an obligation (including payment of part of an amount) will not satisfy any obligation to pay the full amount;
- (p) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (q) if a party must do something under this Deed on or by a given day and it is done after 5pm on that day, it is taken to be done on the next day;
- (r) if the day on which a party must do something under this Deed is not a Business Day, the party must do it on the next Business Day; and
- (s) this Deed must not be construed adversely to a Party just because that Party prepared it or caused it to be prepared;

1.3 Definitions in Shareholders Deed

Unless expressly defined in this Deed, terms defined in the Shareholders Deed have the same meaning where used in this Deed.

1.4 Rules of construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Deed or any part of it or seeks to rely on any provision of this Deed.

2. DECLARATION OF BARE TRUSTS

2.1 Appointment of Nominee

The Nominee agrees to act as trustee of each Bare Trust.

2.2 Declaration of Bare Trusts

- (a) The Nominee declares that, in respect of each Appointing Beneficiary, it holds the right, title and interest in the Bare Trust Property on a separate bare trust for that Appointing Beneficiary absolutely.
- (b) For the avoidance of doubt, each Appointing Beneficiary has a vested and indefeasible interest in, and is absolutely entitled as against the Nominee to, the capital, assets and income of its respective Bare Trust and is the sole beneficiary of the Bare Trust in relation to its Bare Trust Property.

2.3 Bare Trust Property in each Bare Trust to be treated separately

The Nominee will at all times treat the Bare Trust Property of each Bare Trust separately from the Bare Trust Property of all other Bare Trusts.

2.4 Appointing Beneficiary's reservation of rights

- (a) Nothing in this Deed or the Shareholders Deed entitles the Nominee to beneficial ownership of any of the Bare Trust Property or operates to deprive an Appointing Beneficiary of the rights of beneficial ownership (including the right of possession) of the Bare Trust Property.
- (b) The Nominee declares that it has no beneficial interest whatsoever in the Bare Trust Property.

3. NOMINEE'S OBLIGATIONS

3.1 Nominee to act on Appointing Beneficiary's Instructions

The Nominee must:

- (a) do such things and execute such documents in relation to the Bare Trust Property of a Bare Trust; and
- (b) exercise all rights, powers and privileges conferred by or arising from the Bare Trust Property of a Bare Trust,

in accordance with the Instructions of the Appointing Beneficiary in respect of that Bare Trust.

3.2 Nominee may only act on an Appointing Beneficiary's Instructions

- (a) The Nominee must, to the maximum extent permitted by law, and notwithstanding any other provision of this Deed, act on the Instructions of the Appointing Beneficiaries under a power of attorney or otherwise, with the intent that each Appointing Beneficiary exercises day-to-day control over the operation of the Bare Trust of which it is the Appointing Beneficiary.
- (b) The Nominee must not in its discretion, and without an Instruction by or on behalf of an Appointing Beneficiary, make any decisions or take any action or refrain from taking any action, in its discretion, over or in respect of the Bare Trust Property it holds as bare trustee for that Appointing Beneficiary.
- (c) Subject to Clause 3.2(d), the Nominee will only transfer or otherwise Dispose of the Bare Trust Property of a Bare Trust as the Appointing Beneficiary in respect of that Bare Trust directs.
- (d) The Nominee and each Appointing Beneficiary acknowledge that under the Shareholders Deed, the Appointing Beneficiary has appointed certain attorneys with authority to give Instructions to the Nominee on behalf of the Appointing Beneficiary in certain circumstances specified in the Shareholders Deed. Each Appointing Beneficiary directs the Nominee to comply with, and the Nominee must comply with, any Instruction given on behalf of an Appointing Beneficiary by an attorney which the Appointing Beneficiary has appointed under the Shareholders Deed.

3.3 Limitations on the Nominee

The Nominee will have no powers, duties, discretions or Liabilities under a Bare Trust except:

- (a) those expressly set out in this Deed; or
- (b) in any other document to which the Nominee is a party which is agreed to in writing by the Company and related to the subject matter of this Deed, and where the other document provides the Nominee with any powers or discretions under a Bare Trust not otherwise expressly set out in this Deed, also agreed in writing by the Appointing Beneficiary.

3.4 Nominee may appoint attorneys

The Nominee may appoint any one or more persons as its attorney (jointly or severally if more than one) with power to execute documents on behalf of the Nominee for the day to day administration of a Bare Trust.

3.5 Notice by Nominee

The Nominee will provide the Company with written notice of:

- (a) any Disposal of the beneficial interest in a Beneficial Security to or by an Appointing Beneficiary in accordance with the Shareholders Deed;
- (b) any purported Disposal by a Appointing Beneficiary of its beneficial interest in any Beneficial Security in breach of the Shareholders Deed;
- (c) any Instruction from an Appointing Beneficiary to the Nominee requesting that the Nominee Dispose of any Beneficial Securities; and
- (d) any other information which the Nominee becomes aware of which would lead to an update to the Trusts Register (unless the Company has been copied on a notice from the relevant Appointing Beneficiary under Clause 4) or a breach of this Deed or the Shareholders Deed by an Appointing Beneficiary,

as soon as practicable, but in any case, by no later than five Business Days after the Nominee becomes aware of the relevant event or circumstance.

4. APPOINTING BENEFICIARIES' OBLIGATIONS

Every Appointing Beneficiary must promptly notify the Nominee and the Company in writing of any change of name or address of the Appointing Beneficiary, any change to the Appointing Beneficiary's Bare Trust or Beneficial Securities of which it becomes aware and any other information which the Appointing Beneficiary becomes aware of which would lead to an update to the Trusts Register.

5. INSTRUCTIONS FROM APPOINTING BENEFICIARIES

5.1 Form of Instructions

Each Instruction given by an Appointing Beneficiary to the Nominee must:

- (a) be in writing in English;
- (b) be signed by a Appointing Beneficiary, or an Authorised Person on behalf of a Appointing Beneficiary (which includes any attorney appointed by the Appointing Beneficiary);
- (c) state that it is an Instruction for the purposes of this Deed;
- (d) where the instruction includes a requirement for the Nominee to execute a document, includes appropriate details of the terms and purpose of the instruction; and
- (e) be in accordance with this Deed, provided that the Nominee is entitled to treat an instruction as an "Instruction" for the purposes of this Deed even if it does not satisfy paragraphs (a), (b), (c) and/or paragraph (d) (but, to avoid doubt, not paragraph (e)) of this clause.

5.2 Instructions continue in force

Each Instruction continues in force until it is cancelled or superseded by a further Instruction by or on behalf of the Appointing Beneficiary.

5.3 Nominee to act promptly

Without limiting Clauses 5.5 and 5.6, the Nominee will give effect to an Instruction as soon as reasonably practicable and in any event, within any time period specified for the relevant action in the Shareholders Deed or the Constitution (as the case requires).

5.4 Nominee not required to verify Instructions

Notwithstanding Clause 5.1, the Nominee:

- (a) may accept any Instruction from an Appointing Beneficiary verbally or in writing and either from the Appointing Beneficiary personally or from any person, firm or company which the Nominee has reason to believe is giving such Instruction on behalf of or with the authority of the Appointing Beneficiary;
- (b) is not required to inquire as to whether any Instruction from an Appointing Beneficiary is genuine or proper; and
- (c) is entitled to rely solely on the relevant Appointing Beneficiary or its Authorised Person in respect of all matters relating to any Instruction and any transaction the subject of an Instruction.

5.5 Nominee may request further information

The Nominee may request reasonable additional information from an Appointing Beneficiary or its Authorised Person in respect of any Instruction to the Nominee and the Appointing Beneficiary must promptly comply with any such request, provided that this Clause 5.5 does not impose any obligation on the Nominee to make any such enquiries and does not otherwise limit the effect of any other provision of this Deed.

5.6 Nominee not required to act on certain Instructions

The Nominee may disregard an Instruction if:

- (a) it has reasonable grounds to doubt the authenticity of the Instruction;
- (b) the Instruction is not given by the Appointing Beneficiary or an Authorised Person;
- (c) acting on the Instruction would cause the Nominee to breach this Deed or any law, regulations or any published policy statement or guideline of any Government Agency; or
- (d) the Instruction is ambiguous or the Nominee determines that the action it is being requested to take or not take in accordance with the Instruction is unclear.

5.7 Nominee unable to act on Instruction

- (a) If the Nominee disregards, or otherwise does not fully act on, an Instruction of an Appointing Beneficiary or its Authorised Person, it must promptly (and in any event, within two Business Days) notify the relevant Appointing Beneficiary and the Company providing reasons for it having

disregarded, or otherwise not acted on, the Instruction. Upon receipt of such a notice, the relevant Appointing Beneficiary may either:

- (i) withdraw the instruction with which the Nominee is unable to comply; or
 - (ii) re-issue or clarify the Instruction, in which case the Instruction will not operate until it has been re-issued or clarified.
- (b) The Nominee will not be liable or responsible for any loss, liability, or any increase in liability, of an Appointing Beneficiary arising out of the failure of the Appointing Beneficiary to give an Instruction to the Nominee or to give an Instruction within a particular time period prescribed by this Deed or the Shareholders Deed, the Constitution or any other Transaction Document.

6. AUTHORISED PERSONS

6.1 Authorised Persons

An Appointing Beneficiary:

- (a) may notify the Nominee in writing of the persons who are authorised to make any written communication or take action on behalf of that Appointing Beneficiary under this Deed; and
- (b) is deemed to have authorised each person specified in clause 3.2(d) to make any written communication or take action on behalf of that Appointing Beneficiary under this Deed in accordance with the circumstances specified in the Shareholders Deed,

(the Authorised Persons).

6.2 Variation of Authorised Person

An Appointing Beneficiary may vary its Authorised Persons by written notice to the Nominee and the Company.

6.3 Nominee's action

The Nominee must accept all communications or actions concerning this Deed made by Authorised Persons of an Appointing Beneficiary, provided that those communications or actions are in accordance with this Deed. The Nominee is not obliged to take any action if the communication or action is not made by an Authorised Person, nor to enquire as to the identity of any person if it reasonably believes the person is an Authorised Person.

6.4 Appointing Beneficiary responsible for actions of Authorised Persons

An Appointing Beneficiary is bound by, and liable for, every and any action or omission by the Nominee in reliance on any Instruction given by:

- (a) any of its Authorised Persons; or
- (b) a person reasonably believed by the Nominee to be the Appointing Beneficiary's Authorised Person,

and, without limiting any other provision of this Deed or the Shareholders Deed, the Nominee is not liable for any properly performed action or omission of the Nominee in reliance on any such Instruction.

7. MEETINGS AND INFORMATION

7.1 Shareholder information

The Company undertakes to the Nominee that at the same time as it gives, makes available or despatches any notice, document or information to Shareholders, the Company will also give, make available or despatch that notice, document or information to each Appointing Beneficiary.

7.2 Shareholder meetings

To the extent reasonably practicable, the Nominee must:

- (a) attend meetings of Shareholders which the Nominee is directed by an Instruction to attend and which the Nominee is entitled to attend (and in the absence of an Instruction, the Nominee will not attend any meetings);
- (b) vote at meetings of Shareholders as the Nominee is directed by an Instruction to vote at and at which the Nominee is entitled to vote (and in the absence of an Instruction, the Nominee will not vote at any meetings);
- (c) if the Nominee has been directed by an Instruction by more than one Appointing Beneficiary to vote at a meeting of Shareholders (and is entitled to vote) and those Appointing Beneficiaries between them would be have been entitled to demand a poll had they been the registered holder of the relevant Securities, demand a poll (and not withdraw such demand) for each resolution that the Nominee is directed by Instruction to cast a vote on; and
- (d) if required by an Instruction, execute all proxies, powers of attorney and other documents which are necessary or desirable to enable a relevant Appointing Beneficiary or any of its Authorised Persons to vote in the place of the Nominee at any meetings of Shareholders.

7.3 Nominee may appoint proxy

The Nominee may from time to time to appoint a proxy to represent the Nominee at any meeting of Shareholders which the Nominee is instructed to attend in accordance with Clause 7.2.

8. DIVIDENDS AND OTHER PAYMENTS

8.1 Dividends and distributions

The Company will procure that any cash distribution or dividend that would otherwise be paid to the Nominee in respect of Beneficial Securities held by the Nominee as bare trustee for an Appointing Beneficiary is paid to the Appointing Beneficiary in place of the Nominee (or as the Appointing Beneficiary otherwise directs the Company in writing).

8.2 Appointing Beneficiary to put Nominee in funds

- (a) Each Appointing Beneficiary must pay to the Nominee an amount equal to:
 - (i) Individual Costs in respect of that Appointing Beneficiary for which the Nominee is otherwise liable;
 - (ii) any Liabilities incurred by the Nominee which would have been incurred by that Appointing Beneficiary if it had been the registered holder of its Securities;

- (iii) all calls, demands and other Liabilities which the Nominee is liable to pay in respect of that Appointing Beneficiary's Bare Trust Property;
 - (iv) Liabilities suffered or incurred by the Nominee arising in connection with any action, omission or Instruction by that Appointing Beneficiary which is in breach of any legal or contractual obligation of that Appointing Beneficiary (including any breach of this Deed or the Shareholders Deed, the Constitution or any other Transaction Document); and
 - (v) Liabilities incurred as a result of any action, omission or Instruction by that Appointing Beneficiary that is unreasonable or otherwise outside the ordinary course,
- (b) The Appointing Beneficiary must pay the amounts referred to in this Clause 8.2 by the later of the day that those amounts are due and payable by the Nominee and 10 Business Days of written request from the Nominee or the Company for payment.
- (c) The Nominee directs each Appointing Beneficiary to pay any amount referred to in Clause 8.2(a) for which that Appointing Beneficiary is liable directly to the Company or any other relevant third party creditor from the Appointing Beneficiary's own funds, in satisfaction of the Appointing Beneficiary's obligation under Clause 8.2(a). The Appointing Beneficiary must promptly notify the Nominee of any payment it makes under this Clause 8.2(c).

9. COMPANY'S OBLIGATIONS

9.1 Company assistance

The Company undertakes to the Nominee that it will promptly provide the Nominee with all information and assistance that the Nominee reasonably requests to enable the Nominee to comply with its obligations as bare trustee for the Appointing Beneficiaries.

9.2 Notice by Company

The Company undertakes to the Nominee that it will provide the Nominee with written notice of:

- (a) any Disposal (or purported Disposal) of the beneficial interest in a Beneficial Security to or by an Appointing Beneficiary in accordance with the Shareholders Deed and the Constitution;
- (b) any other information which the Company becomes aware of which would lead to an update to the Trusts Register (unless the Nominee has been copied on a notice from the relevant Appointing Beneficiary under Clause 4); and
- (c) any breach or suspected breach of this Deed or the Shareholders Deed, the Constitution or any other Transaction Document by an Appointing Beneficiary,

as soon as reasonably practicable (and will use reasonable endeavours to do so within five Business Days after the Company becomes aware of the relevant event or circumstance).

10. REGISTER OF BARE TRUSTS

10.1 Register of Appointing Beneficiaries

- (a) The Company will, at its sole cost and expense, establish and maintain a Trusts Register.

- (b) The following particulars must be entered into the Trusts Register in respect of each Bare Trust:
- (i) the name, address and description of each Appointing Beneficiary (and the Appointing Beneficiary's Authorised Person (if any));
 - (ii) the number, class and identifying designation of Beneficial Securities that are held on trust for that Appointing Beneficiary;
 - (iii) the date or dates at which the name of the Appointing Beneficiary was noted in the Trusts Register in respect of the Bare Trust Property held on trust for that Appointing Beneficiary; and
 - (iv) any other details reasonably requested by the Nominee.
- (c) The Company undertakes to procure that the Trusts Register is updated on account of changes to the Bare Trusts, Beneficial Securities and Appointing Beneficiaries, including as a result of the termination of any Bare Trust.

10.2 Nominee to be provided with a copy of the Trusts Register

The Company must provide a copy of the Trusts Register to the Nominee:

- (a) on, or as soon as practicable after the date of this Deed;
- (b) as soon as reasonably practicable following an update to any information in the Trusts Register; and
- (c) within ten Business Days after being reasonably requested to do so by the Nominee.

10.3 Certificates

Notwithstanding anything to the contrary in the Constitution:

- (a) no certificates will be issued to an Appointing Beneficiary in respect of any Beneficial Securities held under Bare Trust for that Appointing Beneficiary; and
- (b) the Company must issue separate certificates for each class of Securities held on bare trust by the Nominee under a particular Bare Trust (other than any class of Securities which is not certificated). The Nominee will hold all such certificates on behalf of the Appointing Beneficiary.

11. LIMITATION OF LIABILITY AND INDEMNITIES

11.1 No Liability of Nominee for certain breaches

- (a) Each party acknowledges that, subject to the terms of this Deed, the Nominee is obliged to act in accordance with the directions of the Appointing Beneficiaries in relation to their respective Beneficial Securities.
- (b) Any breach of this Deed, the Shareholders Deed or the Constitution which arises as a result of the Nominee complying with a direction given by an Appointing Beneficiary is to be construed for all purposes as a breach by the relevant Appointing Beneficiary for which the Appointing Beneficiary is

personally liable (including in accordance with this Deed) and not by the Nominee and without limiting the foregoing:

- (i) the Nominee is released from any claim or Liability in respect of any such breach, and
- (ii) each party (other than the Nominee) covenants not to claim, sue or take any action against the Nominee in respect of any such breach.

11.2 Indemnity from Appointing Beneficiaries

- (a) Each Appointing Beneficiary indemnifies, and agrees to reimburse and compensate, the Company and the Nominee for, all Claims and Liabilities which the Company or the Nominee pays, suffers, incurs or is liable for (excluding all Liabilities contemplated by Clause 13) arising out of or in connection with:
 - (i) that Appointing Beneficiary's Bare Trust;
 - (ii) by reason of that Appointing Beneficiary's Beneficial Securities being registered in the name of the Nominee;
 - (iii) any act or omission by the Nominee at the Instruction of that Appointing Beneficiary;
 - (iv) any breach of this Deed or the Shareholders Deed, the Constitution or any other Transaction Document by that Appointing Beneficiary or the Nominee on the Instruction of the Appointing Beneficiary; or
 - (v) in the case of the Company only, arising out of or in connection with, a Claim or Liability in respect of which the Company is obliged to indemnify, reimburse and/or compensate the Nominee in accordance with Clause 12.4.
- (b) Each Appointing Beneficiary covenants with the Nominee not to make any Claim against the Nominee in relation to any matter referred to in Clause 11.2(a).
- (c) The indemnity in Clause 11.2(a) and the covenant in Clause 11.2(b) do not apply to:
 - (i) any Liability which arises as a result of the Nominee's (or any of its officers', employees', or agents') fraud, negligence, dishonesty, wilful misconduct, breach of any of its obligations under this Deed or the Shareholders Deed or breach of trust; or
 - (ii) costs and expenses which the Company has agreed to pay in accordance with Clause 13, fees of a Related Body Corporate of the Nominee as custodian of the Nominee and fees of a sub custodian, nominee or other delegate of such a Nominee of the Nominee which arise in the ordinary course of the establishment and administration of the Bare Trusts.

11.3 Indemnity from the Company

The Company shall indemnify the Nominee, and its directors, officers and employees, against any expenses (including legal fees), Claims and Liabilities the Nominee incurs, suffers or is liable for through acting as a Nominee of the Bare Trusts. This indemnity does not apply to expenses (including legal fees), Liabilities and Claims which arise as a result of the Nominee's (or any of its officers', employees', or agents') fraud, negligence, dishonesty, wilful misconduct, breach of any of its obligations under this Deed or the Shareholders Deed, the Constitution or any other Transaction Document or breach of trust.

11.4 Limitation of Nominee's Liability

- (a) Each party acknowledges that the Nominee enters into this Deed in its capacity as a trustee of the Bare Trusts and in no other capacity.
- (b) Any Liability of the Nominee arising under or in connection with this Deed is limited to, and can be enforced against the Nominee only to the extent to which it can be satisfied out of, the assets of the Bare Trust from which the Nominee is, or to the extent that under Clause 11.2 the Nominee is, actually indemnified for the Liability. This limitation of the Nominee's Liability applies despite any other provision of this Deed and extends to all Liabilities of the Nominee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed or the Shareholders Deed, the Constitution or any other Transaction Document.
- (c) No party may sue the Nominee in any capacity other than as trustee of a Bare Trust, including seeking the appointment of a receiver (except in relation to property of a Bare Trust), a liquidator, an administrator, or any similar person to the Nominee or prove in any liquidation, administration or arrangement of or affecting the Nominee (except in relation to property of the relevant Bare Trust).
- (d) The provisions of this Clause 11.4 do not apply to any Liability of the Nominee to the extent that it is not satisfied under this Deed, the Shareholders Deed, the Constitution or any other Transaction Document or by operation of law or there is a reduction in the extent of the Nominee's indemnification out of the assets of the relevant Bare Trust, as a result of the Nominee's fraud, negligence, wilful default or breach of trust.
- (e) No attorney, agent, receiver or receiver and manager appointed in accordance with this Deed has authority to act on behalf of the Nominee in a way which exposes the Nominee to any personal liability.

12. CHANGE OF NOMINEE

12.1 Retirement of the Nominee

The Nominee may, by giving 60 Business Days' written notice (or such lesser notice period agreed in writing by the Company) to the Company and the Appointing Beneficiaries, retire as the trustee of all (but not some) of the Bare Trusts.

12.2 Date of retirement becoming effective

If the Nominee retires under Clause 12.1, then subject to Clause 12.3(c), the retirement will have effect as at the last day of the relevant notice period.

12.3 New Nominee

- (a) If the Nominee retires under Clause 12.1, an independent third party trustee (who must be licensed to act as the Nominee if required to enable it to discharge its obligations under this Deed) nominated by the Company will be appointed as the replacement trustee for each Bare Trust, or if no person is nominated by the Company by the date of the Nominee's retirement, the Nominee will, acting reasonably, nominate an independent third party trustee (who must be licensed to act as the Nominee if required to enable it to discharge its obligations under this Deed) and the trustee so nominated will be appointed as the replacement trustee of each Bare Trust.
- (b) The Company, the Nominee and the Appointing Beneficiaries must do all things reasonably necessary to facilitate, or otherwise in connection with, the change of trustee including by delivering all books and records relating to the Bare Trusts and the Beneficial Securities in its possession at the relevant time to the replacement trustee.

- (c) Despite anything else in this Deed, the retirement of the Nominee and the appointment of a replacement trustee is not complete until the new trustee executes a deed by which it covenants to be bound by this Deed in the place of the Nominee on and from the date of appointment and any other documents reasonably requested by the Company to effect the replacement of the Nominee with the replacement Trustee.

12.4 Release of Nominee

Subject to Clause 12.3(c), when the Nominee retires in accordance with Clause 12.1, the Nominee is released from all obligations in relation to the Bare Trusts arising after the time it retires provided that the Nominee is still obliged to comply with Clause 12.3(b).

12.5 Costs of replacing the Nominee

All reasonable costs incurred by the Nominee and all costs of any new replacement trustee of the Bare Trusts in connection with the retirement or removal and replacement of the Nominee will be borne by the Company.

13. FEES AND COSTS

Without prejudice to Clauses 11.2, the Company must pay to the Nominee the fees accepted and agreed between the Nominee and the Company and all costs, expenses and other Liabilities properly incurred by the Nominee in fulfilling its obligations under this Deed other than the Liabilities referred to in Clause 8.2, Individual Costs of the Appointing Beneficiaries and any other cost, expense or Liability which this Deed or the Shareholders Deed provides will be paid by, or are otherwise the responsibility of, an Appointing Beneficiary.

14. DURATION OF BARE TRUSTS

14.1 Commencement Date

Each Bare Trust commences on the date on which the Nominee first acquires any Beneficial Securities.

14.2 Termination and Termination Date

Each Bare Trust will terminate on the earlier of:

- (a) the date on which the Nominee ceases to be registered on the register held by the Company as the legal owner of any Securities which are Bare Trust Property of that Bare Trust;
- (b) if the Company is wound up, the date on which of the proceeds of realisation payable in respect of any Bare Trust Property of that Bare Trust are distributed to the relevant Appointing Beneficiary or, if no proceeds of realisation are to be distributed to the relevant Appointing Beneficiary, the date on which the Company is wound up;
- (c) the date on which the Appointing Beneficiary is registered on the register held by the Company as the legal owner of all of the Securities comprising the Bare Trust Property of that Bare Trust;
- (d) the date on which the Bare Trust is terminated by the operation of any applicable laws; and
- (e) the date that is 80 years from the date of the commencement of the Bare Trust pursuant to Clause 14.1.

14.3 Termination of Deed for Appointing Beneficiaries

This Deed terminates for an Appointing Beneficiary when.

- (a) each Bare Trust of which it is a beneficiary has terminated in accordance with Clause 14.2; and
- (b) the Shareholders Deed has terminated in respect of the Appointing Beneficiary in its entirety in accordance with the terms of the Shareholders Deed.

15. ADHERENCE TO THIS DEED

15.1 Appointing Beneficiaries to adhere

The Company will procure that each Appointing Beneficiary agrees to be bound by this Deed as an Appointing Beneficiary by:

- (a) that Appointing Beneficiary or an attorney of the Appointing Beneficiary (including an attorney appointed under the Shareholders Deed or under the Scheme) executing and delivering to the Company and the Nominee:
 - (i) in respect of an Appointing Beneficiary that acquires Securities as a result of the Scheme, the form of election used by that person under the Scheme to receive those Securities; or
 - (ii) a Deed of Adherence; or
- (b) virtue of any provision of the Scheme which provides that by making an election to receive Securities as consideration under the Scheme, that person will be taken to have agreed to become a party to, and bound by, this Deed.

16. WARRANTIES

Each party warrants in respect of itself to each of the other parties, as an inducement to those parties to enter into this Deed, on the date it becomes a party to this Deed (and upon signing a Deed of Adherence, each new Appointing Beneficiary warrants to the Company, the Nominee and each existing Appointing Beneficiary at that time), that:

- (a) if it is not an individual, it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) it has power to enter into this Deed, to comply with its obligations under this Deed and exercise its rights under this Deed;
- (c) the entry by it into, its compliance with its obligations and the exercise of its rights under, this Deed does not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded, or
 - (ii) any law binding on or applicable to it or its assets;
- (d) it has in full force and effect each authorisation necessary for it to enter into this Deed, to comply with its obligations, and to allow this Deed to be enforced;

- (e) its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms; and
- (f) it is not Insolvent.

17. GST

17.1 Definitions and interpretation

For the purposes of this Clause 17.

- (a) **GST Act** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);
- (b) words and phrases which have a defined meaning in the GST Act have the same meaning when used in this Clause 17, unless the contrary intention appears;
- (c) unless otherwise expressly stated in this Deed, all consideration to be provided under this Deed is exclusive of GST; and
- (d) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as if it were a separate supply.

17.2 Payment of GST

- (a) If GST is payable, or notionally payable, on a supply made under or in connection with this Deed, the party providing the consideration for the supply must pay to the supplier an additional amount equal to the amount of GST payable on that supply (GST Amount).
- (b) Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time as the GST-exclusive consideration for the supply, or the first part of the GST-exclusive consideration for the supply (as the case may be), is payable or is to be provided.
- (c) This clause does not apply to the extent that the consideration for the supply is expressly stated to include GST or the supply is subject to a reverse-charge.

17.3 Adjustment events

If an adjustment event arises for a supply made under or in connection with this Deed, the GST Amount must be recalculated to reflect that adjustment, the supplier or the recipient (as the case may be) must make any payments necessary to reflect the adjustment and the supplier must issue an adjustment note.

17.4 Reimbursements

Any payment, reimbursement, indemnity or similar payment that is required to be made under this Deed which is calculated by reference to an amount paid by another party shall be reduced by the amount of any input tax credits which the other party (or the representative member of any GST group of which the other party is a member) is entitled. If the reduced payment is consideration for a taxable supply, Clause 17.2 will apply to the reduced payment.

18. NOTICES AND OTHER COMMUNICATIONS

18.1 Form

- (a) Unless this Deed expressly states otherwise, all notices, demands, certificates, consents, approvals, waivers and other communications in connection with this Deed must be in writing and signed by the sender (if an individual) or an authorised officer of the sender.
- (b) All communications (other than email communications) must also be marked for the attention of the person referred to in the Details, Schedule 1 or in a Deed of Adherence (or as otherwise notified by the recipient in writing to the other parties).
- (c) Email communications must state the first and last name of the sender and are taken to be signed by the named sender.

18.2 Delivery

- (a) Communications must be:
 - (i) left at the address referred to in the Details, Schedule 1 or in a Deed of Adherence (or as otherwise notified by the recipient in writing to the other parties);
 - (ii) sent by prepaid ordinary post (airmail if appropriate) to the address referred to in the Details, Schedule 1 or in a Deed of Adherence (or as otherwise notified by the recipient in writing to the other parties); or
 - (iii) sent by email to the address referred to in the Details, Schedule 1 or in a Deed of Adherence (or as otherwise notified by the recipient in writing to the other parties).
- (b) If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

18.3 When effective

Communications take effect from the time they are received or taken to be received under Clause 18.4 (whichever happens first) unless a later time is specified in the communication.

18.4 When taken to be received

Communications are taken to be received:

- (a) if sent by post, six Business Days after posting (or ten days after posting if sent from one country to another);
 - (b) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,
- whichever happens first.

18.5 Receipt outside business hours

Despite anything else in this Clause 18, if communications are received or taken to be received under Clause 18.4 after 5pm on a Business Day or on a non-Business Day, they are taken to be received at 9am on the next Business Day. For the purposes of this Clause 18.5, the place in the definition of Business Day is taken to be the place specified in the Details as the address of the recipient and the time of receipt is the time in that place.

19. AMENDMENTS

19.1 Amendment

This Deed may be amended only by a document signed by:

- (a) the Company;
- (b) the Nominee; and
- (c) unless Clause 19.2 applies, that Appointing Beneficiary.

19.2 Complying amendments

This Deed may be amended by a document signed by the Company and the Nominee if:

- (a) the amendment is made to cure any ambiguity, omission, manifest error, mistake or defect or inconsistency identified by the Board;
- (b) based on professional legal advice received in relation to the issue by the Company, the Board resolves that the amendment is required in order for this Deed to comply with the applicable laws;
- (c) based on professional tax advice received in relation to the issue, the Board resolves that the amendment is reasonably required to take into consideration possible adverse Tax implications in respect of this Deed,

provided that:

- (d) the proposed amendment would not materially diminish the rights of, increase the obligations of, or otherwise adversely affect, an Appointing Beneficiary, or
- (e) the amendment, variation or waiver relates only to a particular party and is made with the consent of that party.

19.3 Ceasing to be a party

If this Deed terminates with respect to an Appointing Beneficiary under Clause 14.3, then as from that time, that former Appointing Beneficiary will cease to be a party to this Deed for the purposes of clauses 19.1 and this Deed may be amended without reference to, or the need for the signature of, that former Appointing Beneficiary.

20. GENERAL

20.1 Waivers

No failure to exercise nor any delay in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

20.2 Conflict of interest

Each party may exercise their rights, powers and remedies in connection with this Deed even if this involves a conflict of duty or they have a personal interest in their exercise.

20.3 Specific performance

The parties acknowledge that:

- (a) Securities cannot be readily purchased or sold in an open market and that damages or an account of profits may be an inadequate remedy to compensate the relevant non-breaching parties for a breach of this Deed by another party; and
- (b) each party is, to the extent permitted by law, entitled to specific performance or injunctive relief (as appropriate) as a remedy for any breach or threatened breach by another party of this Deed, in addition to any other remedies available to them at law or in equity.

20.4 Indemnities and reimbursement obligations

- (a) Any indemnity, reimbursement or similar obligation in this Deed:
 - (i) is a continuing obligation despite the satisfaction of any payment or other obligation in connection with this Deed, any settlement or any other thing;
 - (ii) is independent of any other obligations under this Deed; and
 - (iii) continues after this Deed, or any obligation arising under it, ends or terminates.
- (b) It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity in connection with this Deed.

20.5 Partial exercising of rights

Unless this Deed expressly states otherwise, if a party does not exercise a right, power or remedy in connection with this Deed fully or at a given time, they may still exercise it later.

20.6 Counterparts

This Deed may be executed in any number of counterparts. All counterparts will be taken to constitute one instrument.

20.7 Entire agreement

This Deed, the Shareholders Deed, the Constitution and any other Transaction Document and any other documents referred to in this Deed or executed in connection with this Deed:

- (a) embodies the entire agreement of the parties about the subject matter of this Deed; and
- (b) supersede all previous agreements, understandings and negotiations on that subject matter and all other communications.

20.8 Further Assurances

Each party agrees to do all such things and execute all such deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed and the transactions contemplated by it.

20.9 Assignment or other dealings

A party may not assign or otherwise Dispose of any of its rights under this Deed or allow any interest in them to arise or be varied without the prior written consent of the other parties or as otherwise expressly permitted by this Deed.

20.10 Severability

If any provision of this Deed is held or found to be void, invalid or otherwise unenforceable then so much of it as is necessary to render it valid and enforceable is deemed to be severed but the remainder of this Deed remains in full force and effect.

20.11 Rules of construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Deed or any part of it or seeks to rely on any provision of this Deed.

20.12 Relationship of parties

Unless this Deed expressly states otherwise, nothing contained or implied in this Deed constitutes any party as the partner, agent, associate, employee or representative of any other party for any purpose or creates any partnership, agency or trust between them and no party has authority to bind any other party in any way.

20.13 Attorneys

Each attorney executing this Deed or a Deed of Adherence states that the attorney has no notice of revocation or suspension of the power of attorney under which the attorney executes this Deed or a Deed of Adherence.

20.14 Method of payment

All payments required to be made under this Deed must be made by way of direct transfer of immediately available funds to the credit of an Australian bank account nominated by the payee to the payer, that nomination to be given at least 3 Business Day before, the due date for payment or by any other method agreed by the parties.

20.15 Third Party Benefit

If a representation, warranty, indemnity, undertaking or acknowledgment given by a party in this Deed is expressly given to or for the benefit of any representative of the other party (such other party being referred to in this Clause 20.15 as the Recipient) including each such person that is not a party to this Deed (Third Party Beneficiary), the benefit of that representation, warranty, indemnity, undertaking

or acknowledgment is held by the Recipient for the benefit of, and is enforceable by, the Recipient on behalf of the Third Party Beneficiary, notwithstanding that they are not a party to this Deed.

20.16 Certain provisions continue

Termination of this Deed with respect to a party or all parties does not affect:

- (a) any obligation or Claim of that party or those parties, as applicable, under this Deed which accrued prior to that termination and which remains unsatisfied;
- (b) any rights, Claims or Liabilities of a party which accrued prior to such termination; or
- (c) any provision of this Deed which is expressed to come into effect on, or to continue in effect after, that termination.

21. GOVERNING LAW

21.1 Governing law and jurisdiction

The Deed is governed by the laws of the State of New South Wales. The Nominee, the Company, and each Appointing Beneficiary submit to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed.

SCHEDULE 1
APPOINTING BENEFICIARIES

No.	Appointing Beneficiary	Notice Details
1.		
2.		
3.		
4.		
5.		
6.		

SIGNATORIES

EXECUTED as a DEED

Company

EXECUTED by HAROLD TOPCO LIMITED (ACN 670 591 303) in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director

Nominee

EXECUTED by **PACIFIC CUSTODIANS
PTY LTD (ACN 009 682 866)** in accordance
with section 127 of the Corporations Act 2001
(Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director

ANNEX 1

DEED OF ADHERENCE

Details

Parties

Acceding Party	Name	[insert]
	[ACN]	[insert]
	Formed in	[insert]
	Address	[insert]
	Email	[insert]
	Attention	[insert]

1. Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply.

Accession Date has the meaning given to it in Clause 2.1.

Continuing Party means each party (whether an original party or a party by accession) to the Nominee Deed, including those listed in Schedule 1 to this Deed.

Nominee Deed means the nominee deed dated on or about [insert] between Harold TopCo Limited, Pacific Custodians Pty Limited and the Appointing Beneficiaries (as defined in that document) from time to time, as amended from time to time, a copy of which is attached as Attachment A.

1.2 Interpretation

Clauses 1.2 and 1.3 of the Nominee Deed apply to this Deed as if set out in full in this Deed.

1.3 Incorporated definitions

Unless the contrary intention appears, a term which has a defined meaning in the Nominee Deed has the same meaning when used in this Deed.

2. Accession

2.1 Accession

The Acceding Party accedes to the Nominee Deed as an Appointing Beneficiary on and from [insert relevant date] (Accession Date).

2.2 Rights and obligations of Acceding Party

Upon accession to the Nominee Deed, the Acceding Party is bound by all the terms of the Nominee Deed from the Accession Date as if the Acceding Party was, from the Accession Date, a party to the Nominee Deed with all the rights and obligations of an Appointing Beneficiary.

3. Representations and warranties

The Acceding Party represents and warrants to each Continuing Party:

- (a) if it is not an individual, it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) it has power to enter into this Deed, to comply with its obligations under this Deed and exercise its rights under this Deed;
- (c) the entry by it into, its compliance with its obligations and the exercise of its rights under, this Deed does not and will not conflict with:
 - (i) if it is with an individual, its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
 - (ii) any law binding on or applicable to it or its assets;
- (d) it has in full force and effect each authorisation necessary for it to enter into this Deed, to comply with its obligations, and to allow this Deed to be enforced;
- (e) its obligations under this Deed are valid and binding and are enforceable against it in accordance with its terms; and
- (f) it is not Insolvent.

4. Notices

4.1 Address of Acceding Party for notices

For the purposes of the Nominee Deed the address of the Acceding Party to which all notices must be delivered is:

To:	[insert]
Address:	[insert]
Email:	[insert]
Attention:	[insert]

5. General

5.1 Variation and waiver

A provision of this document, or right, power or remedy created under it, may not be varied or waived except in writing signed by the party to be bound.

5.2 Entire agreement

This document and the Nominee Deed constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

5.3 Amendment

This document may be amended only by a document signed by the Acceding Party and each of the Continuing Parties.

5.4 Assignment

The Acceding Party may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the written consent of each of the Continuing Parties.

5.5 Severability

If the whole or any part of a provision of this document is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this document has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this document or is contrary to public policy.

5.6 Governing law and jurisdiction

The law in force in New South Wales governs this document. The Acceding Party submits to the non-exclusive jurisdiction of the courts of that place.

EXECUTED as a DEED poll

EXECUTED by [insert name] ACN [●] by or in the presence of:

Signature of Director

Name of Director in full

Signature of Secretary/other Director

Name of Secretary/other Director in full

SIGNED, SEALED AND DELIVERED for and)
 on behalf of [INSERT COMPANY NAME] by)
 its attorney [*insert name of attorney*] under a)
 power of attorney dated [*insert date of power of*])
 attorney] and the attorney declares that the)
 attorney has not received any notice of the)
 revocation of such power of attorney in the)
 presence of:)

 Signature of witness

 Signature of attorney

 Name of witness

SIGNED, SEALED AND DELIVERED by)
 [INSERT NAME OF INDIVIDUAL] in the)
 presence of:)

 Signature of witness

 Signature

 Name of witness

Appendix F – TopCo Constitution

Constitution of Harold Topco Limited
ACN 670 591 303

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Harold Topco Limited ACN 670 591 303

Constitution

Preliminary

1. Definitions

In this Constitution:

Attending Shareholder means, in relation to a meeting of Shareholders (or a meeting of a class of Shareholders)

- (a) a Shareholder present at the meeting, in person or by proxy, by attorney or, where the Shareholder is a body corporate, by Corporate Representative;
- (b) a Shareholder who has duly lodged a valid Direct Vote in relation to the meeting pursuant to the Direct Voting Rules; and
- (c) a Shareholder who participates in the meeting using any one or more of the Virtual Meeting Technologies used for the meeting.

Board means the Directors of the Company from time to time.

Business Day means a day except a Saturday, Sunday or public holiday in the state or territory in which the Company is taken to be registered for the purposes of the Corporations Act.

Class A Share means an Ordinary Share in the capital of the Company which is designated as a Class A Share and has the rights set out in this Constitution.

Class B Meeting means a meeting of Class B Shareholders.

Class B Share means an Ordinary Share in the capital of the Company which is designated as a Class B Share and has the rights set out in this Constitution.

Company means Harold Topco Limited ACN 670 591 303.

Company Group means the Company, its subsidiaries and each of its or their interests in joint ventures or other entities (including trusts), from time to time, and where the context allows, includes any one or more of such entities (each a **Company Group Member**).

Conversion means in relation to a Share, the variation of the rights attaching to the Share and if relevant, the splitting or consolidating of the Share into a larger or smaller number of Shares respectively, such that following the variation, the Share has the same rights as the class of Share into which it is converted and is treated in all respects as being in that class of Share into which it has converted from that time and **Convert**, **Convertible**, **Converted** and **Converting** have corresponding meanings.

Corporate Representative means a person authorised in accordance with the Corporations Act (or a corresponding previous law) by a Shareholder which is a body corporate to act as its representative at a meeting of Shareholders.

Corporations Act means the Corporations Act 2001 (Commonwealth).

Direct Vote means a notice of a Shareholder's voting intention delivered to the Company in accordance with the Direct Voting Rules.

Direct Voting Rules means any rules determined by the Board pursuant to Article 46.

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Director means a person who is, for the time being, a director of the Company including, where appropriate, an alternate director of the Company.

Executive Director means a Director who is an employee (whether full-time or part-time) of the Company or of any related body corporate of the Company.

Incentive Plan means an equity incentive plan established by the Company or another Company Group Member for the employees of the Company Group and/or other persons and approved by the Board in accordance with the Shareholders Deed.

Jointly Held means, in relation to a Share, a Share which the Register records 2 or more persons as the holders of that Share.

Legal Costs of a person means legal costs calculated on a solicitor-and-client basis incurred by that person in defending or resisting any proceedings (whether criminal, civil, administrative or judicial), appearing before or responding to actions taken by any court, tribunal, government authority or agency, other body or commission, a liquidator, an administrator, a trustee in bankruptcy or other authorised official, where that proceeding, appearance or response relates to a Liability of that person.

Liability of a person means any liability including negligence (except a liability for legal costs) incurred by that person in or arising out of the discharge of duties as an officer of the Company or in or arising out of the conduct of the business of the Company, including as result of appointment or nomination by the Company or a subsidiary as a trustee or as a director, officer or employee of another body corporate.

MIP Share a Share in the capital of the Company which is designated as a MIP Share and has the rights set out in this Constitution.

Non-Executive Directors means all Directors other than Executive Directors.

Notice means a notice given pursuant to, or for the purposes of, this Constitution or the Corporations Act.

Ordinary Share means a Class A Share, a Class B Share or any other ordinary share in the capital of the Company having the rights set out in this Constitution. To avoid doubt and notwithstanding any other provision of this Constitution or otherwise, while an ordinary share may have a separate designation (such as being a Class A Share, a Class B Share or otherwise), all ordinary shares irrespective of their designation are one and the same class.

Personal Representative means the legal personal representative, executor or administrator of the estate of a deceased person.

Register means the register of Shareholders kept pursuant to the Corporations Act and, where appropriate, includes any branch register.

Relevant Officer means a person who is, or has been, a Director or Secretary.

Secretary means a person appointed as, or to perform the duties of, secretary of the Company for the time being.

Share means a share (of any class) in the capital of the Company.

Shareholder means a person whose name is entered in the Register as the holder of a Share and "registered holder" has a corresponding meaning.

Shareholders Deed means the Shareholders Deed relating to the Company, entered into by the Company and its then Shareholders (or beneficial owners of the Company's Shares, if applicable) from time to time.

Transmission Event means:

- (a) if a Shareholder is an individual, the death or bankruptcy of that Shareholder or that Shareholder becoming of unsound mind or becoming a person whose property is liable to be dealt with pursuant to a law about mental health; or
- (b) if a Shareholder is a body corporate, the deregistration of that Shareholder pursuant to the laws of the jurisdiction of its registration or the succession by another body corporate to the assets and liabilities of the Shareholder.

Virtual Meeting Technology means any technology (including online platforms) that allows a person to participate in a meeting without being physically present at the meeting.

2. Words or expressions defined in the Shareholders Deed

In this Constitution, if the Shareholders Deed is in force, unless the contrary intention appears:

- (a) a word or expression defined in the Shareholders Deed (but not defined in this Constitution) has the same meaning as in the Shareholders Deed when used in this Constitution; and
- (b) a word or expression defined in the Shareholders Deed and also defined in this Constitution has the meaning given to it by this Constitution.

3. Interpretation

Headings are for convenience only and do not affect interpretation. Unless the context indicates a contrary intention, in this Constitution:

- (a) a word importing the singular includes the plural (and vice versa);
- (b) a word indicating a gender includes every other gender;
- (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (d) the word "includes" in any form is not a word of limitation;
- (e) a reference to a partly paid Share is a reference to a Share on which there is an amount unpaid;
- (f) a reference to a call or an amount called in respect of a Share includes an amount that, by the terms of issue of a Share or otherwise, is payable at one or more fixed times;
- (g) a reference to something being "written" or "in writing" includes that thing being represented or reproduced in any mode in a visible form;
- (h) a notice or document required by this Constitution to be signed may be authenticated by any other manner permitted by the Corporations Act or any other law; and
- (i) a reference to a statute includes its delegated legislation and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements

- (j) a reference to a person being "present" at a meeting includes participating in the meeting using a Virtual Meeting Technology by which the meeting is being held, and
- (k) a reference to a "venue" of a meeting may be, but need not be, a physical place.

4. Application of Corporations Act

- (a) Unless the context indicates a contrary intention, in this Constitution:
 - (i) a reference to the Corporations Act is to the Corporations Act in force in relation to the Company after taking into account any waiver, modification or exemption which is in force either generally or in relation to the Company; and
 - (ii) a word or phrase given a meaning in the Corporations Act has the same meaning in this Constitution where it relates to the same matters as the matters for which it is defined in the Corporations Act, unless that word or phrase is otherwise defined in this Constitution.
- (b) The replaceable rules in the Corporations Act do not apply to the Company.
- (c) Subject to the terms of this Constitution and, if the Shareholders Deed is in force, the Shareholders Deed, the Company may, in any way the Corporations Act permits:
 - (i) exercise any power;
 - (ii) take any action; or
 - (iii) engage in any conduct or procedure,which, under the Corporations Act, a company limited by shares may exercise, take or engage in.

5. Currency

- (a) The Board may:
 - (i) differentiate between Shareholders as to the currency in which any amount payable to a Shareholder is paid (whether by way of or on account of dividends, repayment of capital, participation in surplus property of the Company or otherwise);
 - (ii) determine to pay a distribution in a currency other than Australian dollars and the amount payable will be converted from Australian dollars in any manner, at any time and at any exchange rate as the Board thinks fit, and
 - (iii) in deciding the currency in which a payment is to be made to a Shareholder, have regard to the registered address of the Shareholder, the register on which a Shareholder's Shares are registered and any other matters as the Board considers appropriate.
- (b) Payment in another currency of an amount converted under this Article is as between the Company and a Shareholder adequate and proper payment of the amount payable.

- (c) An amount payable to a Shareholder, whether by way of or on account of dividend, return of capital, participation in the property of the Company on a winding up, Exit or otherwise, may be paid in accordance with Article 5(a) and the Board may fix a date up to 30 days before the payment date as the date on which any applicable exchange rate will be determined for that purpose.

6. Conflicts with the Shareholders Deed

- (a) In this Constitution, where there is a reference to the Shareholders Deed and for such time as there is no Shareholders Deed in force, the relevant Article will be read as if it did not contain any reference to the Shareholders Deed, and if it is not capable of being so read, will be disregarded in its entirety.
- (b) For as long as the Shareholders Deed is in force, if there is an inconsistency between any provision of this Constitution and the Shareholders Deed, the provisions of the Shareholders Deed will prevail to the extent of the inconsistency and the Shareholders must amend this Constitution to remove the inconsistency.
- (c) An inconsistency will be taken to exist between this Constitution and the Shareholders Deed for the purposes of Article 6(b) if:
- (i) the subject matter of the relevant provisions in this Constitution and the Shareholders Deed is the same and those provisions specify differing requirements; or
 - (ii) the action required to be taken or not taken (as the case may be) under the relevant provisions in this Constitution and the Shareholders Deed is the same but those provisions specify requirements which both cannot be satisfied by taking, or omitting to take, that action in the same way.
- (d) To avoid doubt:
- (i) if this Constitution and the Shareholders Deed require an action to be taken, including obtaining an approval or consent, at different standards of performance or other relevant thresholds:
 - A. and the Shareholders Deed contains the higher standard of performance or other relevant threshold (as determined finally by the Board), the standard of performance or other relevant threshold in the Shareholders Deed must be complied with; or
 - B. this Constitution contains the higher standard of performance or other relevant threshold (as determined finally by the Board), only the standard of performance or other relevant threshold in the Shareholders Deed must be complied with;
 - (ii) any provision of this Constitution which is expressly stated to be subject to the Shareholders Deed does not limit or otherwise prejudice any other provision being subject to the Shareholders Deed in accordance with Article 6(a);
 - (iii) if the Shareholders Deed expressly prescribes a particular procedure, formality, requirement or similar in relation to a matter contemplated by this Constitution (such as the number of Directors required to form a quorum for a board meeting or the quorum requirements for a shareholder meeting) or which is otherwise within the power of the Directors of the Company, this Constitution shall also be taken to prescribe that same procedure, formality, requirement or similar to the exclusion (where applicable) of any inconsistent procedure, formality, requirement or similar set out in this Constitution; and

- (iv) if the Shareholders Deed expressly dispenses with a particular procedure, formality, requirement or similar in relation to a matter contemplated by this Constitution or which is otherwise within the power of the Directors of the Company, this Constitution must be read as if the relevant procedure, formality, requirement or similar did not apply.
- (e) A holder of any Shares who, for any reason except where the holder is a nominee holder as bare trustee for a beneficial holder who is a party to the Shareholders Deed, is not at any time a party to the Shareholders Deed must comply with the Shareholders Deed as if it were a party to it as a Shareholder or beneficial owner of Shares.

7. Conflicts with Incentive Plan

- (a) If there is an inconsistency between any provision of this Constitution and an Incentive Plan, the provisions of the Incentive Plan will prevail to the extent of the inconsistency.
- (b) An inconsistency will be taken to exist between this Constitution and an Incentive Plan for the purposes of Article 7(a) if:
 - (i) the subject matter of the relevant provisions in this Constitution and the Incentive Plan is the same and those provisions specify differing requirements; or
 - (ii) the action required to be taken or not taken (as the case may be) under the relevant provisions in this Constitution and the Incentive Plan is the same but those provisions specify requirements which both cannot be satisfied by taking, or omitting to take, that action in the same way.
- (c) To avoid doubt:
 - (i) if this Constitution and an Incentive Plan require an action to be taken, including obtaining an approval or consent, at different standards of performance or other relevant thresholds:
 - A. and the Incentive Plan contains the higher standard of performance or other relevant threshold (as determined finally by the Board), the standard of performance or other relevant threshold in the Incentive Plan must be complied with; or
 - B. this Constitution contains the higher standard of performance or other relevant threshold (as determined finally by the Board), only the standard of performance or other relevant threshold in the Incentive Plan must be complied with;
 - (ii) any provision of this Constitution which is expressly stated to be subject to an Incentive Plan does not limit or otherwise prejudice any other provision being subject to each Incentive Plan in accordance with Article 7(a);
 - (iii) if the Incentive Plan expressly prescribes a particular procedure, formality, requirement or similar in relation to a matter contemplated by this Constitution or which is otherwise within the power of the Directors of the Company, this Constitution shall also be taken to prescribe that same procedure, formality, requirement or similar to the exclusion (where applicable) of any inconsistent procedure, formality, requirement or similar set out in this Constitution; and

- (iv) if the Incentive Plan expressly dispenses with a particular procedure, formality, requirement or similar in relation to a matter contemplated by this Constitution or which is otherwise within the power of the Directors of the Company, this Constitution must be read as if the relevant procedure, formality, requirement or similar did not apply.

8. Enforcement

- (a) Each Shareholder submits to the non-exclusive jurisdiction of the courts of New South Wales, the Federal Court of Australia and the courts competent to determine appeals from those courts with respect to any proceedings that may be brought at any time relating to this Constitution.
- (b) If at any time any provision of this Constitution is or becomes illegal, invalid or unenforceable in any respect pursuant to the law of any jurisdiction, then that does not affect or impair:
 - (i) the legality, validity or enforceability in that jurisdiction of any other provision of this Constitution; or
 - (ii) the legality, validity or enforceability pursuant to the law of any other jurisdiction of that or any other provision of this Constitution.

Capital

9. Issue of securities

- (a) Subject to the Corporations Act, Shareholders Deed and any rights and restrictions attached to a class of Shares or other securities, the Company may by resolution of the Board issue Shares, options to acquire Shares, and other securities with rights of conversion to Shares on any terms, to any person, at any time and for any consideration, as the Board resolves.
- (b) Subject to the Shareholders Deed, the Company may issue preference Shares (including those which may be, or at the option of either or both the Company and the holder are, liable to be redeemed) and may convert any issued Shares into preference Shares, if the rights of the holders of the preference Shares are as set out in Article 13 or are approved in accordance with the Corporations Act.

10. Ordinary Shares which are designated as Class A Shares

- (a) Class A Shares are a separate designation (but not a separate class) of Ordinary Shares that may be issued by the Company. To avoid doubt, Class A Shares are Ordinary Shares and form one and the same class of shares with all other designations of Ordinary Shares.
- (b) The provisions of this Constitution and the Shareholders Deed (if in force) apply to Class A Shares.
- (c) A Class A Share shall be redesignated in the circumstances provided for such redesignation in the Shareholders Deed.
- (d) A Class A Share is Convertible in accordance with Article 14 in the circumstances provided for such Conversion in the Shareholders Deed.

11. Ordinary Shares which are designated as Class B Shares

- (a) Class B Shares are a separate designation (but not a separate class) of Ordinary Shares that may be issued by the Company. To avoid doubt, Class B Shares are Ordinary Shares and form one and the same class of shares with all other designations of Ordinary Shares.
- (b) The provisions of this Constitution and the Shareholders Deed (if in force) apply to Class B Shares.
- (c) A Class B Share shall be redesignated in the circumstances provided for such redesignation in the Shareholders Deed.
- (d) A Class B Share is Convertible in accordance with Article 14 in the circumstances provided for such Conversion in the Shareholders Deed.

12. MIP Shares

- (a) MIP Shares are a separate class of Shares that may be issued by the Company on terms to be determined by the Board.
- (b) The provisions of this Constitution and the Shareholders Deed (if in force) apply to MIP Shares.
- (c) A MIP Share is Convertible in accordance with Article 14 in the circumstances provided for such Conversion in the Shareholders Deed.
- (d) A MIP Share is a non-voting Share.

13. Preference Shares Rights

If the Company at any time proposes to issue any preference Shares with the terms set out in this Article 13, each preference Share confers on the holder:

- (a) the right to convert the preference Share into an Ordinary Share if and on the basis the Board resolves under the terms of issue;
- (b) the right to receive a dividend at the rate or of the amount (which may be fixed or variable) and on the conditions (including conditions which may be changed or reset at certain times or upon certain events) that the Board resolves under the terms of issue unless, and to extent that, the Board resolves under the terms of issue that there is no right to receive a dividend, and any such dividend:
 - (i) is non-cumulative unless, and to the extent that, the Board resolves otherwise under the terms of issue;
 - (ii) will rank for payment in priority to Ordinary Shares unless, and to the extent that, the Board resolves otherwise under the terms of issue; and
 - (iii) will rank for payment in relation to Shares in any other class of Shares as the Board resolves under the terms of issue;
- (c) in addition to the rights (if any) to receive a dividend, the right to participate equally with the Ordinary Shares in the distribution of profits (or other amounts) available for dividends if and on the basis the Board resolves under the terms of issue;
- (d) if, and to the extent that any dividend on the preference Share is cumulative, the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of the amount of any dividends accrued

but unpaid on the preference Share at the date of winding up or reduction of capital or, in the case of a redeemable preference share, the date of redemption, with the same priority in relation to each other class of Shares as the priority that applies in relation to the payment of the dividend;

- (e) if, and to the extent that any dividend on the preference Share is non-cumulative, and if, and to the extent that, the Board resolves under the terms of issue, the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of the amount of any dividends accrued but unpaid on the preference Share for the period commencing on the dividend payment date which has then most recently occurred and ending on the date of winding up or reduction of capital or, in the case of a redeemable preference share, the date of redemption, with the same priority in relation to each other class of Shares as the priority that applies in relation to the payment of the dividend;
- (f) the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of any amount (which may include the amount paid or agreed to be considered as paid on the preference Share) that the Board resolves at the time of issue, and payment of such amount:
 - (i) will rank for payment in priority to Ordinary Shares unless, and to the extent that, the Board resolves otherwise under the terms of issue; and
 - (ii) will rank for payment in relation to any other class of Shares as the Board resolves under the terms of issue;
- (g) the right to a bonus issue or capitalisation of profits in favour of preference Share holders only, if and to the extent the Board resolves under the terms of issue;
- (h) in addition to the rights pursuant to Articles 13(b), 13(c), 13(d), 13(e), 13(f) and 13(g), the right to participate with the Ordinary Shares in profits and assets of the Company, including on a winding up, if and to the extent that the Board resolves under the terms of issue;
- (i) the right to receive notices, reports and accounts and to attend and be heard at all meetings of Shareholders on the same basis as the holders of Ordinary Shares;
- (j) no right to vote at meetings of Shareholders except on the questions, proposals or resolutions or during the periods of time or in the circumstances that the Board resolves under the terms of issue, which, unless the Board resolves otherwise under the terms of issue, are:
 - (i) on any matter considered at a meeting if, at the date of the meeting, the dividend on the preference Shares is in arrears;
 - (ii) on a proposal to reduce the share capital of the Company;
 - (iii) on a resolution to approve the terms of a buy-back agreement;
 - (iv) on a proposal that affects rights attached to the preference Shares;
 - (v) on a proposal to wind up the Company;
 - (vi) on a proposal for the disposal of the whole of the property, business and undertaking of the Company; and
 - (vii) on any matter considered at a meeting held during the winding up of the Company; and

- (k) if voting on any matter in respect of which the holder is entitled to vote is by poll the right to cast the number of votes specified in, or determined in accordance with, the terms of issue for the preference Share.

In the case of a redeemable preference Share, the Company must if required by the terms of issue for that Share but subject to the Corporations Act, at the time and place for redemption specified in, or determined in accordance with, those terms of issue, redeem that Share and, subject to the giving or receiving of a valid redemption notice or other document (if any) required by those terms of issue, pay to or at the direction of the registered holder the amount payable on redemption of that Share.

14. Conversion of Shares

Subject to Article 15, the Corporations Act, the Shareholders Deed and the terms of issue of each class of Shares, the Company may by resolution convert Shares from one class to another. The Conversion of any Share into any other class of Share will not constitute a cancellation, redemption or termination of the Share or the issue, allotment or creation of new Shares, but will have the effect of varying the status of, and the rights attaching to, the Share so that it becomes a Share of the class into which it Converts. A redesignation of an Ordinary Share (including a Class A Share being redesignated to a Class B Share or vice versa) is not a Conversion as it does not involve converting Shares from one class to another (and involves only redesignating Shares within the same class).

15. Class rights

- (a) Subject to the Corporations Act, the Shareholders Deed, each Incentive Plan and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class:
- (i) by a special resolution passed at a meeting of the Shareholders holding Shares in that class; or
 - (ii) with the written consent of Shareholders who are entitled to at least 75% of the votes that may be cast in respect of Shares in that class.

For this purpose, all Ordinary Shares, irrespective of their designation, are a single class such that, except where the Shareholders Agreement (if in force) expressly requires a Class B Meeting:

- (iii) in respect of any meeting contemplated by Article 15(a)(i), all holders of Ordinary Shares (irrespective of their designation) shall meet and vote together as a single class; and
 - (iv) in respect of any written consent contemplated by Article 15(a)(ii), the written consent of Shareholders who are entitled to at least 75% of the votes attaching to all Ordinary Shares (irrespective of their designation) shall be required.
- (b) Article 54 applies to a meeting held pursuant to Article 15(a)(i).
- (c) The issue of any new Shares ranking equally, or any conversion of existing securities to Shares ranking equally, with existing Shares is not a variation of the rights conferred on the holders of the existing Shares, unless otherwise provided by the terms of issue of the existing Shares or required by the Corporations Act.
- (d) The issue of any new Shares ranking in priority, or any conversion of existing securities to Shares ranking in priority, to an existing class of preference Shares is a variation of the rights conferred on the holders of the existing preference Shares,

unless the issue or conversion is expressly permitted by the terms of the existing preference Shares.

16. Alterations of capital

- (a) The Company may by resolution convert Shares from one class to another, subject to the Corporations Act, this Constitution, the Shareholders Deed and the terms of issue of a class of Shares.
- (b) The Company may reduce, alter or buy-back its share capital in any manner provided by the Corporations Act. The Board may do anything which is required to give effect to any resolution authorising a reduction, alteration or buy-back of the share capital of the Company, including where a Shareholder becomes entitled to a fraction of a Share on a consolidation or subdivision:
 - (i) making cash payments;
 - (ii) ignoring fractions;
 - (iii) appointing a trustee to deal with any fractions on behalf of Shareholders; and
 - (iv) rounding up each fractional entitlement to the nearest whole Share by capitalising any amount available for capitalisation pursuant to Article 75 even though only some Shareholders participate in the capitalisation.

17. Registered holder

- (a) Except as required by law, this Constitution or the Shareholders Deed, the Company is not required to recognise any interest in, or right in respect of, a Share except an absolute right of legal ownership of the Shareholder registered as the holder of that Share, regardless of whether the Company has notice of the interest or right.
- (b) If the Company registers two or more persons as the registered holders of a Share, those persons are taken to hold that Share as joint tenants.

18. Certificates

- (a) Subject to the Corporations Act, the Company may issue certificates for Shares, cancel any certificates for Shares, and replace lost or destroyed or defaced certificates for Shares, on the basis and in the form which the Board resolves.
- (b) Only the Shareholder whose name appears first in the Register in respect of a Jointly Held Share is entitled to a certificate in respect of that Share and delivery of the certificate to that person is delivery to all holders of that Share.

Calls

19. Making of calls

- (a) Subject to the Corporations Act and the terms of issue of a Share, the Company may by resolution of the Board make calls on the registered holders of a Share for any amount unpaid on that Share which is not by the terms of issue of that Share made payable at fixed times, on any terms and at any times as the Board resolves, including payment by instalments.

- (b) The Company may when it issues Shares make calls payable for one or more Shareholders for different amounts and at different times as the Board resolves.
- (c) The Company may by resolution of the Board revoke or postpone a call or extend the time for payment of a call, at any time prior to the date on which payment of that call is due.
- (d) A call is made at the time of or as specified in the resolution of the Board authorising the call.

20. Notice of calls

- (a) The Company must give notice of a call to the Shareholder upon whom the call is made at least 10 Business Days (or any other period of notice required by any terms of issue of the relevant Shares) before the due date for payment. The notice must specify the amount of the call, the time or times and place of payment and any other information as the Board resolves.
- (b) The non-receipt of a notice of a call by, or the accidental omission to give notice of a call to, any Shareholder does not invalidate the call.

21. Payment of calls

- (a) Each Shareholder must pay to the Company the amount of each call in the manner, at the time and at the place specified in the notice of the call.
- (b) The registered holders of a Jointly Held Share are jointly and severally liable in respect of all payments which are required to be made in respect of that Share.
- (c) If the terms of issue of a Share require an amount to be paid in respect of a Share on the date of issue or any other fixed date, the Shareholder of that Share must pay that amount to the Company at that time and that amount is treated for the purposes of this Constitution as if a call for that amount had been properly made by the Board of which appropriate notice has been given.
- (d) In a proceeding to recover a call, or an amount payable due to the failure to pay or late payment of a call, proof that:
 - (i) the name of the person is entered in the Register as a registered holder of the Share on which the call was made;
 - (ii) there is a record in the minute books of the Company of the resolution making the call or the fixed amount payable by the terms of issue of the relevant Shares; and
 - (iii) notice of the call was given or taken to be given to the person in accordance with this Constitution,

is conclusive evidence of the obligation of that person to pay the call.

22. Prepayment of calls

The Company may by resolution of the Board:

- (a) accept from a Shareholder the whole or part of the amount unpaid on a Share even if no part of that amount has been called;

- (b) agree to pay interest on the whole or any part of the amount so accepted, from the date of acceptance to the date on which the amount becomes payable, at any rate agreed between the Board and the Shareholder paying the amount; and
- (c) unless otherwise agreed between the Company and the Shareholder, repay the whole or any part of the amount so accepted at any time.

23. Interest payable

- (a) If an amount called or otherwise payable to the Company in respect of a Share is not paid before or on the time for payment, the person who owes the amount must pay to the Company:
 - (i) interest on the unpaid part of the amount from the date payment is due to the date of payment at the rate that the Board resolves; and
 - (ii) all costs and expenses that the Company incurs due to the failure to pay or the late payment.
- (b) Interest pursuant to Article 23(a) accrues daily and may be capitalised at any interval that the Board resolves.
- (c) The Company may by resolution of the Board waive payment of some or all of the interest, costs or expenses payable pursuant to Article 23(a).

Forfeiture and liens

24. Forfeiture procedure

The Company may by a resolution of the Board forfeit a Share of a Shareholder if:

- (a) that Shareholder does not pay a call or other amount payable in respect of that Share on or before the date for its payment;
- (b) the Company gives that Shareholder notice in writing:
 - (i) requiring the Shareholder to pay that call or other amount, any interest on it and all costs and expenses that the Company has incurred due to the failure to pay; and
 - (ii) stating that the Share is liable to be forfeited if that Shareholder does not pay to the Company, at the place specified in the notice, the amount specified in the notice, within 10 Business Days (or any longer period specified) after the date of the notice; and
- (c) that Shareholder does not pay that amount in accordance with that notice.

25. Effect of forfeiture

- (a) A person whose Shares have been forfeited:
 - (i) ceases to be a Shareholder in respect of the forfeited Shares;
 - (ii) has no claims or demands against the Company in respect of those Shares;

- (iii) has no other rights or entitlements in respect of those Shares, except the rights that are provided by the Corporations Act or saved by this Constitution;
 - (iv) remains liable to pay, and must immediately pay, to the Company all amounts that at the date of forfeiture were payable by the person to the Company in respect of those Shares; and
 - (v) must pay to the Company interest at the rate that the Board resolves on those amounts from the date of forfeiture until and including the date of payment of those amounts.
- (b) When a Share has been forfeited, the Company must give notice in writing of the forfeiture to the Shareholder registered as its holder before the forfeiture and record the forfeiture with the date of forfeiture in the Register. Failure by the Company to comply with any requirement in this Article does not invalidate the forfeiture.
 - (c) A statement in writing from the Company that is signed by a Director or Secretary that a Share was forfeited on a specified date is sufficient evidence of the forfeiture of that Share and the right and title of the Company to sell, dispose or reissue that Share.
 - (d) Subject to the Corporations Act, the Company may by resolution of the Board waive any or all of its rights pursuant to Article 24 or this Article 25 on any terms the Board resolves, and at any time before a sale, disposition, reissue or cancellation of a forfeited Share, cancel the forfeiture on any terms as the Board resolves.

26. Liens on Shares

- (a) Unless the terms of issue of a Share provide otherwise, the Company has a first ranking lien on a Share, the proceeds of sale of that Share, and all dividends and entitlements determined in respect of that Share, for:
 - (i) any amount due and unpaid in respect of that Share which has been called or is payable on a fixed date;
 - (ii) any amount which remains outstanding under loans made by the Company to acquire that Share under an employee incentive scheme, to the extent permitted by the Corporations Act;
 - (iii) all amounts that the Company is required by law to pay, and has paid, in respect of that Share; and
 - (iv) all interest and expenses due and payable to the Company in respect of the unpaid amounts.
- (b) The Company may by resolution of the Board waive any or all of its rights pursuant to Article 26(a) on any terms that the Board resolves.
- (c) The Company's lien on a Share is released if a transfer of that Share is registered by the Company without the Company giving written notice of the lien to the transferee of that Share.

27. Company payments

- (a) A Shareholder or the Personal Representative of a deceased Shareholder must pay to the Company on written demand an amount equal to all payments that the Company makes to a government or taxation authority in respect of the Shareholder, the death of the Shareholder, the Shareholder's Shares or any

distributions made in respect of the Shareholder's Shares (including dividends), where the Company is either:

- (i) obliged by law to make the relevant payment; or
 - (ii) advised by a lawyer qualified to practice in the jurisdiction of the relevant government or taxation authority that the Company is obliged by law to make the relevant payment.
- (b) The Company is not obliged to notify a Shareholder in advance of its intention to make a payment pursuant to Article 27(a).
 - (c) An amount payable by a Shareholder to the Company pursuant to Article 27(a) is treated for the purposes of this Constitution as if it is a call properly made by the Board of which notice has been given on the date on which the written demand is given by the Company to the Shareholder or the Personal Representative of a deceased Shareholder.
 - (d) The Company may refuse to register a transfer of any Share by a Shareholder or that Shareholder's Personal Representative until all amounts paid or payable by the Company in respect of that Share pursuant to any law has been paid to the Company by the Shareholder or the Shareholder's Personal Representative.
 - (e) Nothing in this Article 27 affects any right or remedy which any law confers on the Company.

28. Dealing with Shares

- (a) The Company may sell, otherwise dispose of or reissue, a Share which has been forfeited to any person on any terms and in any manner as the Board resolves.
- (b) Subject to the Corporations Act, the Company may cancel a Share which has been forfeited pursuant to the terms on which the Share is on issue.
- (c) For the purposes of enforcing a lien, the Company may sell the Shares which are subject to the lien in any manner the Board resolves, with or without giving any notice to the Shareholder of those Shares.
- (d) Nothing in this Article 28 affects any right or remedy which any law confers on the Company.

29. Proceeds of sale

- (a) The Company must apply the proceeds of any sale of any Shares pursuant to Article 28(a) and 28(c) in the following order:
 - (i) the expenses of the sale;
 - (ii) the amounts due and unpaid in respect of those Shares; and
 - (iii) subject to the terms of issue of the Shares and any lien pursuant to Article 28 for an amount unpaid in respect of the Shares, the balance (if any) to or at the direction of the person entitled to the Shares immediately prior to the sale, on delivery by that person of any evidence of ownership of or entitlement to those Shares as the Board requires.
- (b) The Company is not required to pay interest on any amount payable pursuant to Article 29(a)(iii).

30. Sale procedure

- (a) The Company may:
 - (i) effect a transfer of Shares sold pursuant to Article 28; and
 - (ii) receive the consideration (if any) given for Shares sold pursuant to Article 28.
- (b) The validity of the sale of Shares pursuant to Article 28 may not be called into question by any person after the transfer has been registered, and the buyer of the Shares need not enquire as to the validity of the sale or the application of the sale proceeds by the Company.
- (c) The title of the buyer of Shares sold pursuant to Article 28 is not affected by any irregularity or invalidity in connection with the sale.
- (d) The sole remedy (if any) of any person aggrieved by a sale of Shares pursuant to Article 28 is in damages only and against the Company exclusively.
- (e) A certificate in writing from the Company signed by a Director or Secretary that a Share was sold, disposed of or reissued in accordance with Article 28 is conclusive evidence of those matters.

Transfer of Shares

31. Transfers

- (a) Subject to this Constitution, the Shareholders Deed, each Incentive Plan and any restrictions attached to a Share, a Shareholder may transfer one or more Shares that Shareholder holds by a written instrument of transfer in any usual form or in any other form approved by the Board that is otherwise permitted by law. A Shareholder must comply with the Shareholders Deed or the relevant Incentive Plan (as applicable to the Shareholder and the Shares which are being transferred) when transferring Shares in the Company.
- (b) An instrument of transfer of a Share referred to in Article 31(a) must be:
 - (i) executed by or on behalf of the transferor and the transferee, unless the Board has resolved that the execution of the transferee is not required;
 - (ii) duly stamped, if required by law, and
 - (iii) delivered to the Company, at the place where the Register is kept, together with the certificate (if any) of the Share to be transferred and any other evidence as the Board may require to prove the title of the transferor to that Share, the right of the transferor to transfer that Share, and the proper execution of the instrument of transfer.
- (c) A person transferring a Share remains the registered holder of that Share until a transfer for that Share has been registered and the transferee is entered in the Register as the holder of that Share.
- (d) The Company must not charge a fee to register a transfer of a Share in accordance with this Constitution.

32. Refusal to register transfers

- (a) The Company may refuse to register a transfer of Shares where the Corporations Act permits the Company to do so and the Board so resolves.
- (b) If permitted by the Corporations Act and the Board so resolves, the Company may refuse to register an instrument of transfer of Shares where:
 - (i) the transfer is not in registrable form;
 - (ii) the Company has a lien on any of the Shares transferred;
 - (iii) the registration of the transfer may breach an Australian law or a court order;
 - (iv) the transfer does not comply with the terms of an Incentive Plan; or
 - (v) the Company is otherwise permitted or required to do so pursuant to the terms of issue of the Shares.
- (c) The Company must refuse to register a transfer of Shares where the Corporations Act or a law about stamp duty requires the Company to do so.
- (d) Failure by the Company to give notice of refusal to register any transfer as may be required pursuant to the Corporations Act does not invalidate the refusal to register the transfer.
- (e) Subject to Article 32(f), but notwithstanding Articles 32(a) and 32(b) or any other provision of this Constitution, other than Article 32(c), the Company may not refuse to register a transfer of Shares if the transfer is to:
 - (i) a person entitled to the benefit of a mortgage, charge, pledge or other security interest or encumbrance (**Security Interest**) over the Share (whether or not as an agent, trustee or nominee for a person entitled to the benefit of the Security Interest); or
 - (ii) a person who purchases the Share from the holder of that Share or person entitled to the benefit of a Security Interest (or person acting as agent, trustee or nominee on its behalf),

pursuant to or in connection with the enforcement of that Security Interest in respect of the Share, provided that the Company receives an instrument of transfer signed by the transferee and the holder of the Security Interest as referred to in this Article and otherwise in accordance with Article 31 of this Constitution.
- (f) If the Shareholders Deed is in force, and notwithstanding Articles 32(a) and 32(b) or any other provision of this Constitution, other than Articles 32(c), the Company must not decline to register a transfer of a Share that complies with the terms of the Shareholders Deed, and must not register a transfer that does not comply with the terms of the Shareholders Deed.

Transmission of Shares

33. Transmission on death

- (a) If the registered holder of a Share which is not Jointly Held dies, the Company must recognise only the Personal Representative of that registered holder as having any title to or interest in, or any benefits accruing in respect of, that Share.

- (b) If a registered holder of a Share which is Jointly Held dies, the Company must recognise only the surviving registered holders of that Share as having any title to or interest in, or any benefits accruing in respect of, that Share.
- (c) The estate of a deceased Shareholder is not released from any liability in respect of the Shares that are registered in the name of that Shareholder.
- (d) Where 2 or more persons are jointly entitled to any Share as a consequence of the death of the registered holder of that Share, they are taken to be Joint Holders of that Share.
- (e) Notwithstanding Articles 33(a) and 33(b), the Company may register or give effect to a transfer of Shares to a transferee who dies before the transfer is registered or given effect to by the Company.

34. Transmission Events

- (a) Subject to the Bankruptcy Act 1966 (Commonwealth) and the Corporations Act, a person who establishes to the satisfaction of the Board that it is entitled to a Share because of a Transmission Event may:
 - (i) elect to be registered as a Shareholder in respect of that Share by giving a signed notice in writing to the Company; or
 - (ii) transfer that Share to another person.
- (b) A transfer pursuant to Article 34(a) is subject to all of the provisions of this Constitution, the Shareholders Deed and each Incentive Plan (as applicable) relating to transfers of Shares.

Proceedings of Shareholders

35. Written resolutions of Shareholders

- (a) While the Company has only one Shareholder, the Company may pass a resolution by that Shareholder signing a record in writing of that resolution.
- (b) When the Company has more than one Shareholder, the Company may pass a resolution (except a resolution to remove an auditor) without a general meeting being held:
 - (i) in accordance with the Shareholders Deed (if any); or
 - (ii) if there is no Shareholders Deed in place, if such number of members as would be required to pass the resolution sign a document containing a statement that they are in favour of a resolution set out in the document, and otherwise in accordance with the Corporations Act. If a Share is Jointly Held, each of the registered holders must sign the document.
- (c) For the purposes of Article 35(b):
 - (i) the resolution is passed when the last person signs the document; and
 - (ii) separate copies of a document may be used for signing by members if the wording of the resolution and statement is identical in each copy.

- (d) The passage of a resolution in accordance with this Article 35 satisfies any requirement in the Corporations Act, or in this Constitution, that the resolution be passed at a general meeting.

36. Annual general meeting

Annual general meetings of the Company are to be held in accordance with the Corporations Act.

37. Calling meetings of Shareholders

- (a) The Company may by resolution of the Board call a meeting of Shareholders to be held at the time and venue or venues (including at 2 or more venues using technology, or using Virtual Meeting Technology only, that gives Attending Shareholders, as a whole, a reasonable opportunity to participate) and in the manner that the Board resolves.
- (b) No Shareholder may call or arrange to hold a meeting of Shareholders except where permitted by the Corporations Act.

38. Notice of meetings of Shareholders

- (a) Where the Company has called a meeting of Shareholders, notice of the meeting and any proxy form for the meeting may be given in the form and in the manner in which the Board resolves, subject to any requirements of the Corporations Act.
- (b) A person may waive notice of any meeting of Shareholders by written notice to the Company.
- (c) A person who has not duly received notice of a meeting of Shareholders may, before or after the meeting, notify the Company of the person's agreement to anything done or resolution passed at the meeting.
- (d) A person's attendance at a meeting of Shareholders waives any objection which that person may have had to a failure to give notice, or the giving of a defective notice, of the meeting, unless the person at the beginning of the meeting objects to the holding of the meeting.
- (e) Subject to the Corporations Act, anything done (including the passing of a resolution) at a meeting of Shareholders is not invalid because either or both a person does not receive notice of the meeting or a proxy form, or the Company accidentally does not give notice of the meeting or a proxy form to a person.

39. Holding a meeting of Shareholders

- (a) The Company may hold a meeting of Shareholders:
- (i) at one or more physical venues;
 - (ii) at one or more physical venues and using Virtual Meeting Technology;
 - (iii) using Virtual Meeting Technology only,
- provided that the Shareholders entitled to attend the meeting, as a whole, are given a reasonable opportunity to participate in the meeting.

- (b) A Shareholder who attends a meeting of Shareholders (whether at a physical venue or by using Virtual Meeting Technology) is taken for all purposes to be present in person at the meeting while so attending.
- (c) If a meeting of Shareholders is held using Virtual Meeting Technology, the Board may (subject to the Corporations Act) make rules or requirements in connection with participation in the meeting by that technology, including rules or requirements to verify the identity of a person or to ensure the security of the technology. The Board may communicate such rules and procedures (or instructions on how they can be accessed) to Shareholders.
- (d) If, before or during a meeting of Shareholders that is held or appointed to be held using Virtual Meeting Technology, any technical difficulty occurs where all Shareholders entitled to attend the meeting may not be able to participate, the chairperson of the Board may:
 - (i) postpone or adjourn the meeting until the difficulty is remedied or to such other time or venue as the chairperson of the Board determines; or
 - (ii) subject to the Corporations Act, continue the meeting provided that a quorum remains present and able to participate in the meeting.
- (e) Subject to the Corporations Act, a meeting of Shareholders held using Virtual Meeting Technology and anything done (including the passing of a resolution) at the meeting is not invalid because of the inability of one or more Shareholders to access, or to continue to access, the Virtual Meeting Technology for the meeting, provided that sufficient Shareholders are able to participate in the meeting (including the ability to ask questions and vote) as are required to constitute a quorum.
- (f) For the purposes of this Article 39, the place of the meeting will be the place where the meeting is taken to be held under the Corporations Act.

40. Quorum

- (a) No business may be transacted at a meeting of Shareholders except, subject to Article 41, the election of the chairperson of the meeting unless a quorum for a meeting of Shareholders is present at the time when the meeting commences.
- (b) If the Shareholders Deed is in force, a quorum for a meeting of Shareholders is as set out in the Shareholders Deed. Otherwise, a quorum for a meeting of Shareholders consists of:
 - (i) if the number of Shareholders entitled to vote is 2 or more - 2 of those Shareholders;
 - (ii) if only one Shareholder is entitled to vote - that Shareholder,
 present at the meeting.
- (c) Each individual present may only be counted once towards a quorum. If a Shareholder has appointed more than one proxy or attorney or Corporate Representative, only one of them may be counted towards a quorum.
- (d) If the Shareholders Deed is in force, if a quorum for a meeting of Shareholders, including a re-convened meeting of Shareholders, is not present within the time stipulated in the Shareholders Deed, the relevant provisions in the Shareholders Deed will apply. Otherwise, if a quorum is not present within 30 minutes after the time appointed for the commencement of:

- (i) a meeting of Shareholders, the meeting is dissolved unless the chairperson of the meeting or the Board adjourn the meeting to a date, time and venue or venues (including using Virtual Meeting Technology only) determined by that chairperson or the Board; and
- (ii) an adjourned meeting of Shareholders, the meeting is dissolved.

41. Chairperson of meetings of Shareholders

- (a) If a Shareholders Deed is in force, the chairperson of a meeting of Shareholders is as set out in the Shareholders Deed. Otherwise, subject to Articles 41(b) and 41(c), the chairperson of the Board must chair each meeting of Shareholders.
- (b) If there is no Shareholders Deed in force then, at a meeting of Shareholders, if:
 - (i) there is no chairperson of the Board; or
 - (ii) the chairperson of the Board is not present within 15 minutes after the time appointed for the commencement of a meeting of Shareholders or is not willing to chair all or part of the meeting,

the Directors who are or will be present at the meeting may (by majority vote) elect one of their number or, in the absence of all the Directors or if none of the Directors present is willing to act, the Attending Shareholders may elect one of their number, to chair that meeting.
- (c) A chairperson of a meeting of Shareholders may, for any item of business at that meeting or for any part of that meeting, vacate the chair in favour of another person nominated by him or her (**Acting Chair**). Where an instrument of proxy appoints the chairperson as proxy for part of proceedings for which an Acting Chair has been nominated, the instrument of proxy is taken to be in favour of the Acting Chair for the relevant part of the proceedings.

42. Conduct of meetings of Shareholders

- (a) Subject to the Corporations Act, the chairperson of a meeting of Shareholders is responsible for the general conduct of that meeting and for the procedures to be adopted at that meeting.
- (b) The chairperson of a meeting of Shareholders may make rulings without putting the question (or any question) to the vote if that action is required to ensure the orderly conduct of the meeting.
- (c) The chairperson of a meeting of Shareholders may determine the procedures to be adopted for proper and orderly discussion or debate at the meeting, and the casting or recording of votes at the meeting.
- (d) The chairperson of a meeting of Shareholders may determine any dispute concerning the admission, validity or rejection of a vote at the meeting.
- (e) The chairperson of a meeting of Shareholders may, subject to the Corporations Act, at any time terminate discussion or debate on any matter being considered at the meeting and require that matter be put to a vote.
- (f) The chairperson of a meeting of Shareholders may refuse to allow debate or discussion on any matter which is not business referred to in the notice of that meeting or is not business of the meeting permitted pursuant to the Corporations Act without being referred to in the notice of meeting.

- (g) The chairperson of a meeting of Shareholders may refuse any person admission to, or require a person to leave and remain out of, the meeting if that person:
- (i) in the opinion of the chairperson, is not complying with the reasonable directions of the chairperson;
 - (ii) has any audio or visual recording or broadcasting device;
 - (iii) has a placard or banner;
 - (iv) has an article the chairperson considers to be dangerous, offensive or liable to cause disruption;
 - (v) behaves or threatens to behave in a dangerous, offensive or disruptive manner;
 - (vi) refuses to produce or to permit examination of any article, or the contents of any article, in the person's possession; or
 - (vii) is not entitled pursuant to the Corporations Act, the Shareholders Deed, each Incentive Plan or this Constitution to attend the meeting
- (h) If the chairperson of a meeting of Shareholders considers that there are too many persons present at a physical venue of the meeting to fit into that venue, the chairperson may (without giving notice or putting the matter to a vote of Shareholders) nominate an additional physical venue for the separate meeting place using any technology that gives Shareholders entitled to attend the meeting, as a whole, a reasonable opportunity to participate.
- (i) The chairperson of a meeting of Shareholders may delegate any power conferred by this Article 42 to any person.
- (j) Nothing contained in this Article 42 limits the powers conferred by law on the chairperson of a meeting of Shareholders.

43. Attendance at meeting of Shareholders

- (a) Subject to this Constitution, the Shareholders Deed and any rights and restrictions attached to a class of Shares, a Shareholder who is entitled to attend and cast a vote at a meeting of Shareholders, may attend and vote in person or by proxy, by attorney or, if the Shareholder is a body corporate, by Corporate Representative.
- (b) The chairperson of a meeting of Shareholders may require a person acting as a proxy, attorney or Corporate Representative at that meeting to establish to the chairperson's satisfaction that the person is the person who is duly appointed to act. If the person fails to satisfy this requirement, the chairperson may exclude the person from attending or voting at the meeting.
- (c) A Director is entitled to receive notice of and to attend all meetings of Shareholders and all meetings of a class of Shareholders and is entitled to speak at those meetings.
- (d) A person who is requested by the Board to attend a meeting of Shareholders or a meeting of a class of Shareholders is, regardless of whether that person is a Shareholder, entitled to attend that meeting and, at the request of the chairperson of the meeting, is entitled to speak at that meeting.

44. Authority of Attending Shareholders

- (a) Unless otherwise provided in the document or resolution appointing a person as proxy, attorney or Corporate Representative of a Shareholder, the person so appointed has the same rights to speak, demand a poll, join in demanding a poll or act generally at a meeting of Shareholders to which the appointment relates, as the appointing Shareholder would have had if that Shareholder was present at the meeting.
- (b) Unless otherwise provided in the document or resolution appointing a person as proxy, attorney or Corporate Representative of a Shareholder, the appointment is taken to confer authority to:
 - (i) vote on any amendment moved to a proposed resolution and on any motion that a proposed resolution not be put or any similar motion; and
 - (ii) vote on any procedural motion, including any motion to elect the chairperson of the meeting of Shareholders to which the appointment relates, to vacate the chair or to adjourn the meeting,

even though the appointment may refer to specific resolutions and may direct the proxy, attorney or Corporate Representative how to vote on particular resolutions.
- (c) Unless otherwise provided in the document or resolution appointing a person as proxy, attorney or Corporate Representative of a Shareholder, the appointment is taken to confer authority to attend and vote at a meeting which is rescheduled, postponed or adjourned to another time or changed to another venue or held using another technology, even though the appointment may refer to a specific meeting to be held at a specified time or venue or using specific technology.

45. Multiple appointments

- (a) If more than one attorney or Corporate Representative appointed by a Shareholder is present at a meeting of Shareholders and the Company has not received notice of any revocation of any of the appointments:
 - (i) an attorney or Corporate Representative appointed to act at that particular meeting may act to the exclusion of an attorney or Corporate Representative appointed pursuant to a standing appointment; and
 - (ii) subject to Article 45(a)(i), an attorney or Corporate Representative appointed pursuant to the most recent appointment may act to the exclusion of an attorney or Corporate Representative appointed earlier in time.
- (b) An appointment of a proxy of a Shareholder is revoked (or, in the case of a standing appointment, suspended for that particular meeting of Shareholders) if the Company receives a further appointment of a proxy from that Shareholder which would result in there being more than 2 proxies of that Shareholder entitled to act at the meeting. The appointment of proxy made first in time is the first to be treated as revoked or suspended by this Article 45(b).
- (c) The appointment of a proxy for a Shareholder is not revoked by an attorney or Corporate Representative for that Shareholder attending and taking part in a meeting of Shareholders to which the appointment relates, but if that attorney or Corporate Representative votes on a resolution at that meeting, the proxy is not entitled to vote, and must not vote, as the Shareholder's proxy on that resolution.

46. Voting at meeting of Shareholders

- (a) A resolution put to the vote at a meeting of Shareholders must be decided on a show of hands, unless a poll is demanded in accordance with Article 49 and that demand is not withdrawn.
- (b) The Board may determine that Shareholders entitled to attend and vote at a meeting of Shareholders or at a meeting of a class of Shareholders may vote at that meeting without an Attending Shareholder in respect of that person being present at that meeting (and voting in this manner is referred to in this Article 46(b) as Direct Voting). The Board may determine rules and procedures in relation to Direct Voting, including the class of Shareholders entitled to cast a Direct Vote, the manner in which a Direct Vote may be cast, the circumstances in which a Direct Vote will be valid and the effect of a Shareholder casting both a Direct Vote and a vote in any other manner. Where a notice of meeting specifies that Direct Voting may occur by eligible Shareholders, a Direct Vote cast by an eligible Shareholder is taken to have been cast by that person at the meeting if the rules and procedures for Direct Voting determined by the Board (whether set out in the notice of meeting or otherwise) are complied with.
- (c) Subject to this Constitution, the Shareholders Deed and any rights or restrictions attached to a class of Shares, on a show of hands at a meeting of Shareholders, each Attending Shareholder having the right to vote on the resolution has one vote, provided that where a person is entitled to vote in more than one capacity, that person is entitled only to one vote.
- (d) Subject to this Constitution, the Shareholders Deed and any rights or restrictions attached to a class of Shares, on a poll at a meeting of Shareholders, each Attending Shareholder having the right to vote on the resolution has one vote for each fully paid up Share (which entitles its holder the right to vote on the resolution) held by that Attending Shareholder or by the Shareholder that the Attending Shareholder represents.
- (e) Subject to this Constitution, the Shareholders Deed and any rights or restrictions attached to a class of Shares, where the Board has determined other means (including electronic) permitted by law for the casting and recording of votes by Shareholders on any resolution to be put at a meeting of Shareholders, each Shareholder having a right to vote on the resolution has one vote for each fully paid up Share that the Shareholder holds.
- (f) An objection to a right to vote at a meeting of Shareholders or to a determination to allow or disregard a vote at the meeting may only be made at that meeting (or any resumed meeting if that meeting is adjourned). Any objection pursuant to this Article 46(f) must be decided by the chairperson of the meeting of Shareholders, whose decision, made in good faith, is final and conclusive.
- (g) Subject to the Shareholders Deed, except where a resolution at a meeting of Shareholders requires a special majority pursuant to the law, the Shareholders Deed or each Incentive Plan, the resolution is passed if more votes are cast by Shareholders entitled to vote in favour on the resolution than against it.
- (h) In the case of an equality of votes on a resolution at a meeting of Shareholders, the chairperson of that meeting does not have a casting vote on that resolution.
- (i) Unless a poll is demanded and the demand is not withdrawn, a determination by the chairperson of a meeting of Shareholders following a vote on a show of hands that a resolution has been passed or not passed is conclusive, without proof of the number or proportion of the votes recorded in favour or against the resolution.

47. Voting by representatives

- (a) A person who is entitled to be registered as the holder of a Share because of a Transmission Event may vote in respect of that Share at a meeting of Shareholders provided that person has satisfied the Board of that entitlement not less than 48 hours before the time appointed for the commencement of that meeting. Any vote by that person so entitled must be accepted to the exclusion of the vote of the registered holder of that Share.
- (b) The parent or guardian of an infant Shareholder may vote at a meeting of Shareholders upon production of any evidence of the relationship or of the appointment of the guardian as the Board may require and any vote so made by the parent or guardian of an infant Shareholder must be accepted to the exclusion of the vote of the infant Shareholder.
- (c) The validity of any resolution passed at a meeting of Shareholders is not affected by the failure of any proxy or attorney to vote in accordance with directions (if any) of the appointing Shareholder.
- (d) If a proxy of a Shareholder purports to vote in a way or circumstances that contravene the Corporations Act, on a show of hands the vote of that proxy is invalid and the Company must not count it. If a poll is demanded, votes which the Corporations Act require a proxy of a Shareholder to cast in a given way must be treated as cast in that way.
- (e) Subject to this Constitution and the Corporations Act, a vote cast at a meeting of Shareholders by a person appointed by a Shareholder as a proxy, attorney or Corporate Representative is valid despite:
 - (i) a Transmission Event occurring in respect of that Shareholder; or
 - (ii) the revocation of the appointment (or the authority pursuant to which the appointment was executed),
 if no notice in writing of that matter has been received by the Company before the time appointed for the commencement of that meeting.
- (f) A vote cast at a meeting of Shareholders by a person appointed by a Shareholder as a proxy, attorney or Corporate Representative is valid despite the transfer of the Share in respect of which the appointment is made, if the transfer is not registered before the commencement of that meeting.

48. Restrictions on voting rights

- (a) If there is more than one Shareholder of a Jointly Held Share present at a meeting of Shareholders (either in person, by proxy, attorney or Corporate Representative), only the vote by the Shareholder who is present (either in person, by proxy, attorney or Corporate Representative) whose name appears first in the Register in respect of that Share will count.
- (b) The authority of a proxy or attorney for a Shareholder to speak or vote at a meeting of Shareholders in respect of the Shares to which the authority relates is suspended while the Shareholder is present in person at that meeting.
- (c) If a Shareholder has appointed two proxies in respect of a meeting of Shareholders and each proxy attends that meeting, neither of those proxies may vote:
 - (i) on a show of hands; or

- (ii) on a poll if the number or proportion of the Shareholder's vote for which the proxies have been appointed exceeds the total number or proportion of votes that could be cast by the Shareholder.
- (d) An Attending Shareholder is not entitled to vote on any resolution in respect of any Shares on which any calls due and payable in respect of those Shares have not been paid.
- (e) An Attending Shareholder is not entitled to vote on a resolution at a meeting of Shareholders where that vote is prohibited by the Corporations Act or an order of a court of competent jurisdiction.
- (f) The Company must disregard any vote on a resolution at a meeting of Shareholders purported to be cast by an Attending Shareholder where that person is not entitled to vote on that resolution. A failure by the Company to disregard a vote on a resolution as required by this Article 48(f) does not invalidate that resolution or any act, matter or thing done at the meeting, unless that failure occurred by wilful default of the Company or of the chairperson of that meeting.

49. Polls

- (a) A poll on a resolution at a meeting of Shareholders may be demanded by a Shareholder only in accordance with the Corporations Act or by the chairperson of that meeting.
- (b) No poll may be demanded at a meeting of Shareholders on the election of a chairperson of that meeting, or unless the chairperson of the meeting otherwise determines, the adjournment of that meeting.
- (c) A demand for a poll may be withdrawn.
- (d) A poll demanded on a resolution at a meeting of Shareholders for the adjournment of that meeting must be taken immediately. A poll demanded on any other resolution at a meeting of Shareholders must be taken in the manner and at the time and place the chairperson of the meeting directs.
- (e) The result of a poll demanded on a resolution of a meeting of Shareholders is a resolution of that meeting.
- (f) A demand for a poll on a resolution of a meeting of Shareholders does not prevent the continuance of that meeting or that meeting dealing with any other business.

50. Proxies

- (a) A Shareholder who is entitled to attend and vote at a meeting of Shareholders may appoint a person as proxy to attend and vote for the Shareholder in accordance with the Corporations Act but not otherwise.
- (b) A proxy appointed in accordance with the Corporations Act to attend and vote may only exercise the rights of the Shareholder on the basis and subject to the restrictions provided in the Corporations Act.
- (c) A form of appointment of proxy is valid if it is in accordance with the Corporations Act or in any other form (including electronic) which the Board may determine or accept.
- (d) If the name of the proxy or the name of the office of the proxy in a proxy appointment of a Shareholder is not filled in, the proxy of that Shareholder is:

- (i) the person specified by the Company in the form of proxy in the case that Shareholder does not choose; or
- (ii) if no person is so specified, the chairperson of that meeting.

51. Receipt of appointments

- (a) An appointment of proxy or attorney for a meeting of Shareholders is effective only if the Company receives the appointment (and any authority pursuant to which the appointment was signed or a certified copy of the authority) not less than 48 hours before the time appointed for the commencement of the meeting or, in the case of an adjourned meeting, resumption of the meeting.
- (b) Where a notice of meeting specifies an electronic address or other electronic means by which a Shareholder may give the Company a proxy appointment, a proxy given at that electronic address or by that other electronic means is taken to have been given by the Shareholder and received by the Company if the requirements set out in the notice of meeting are complied with.

52. Adjournments

- (a) Subject to the Shareholders Deed, the chairperson of a meeting of Shareholders may at any time during the meeting adjourn the meeting or any business, motion, question or resolution being considered or remaining to be considered at the meeting or any discussion or debate, either to a later time at the same meeting or to an adjourned meeting to be held at the time and venue or venues (including using Virtual Meeting Technology) determined by the chairperson.
- (b) If the chairperson of a meeting of Shareholders exercises the right to adjourn that meeting pursuant to Article 52(a), the chairperson may (but is not obliged to) obtain the approval of Attending Shareholders to the adjournment.
- (c) No person other than the chairperson of a meeting of Shareholders may adjourn that meeting.
- (d) The Company may give such notice of a meeting of Shareholders resumed from an adjourned meeting as the Board resolves. Failure to give notice of an adjournment of a meeting of Shareholders or the failure to receive any notice of the meeting does not invalidate the adjournment or anything done (including the passing of a resolution) at a resumed meeting.
- (e) Only business left unfinished is to be transacted at a meeting of Shareholders which is resumed after an adjournment.

53. Cancellations and postponements

- (a) Subject to the Corporations Act and the Shareholders Deed, the Company may by resolution of the Board:
 - (i) cancel or postpone a meeting of Shareholders prior to the date on which it is to be held;
 - (ii) change or remove any venue for the meeting; or
 - (iii) change or remove any technology for the meeting.
- (b) Article 53(a)(i) does not apply to a meeting called in accordance with the Corporations Act by Shareholders or by the Board on the request of Shareholders,

unless those Shareholders consent to the cancellation or postponement of the meeting.

- (c) The Company may give such notice of a cancellation or postponement of, or change or removal of a venue or technology for, a meeting of Shareholders as the Board resolves. Failure to give notice of a cancellation or postponement of, or change or removal of venue or technology for, a meeting of Shareholders or the failure to receive any notice of the meeting does not invalidate the cancellation, postponement, change or removal or anything done (including the passing of a resolution) at a postponed meeting or the meeting at the revised venue or using the revised technology.

54. Meetings of a class of Shareholders

Subject to the Shareholders Deed, all the provisions of this Constitution relating to a meeting of Shareholders apply so far as they are capable of application and with any necessary changes to a meeting of a class of Shareholders required to be held pursuant to this Constitution or the Corporations Act except that:

- (a) a quorum is 2 Attending Shareholders who hold (or whose Shareholder that they represent holds) Shares of the class, or if only one person holds all the Shares of the class, that person (or an Attending Shareholder representing that person); and
- (b) any Attending Shareholder who holds (or whose Shareholder that they represent holds) Shares of the class may demand a poll.

For this purpose, all Ordinary Shares, irrespective of their designation, are a single class such that, except where the Shareholders Agreement (if in force) expressly requires a Class B Meeting, the Shareholders of Ordinary Shares shall meet and vote together as a single class.

Directors

55. Appointment and removal of Directors

- (a) The number of Directors (not counting alternate directors of the Company) must be not less than 3 nor more than:
- (i) if the Shareholders Deed is in force, the maximum number of directors permitted under the Shareholders Deed; or
- (ii) in any other circumstance, unless the Company resolves otherwise, 10 Directors.
- (b) Subject to Article 55(a), if the Shareholders Deed is in force, a director may only be appointed or removed in accordance with the applicable provisions of the Shareholders Deed. Otherwise:
- (i) the Company may by resolution appoint or remove a director; and
- (ii) the Board may appoint any natural person to be a director, either to fill a casual vacancy or as an additional Director.
- (c) Subject to Article 55(a) if the Shareholders Deed is in force, a director may only be appointed or removed in accordance with the applicable provisions of the Shareholders Deed. Otherwise, the Company in general meeting may by resolution remove a Director from office as a Director provided that if the Director was appointed to represent the interests of particular Shareholders, the resolution to remove the Director does not take effect until a replacement Director to represent those Shareholders' interests has been appointed.

- (d) A Director need not be a Shareholder.

56. Termination of office

A person ceases to be a Director if the person:

- (a) fails to attend Board meetings (either personally or by an alternate director) for a continuous period of 3 months without the consent of the Board;
- (b) resigns by notice in writing to the Company;
- (c) retires and is not re-elected;
- (d) is removed from office pursuant to the Corporations Act;
- (e) is an Executive Director and ceases to be an employee of the Company or of a related body corporate of the Company;
- (f) becomes an insolvent under administration;
- (g) becomes of unsound mind or a person whose property is liable to be dealt with pursuant to a law about mental health; or
- (h) is not permitted to be a director, or to manage a corporation, pursuant to the Corporations Act.

57. Alternate directors

- (a) Subject to the Shareholders Deed, a Director may:
 - (i) without the need for approval of other Directors, appoint another Director; and
 - (ii) with the approval of a majority of the other Directors, appoint a person who is not a Director,as an alternate director of that Director for any period. An alternate director need not be a Shareholder.
- (b) The appointing Director may terminate the appointment of his or her alternate director at any time.
- (c) A notice of appointment, or termination of appointment, of an alternate director by the appointing Director is effective only if the notice is in writing and signed by that Director and is effective when given to the Company.
- (d) An alternate director is entitled to receive notice of Board meetings and, subject to this Constitution and the Corporations Act, to attend, count in the quorum of, speak at, and vote at a Board meeting at which his or her appointing Director is not present.
- (e) Subject to this Constitution, the Shareholders Deed, the Corporations Act, and the instrument of appointment of an alternate director, an alternate director may exercise all the powers (except the power pursuant to Article 57(a)) of a Director, to the extent that that his or her appointing Director has not exercised them.
- (f) The office of an alternate director is terminated if the appointing Director ceases to be a Director.

- (g) Subject to Article 58(g), the Company is not required to pay any remuneration or benefit to an alternate director.
- (h) An alternate director is an officer of the Company and not an agent of his or her appointing Director.

58. Remuneration and benefits of Directors

- (a) Subject to the Shareholders Deed, the Company may pay or provide to the Non-Executive Directors fees in an amount or value determined by the Board which does not in any financial year exceed in aggregate the amount last determined by the Company in general meeting (or until so determined, as the Board determines). This Article does not apply to any payments made pursuant to Articles 58(f), 58(g), 58(h), 58(i) and 62.
- (b) The fees pursuant to Article 58(a) may be a fixed sum for attendance at each Board meeting or may be a share of the fixed amount or value determined by the Board pursuant to Article 58(a). If the fees are a share of such fixed amount or value, those fees are to be allocated among the Non-Executive Directors on an equal basis having regard to the proportion of the relevant year for which each of them held office, or as the Board otherwise resolves.
- (c) The fees pursuant to Article 58(a) may be provided in cash or any other manner agreed between the Company and the relevant Non-Executive Director. The Board must determine the manner in which the value of any non-cash benefit is to be calculated.
- (d) The fees of a Non-Executive Director are taken to accrue from day to day, except that fees in the form of a non-cash benefit are taken to accrue at the time the benefit is provided to the Director, subject to the terms on which the benefit is provided.
- (e) Subject to the Shareholders Deed and any agreement with the Company, the Company may pay to each Executive Director an amount of remuneration determined by the Board.
- (f) If any Director, with the approval of the Board, performs extra or special services, the Company may, subject to the Corporations Act and the Shareholders Deed, pay additional remuneration or provide benefits to that Director as the Board resolves.
- (g) Subject to the Shareholders Deed, the Company must pay all reasonable travelling, accommodation and other expenses that a Director or alternate director properly incurs in attending meetings of the Board, committees of the Board, meetings of Shareholders, or otherwise in connection with the business of the Company.
- (h) Subject to the Corporations Act and the Shareholders Deed, the Company may establish and contribute to a fund, trust or scheme for the benefit of:
 - (i) past or present employees or Directors of the Company or a related body corporate of the Company; or
 - (ii) the dependants of, or persons connected with or nominated by, any person referred to in Article 58(h)(i).
- (i) Subject to the Corporations Act and the Shareholders Deed, the Company may, or may agree to, pay, provide or make any payment or other benefit to a Director, a director of a related body corporate of the Company or any other person in connection with that person's or someone else's retirement, resignation from or loss of office, or death while in office.

59. Interests of Directors

- (a) If:
- (i) the Shareholders Deed is in force; and
 - (ii) the Shareholders Deed includes provisions governing the rights and obligations of interested directors,
- then:
- (iii) these provisions will apply as if set out in this Article 59; and
 - (iv) the remainder of this Article 59 will continue to apply to the extent that it is not inconsistent with the terms of the Shareholders Deed.
- (b) A Director is not disqualified by reason only of being a Director (or the fiduciary obligations arising from that office) from:
- (i) holding an office (except auditor) or place of profit or employment in the Company or a related body corporate of the Company;
 - (ii) holding an office or place of profit or employment in any other company, body corporate, trust or entity promoted by the Company or in which it has an interest;
 - (iii) being a member, creditor or otherwise be interested in any body corporate (including the Company), partnership or entity, except auditor of the Company;
 - (iv) entering into any agreement or arrangement with the Company; or
 - (v) acting in a professional capacity (or being a member of a firm which acts in a professional capacity) for the Company, except as auditor of the Company.
- (c) Each Director must comply with Corporations Act in relation to the disclosure of the Director's interests.
- (d) Subject to the Shareholders Deed, a Director who has a material personal interest in a matter that is being considered at a Board meeting must not be present while the matter is being considered at the meeting nor vote on the matter, except where permitted by the Corporations Act.
- (e) Subject to the Shareholders Deed, if a Director has an interest in a matter, then subject to Article 59(d), Article 59(f) and this Constitution:
- (i) that Director may be counted in a quorum at the Board meeting that considers matters that relate to the interest provided that Director is entitled to vote on at least one of the resolutions to be proposed at that Board meeting;
 - (ii) that Director may participate in and vote on matters that relate to the interest;
 - (iii) the Company may proceed with any transaction that relates to the interest and the Director may participate in the execution of any relevant document by or on behalf of the Company;

- (iv) the Director may retain the benefits pursuant to any transaction that relates to the interest even though the Director has the interest; and
 - (v) the Company cannot avoid any transaction that relates to the interest merely because of the existence of the interest.
- (f) If an interest of a Director is required to be disclosed pursuant to Article 59(c), Article 59(e)(iv) applies only if the interest is disclosed before the transaction is entered into.

Officers

60. Managing Director

- (a) The Board may appoint one or more Directors as a managing director of the Company, for any period and on any terms (including, subject to Article 58, as to remuneration) as the Board resolves. Subject to any agreement between the Company and the managing director, the Board may vary or terminate the appointment of a managing director of the Company at any time, with or without cause.
- (b) The Board may delegate any of its powers to a managing director of the Company for any period and on any terms (including the power to further delegate) as the Board resolves. The Board may revoke or vary any power delegated to a managing director of the Company.
- (c) A managing director of the Company must exercise the powers delegated to him or her in accordance with any directions of the Board.
- (d) A person ceases to be a managing director if the person ceases to be a Director.

61. Secretary

The Board must appoint at least one Secretary and may appoint additional Secretaries. The Board may appoint Secretaries for any period and on any terms (including as to remuneration) as the Board resolves. Subject to any agreement between the Company and the Secretary, the Board may vary or terminate the appointment of a Secretary at any time, with or without cause.

62. Indemnity and insurance

- (a) To the extent permitted by law, the Company must indemnify each Relevant Officer against a Liability of that person and the Legal Costs of that person.
- (b) The indemnity pursuant to Article 62(a):
 - (i) is enforceable without the Relevant Officer having first to incur any expense or make any payment;
 - (ii) is a continuing obligation and is enforceable by the Relevant Officer even though the Relevant Officer may have ceased to be an officer of the Company; and
 - (iii) applies to Liabilities and Legal Costs incurred both before and after this Article became effective.

- (c) To the extent permitted by law, the Company may make a payment (whether by way of advance, loan or otherwise) to a Relevant Officer in respect of Legal Costs of that person.
- (d) To the extent permitted by law, the Company may:
 - (i) enter into, or agree to enter into, or
 - (ii) pay, or agree to pay, a premium for,
 a contract insuring a Relevant Officer against a Liability of that person and the Legal Costs of that person.
- (e) To the extent permitted by law, the Company may enter into an agreement or deed with a Relevant Officer or a person who is, or has been, an officer of the Company or a subsidiary of the Company, pursuant to which the Company must do all or any of the following:
 - (i) keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
 - (ii) indemnify that person against any Liability and Legal Costs of that person;
 - (iii) make a payment (whether by way of advance, loan or otherwise) to that person in respect of Legal Costs of that person; and
 - (iv) keep that person insured in respect of any act or omission by that person while a Relevant Officer or an officer of the Company or a subsidiary of the Company, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

Powers of the Board

63. General powers

- (a) The Board has the power to manage the business of the Company and may exercise to the exclusion of the Company in general meeting all powers of the Company which are not, by the law or this Constitution or the Shareholders Deed, required to be exercised by the Company in general meeting.
- (b) Subject to the Shareholders Deed, a power of the Board can only be exercised by a resolution passed at a meeting of the Board in accordance with Article 68, a resolution passed by signing a document in accordance with Article 67, or in accordance with a delegation of the power pursuant to Article 60, 65 or 66. A reference in this Constitution to the Company exercising a power by a resolution of the Board includes an exercise of that power in accordance with a delegation of the power pursuant to Article 60, 65 or 66.

64. Execution of documents

- (a) If the Company has a common seal, the Company may execute a document if that seal is fixed to the document and the fixing of that seal is witnessed by one Director and either another Director, a Secretary, or another person appointed by the Board for that purpose.
- (b) The Company may execute a document without a common seal if the document is signed by one Director and either another Director, a Secretary, or another person appointed by the Board for that purpose.

- (c) The Board may determine the manner in which and the persons by whom cheques, promissory notes, bankers' drafts, bills of exchange and other negotiable or transferable instruments in the name of or on behalf of the Company, and receipts for money paid to the Company, must be signed, drawn, accepted, endorsed or otherwise executed.

65. Committees and delegates

- (a) Subject to the Shareholders Deed, the Board may delegate any of its powers to a committee of the Board, a Director, an employee of the Company or any other person. A delegation of those powers may be made for any period and on any terms (including the power to further delegate) as the Board resolves. The Board may revoke or vary any power so delegated.
- (b) A committee or delegate must exercise the powers delegated in accordance with any directions of the Board.
- (c) Subject to the terms of appointment or reference of a committee, Article 68 applies with the necessary changes to meetings and resolutions of a committee of the Board.

66. Attorney or agent

- (a) The Board may appoint any person to be attorney or agent of the Company for any purpose, for any period and on any terms (including as to remuneration) as the Board resolves. Subject to the terms of appointment of an attorney or agent of the Company, the Board may revoke or vary that appointment at any time, with or without cause.
- (b) The Board may delegate any of their powers (including the power to delegate) to an attorney or agent. The Board may revoke or vary any power delegated to an attorney or agent.

Proceedings of Directors

67. Written resolutions of Directors

- (a) Subject to the Shareholders Deed, the Board may pass a resolution without a Board meeting being held if notice in writing of the resolution is given to all Directors and a majority of the Directors entitled to vote on the resolution (not being less than the number required for a quorum at a meeting of Directors) sign a document containing a statement that they are in favour of the resolution set out in the document.
- (b) A resolution pursuant to Article 67(a) may be assented to by a Director:
 - (i) by signing a copy of a document containing the resolution and giving it to the Company in accordance with Article 67(a); or
 - (ii) by giving the Company in accordance with Article 67(a) a notice in writing addressed to a Secretary or the chairperson identifying the resolution, its terms and the fact that the Director assents to it; or
 - (iii) by using an electronic communication method, which identifies the Director, which communicates to a Secretary or the chairperson identifying the resolution and its terms and indicating his or her assent to it.

- (c) A resolution pursuant to Article 67(a) is taken to be passed when last of the directors entitled to vote on the resolution has assented to the document in accordance with Article 67(b).
- (d) For the purposes of Article 67(a), the reference to Directors includes any alternate director who is appointed by a Director who is at the relevant time on leave of absence approved by the Board but does not include any other alternate directors.

68. Board Meetings

- (a) Subject to this Constitution, the Board may meet, adjourn and otherwise regulate its meetings as required by the Shareholders Deed and, in other cases, as it thinks fit.
- (b) A Director may call a Board meeting at any time. On request of any Director, a Secretary of the Company must call a meeting of the Directors. If the Shareholders Deed is in force, the convening of a meeting must comply with the Shareholders Deed in respect of notice or any other requirements.
- (c) Notice of a Board meeting must be given to each Director (except a Director on leave of absence approved by the Board) and an alternate director appointed by a Director on leave of absence approved by the Board. Notice of a Board meeting may be given in person, or by post or by telephone, fax, email or other electronic means.
- (d) A Director or alternate director may waive notice of a Board meeting by giving notice to that effect to the Company in person or by post or by telephone, fax, email or other electronic means.
- (e) A person who attends a Board meeting waives any objection that person and:
 - (i) if the person is a Director, any alternate director appointed by that person; or
 - (ii) if the person is an alternate director, the Director who appointed that person as alternate director,
 may have to a failure to give notice of the meeting.
- (f) Anything done (including the passing of a resolution) at a Board meeting is not invalid because either or both a person does not receive notice of the meeting or the Company accidentally does not give notice of the meeting to a person.
- (g) For the purposes of the Corporations Act, each Director, by consenting to be a Director or by reason of the adoption of this Constitution, consents to the use of each of the following technologies for the holding of a Board meeting:
 - (i) telephone;
 - (ii) video;
 - (iii) any other technology which permits each Director to communicate in real time with every other participating Director; or
 - (iv) any combination of these technologies,
 even if the Directors are not physically present in the same place.

 A Director may withdraw the consent given pursuant to this Article 68(g) in accordance with the Corporations Act.

- (h) If a Board meeting is held in 2 or more places linked together by any technology:
- (i) at the commencement of the meeting, each Director must acknowledge his or her presence for the purposes of the board meeting to all other Directors who are participating;
 - (ii) all Directors participating in the meeting will (unless there is a specific statement otherwise) be taken to have consented to the holding of the meeting by the relevant technology;
 - (iii) a Director present at one of the places is taken to be present at the meeting unless and until the Director states to the chairperson of the meeting that the Director is discontinuing his or her participation in the meeting and then disconnecting from the relevant technology;
 - (iv) the chairperson of that meeting may determine at which of those places the meeting will be taken to have been held; and
 - (v) if, before or during the meeting, any technical difficulty occurs where one or more Directors cease to participate, the chairperson may adjourn the meeting until the difficulty is remedied or may, where a quorum of Directors remains present, continue with the meeting.
- (i) If the Shareholders Deed is in force, a quorum for a meeting of the Board is as set out in the applicable provisions of the Shareholders Deed. Otherwise, until otherwise determined by the Board, a quorum for a Board meeting is 2 Directors entitled to vote on a resolution that may be proposed at that meeting. A quorum for a Board meeting must be present at all times during the meeting. Each individual present is counted towards a quorum in respect of each appointment as an alternate director of another Director in addition (if applicable) to being counted as a Director.

69. Chairperson of the Board

- (a) The appointment, removal and replacement of the chairperson is as determined by the Shareholders Deed.
- (b) Subject to Article 69(c), the chairperson of the Board must chair each Board meeting.
- (c) If at a Board meeting:
 - (i) a chairperson has not been elected pursuant to Article 69(a); or
 - (ii) the chairperson of the Board is not present within 15 minutes after the time appointed for the holding of a Board meeting or is not willing to chair all or part of that meeting,

the deputy chairperson of the Board (if any) must, or if there is no deputy chairperson or the deputy chairperson is not willing to act, the Directors present must elect one of their number to, chair that meeting or part of the meeting.
- (d) A person does not cease to be a chairperson of the Board or deputy chairperson of the Board if that person retires as a Director at a meeting of Shareholders and is re-elected as a Director at that meeting (or any adjournment of that meeting).

70. Board resolutions

- (a) Subject to the Shareholders Deed, a resolution of the Board is passed if more votes are cast by Directors entitled to vote in favour of the resolution than against it.
- (b) Subject to the Shareholders Deed and Articles 57 and 59 and this Article 70, each Director present in person or by his or her alternate director has one vote on a matter arising at a Board meeting.
- (c) Subject to the Corporations Act and the Shareholders Deed, the chairperson of a Board meeting will not have a casting vote in addition to any vote the chairperson has in his or her capacity as a Director.

71. Valid proceedings

- (a) An act at any Board meeting or a committee of the Board or an act of any person acting as a Director is not invalidated by:
 - (i) a defect in the appointment or continuance in office of a person as a Director, a member of the committee or of the person so acting; or
 - (ii) a person so appointed being disqualified or not being entitled to vote, if that circumstance was not known by the Board, committee or person (as the case may be) when the act was done.
- (b) If the number of Directors is below the minimum required by this Constitution, the Board must not act except in emergencies, to appoint Directors up to that minimum number or to call and arrange to hold a meeting of Shareholders.

Dividends and Profits

72. Determination of dividends

- (a) Subject to the Corporations Act, the Shareholders Deed, this Constitution and the rights or restrictions attached to a class of Shares, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend, the time for the payment of the dividend and the method of payment of the dividend.
- (b) Subject to the Shareholders Deed and the rights or restrictions attached to a class of Shares, the Board may determine that dividends be paid on Shares of one class but not another class, and at different rates for different classes of Shares. To avoid doubt, all fully paid Ordinary Shares (whether Class A Shares, Class B Shares or any other ordinary shares in the capital of the Company) have the same rights to dividends.
- (c) The Company is not required to pay any interest on a dividend.

73. Entitlements to dividends

- (a) A dividend in respect of a Share must be paid to the person whose name is entered in the Register as the holder of that Share as at the time the Board has fixed for that purpose, or if no such time is fixed, on the date on which the Dividend is paid.
- (b) Subject to any rights or restrictions attached to a class of Shares and Article 73(c), the person entitled to a dividend on a Share is entitled to:

- (i) if the Share is fully paid (whether the issue price of the Share was paid or credited or both), the entire dividend; or
 - (ii) if the Share is partly paid, a proportion of that dividend equal to the proportion which the amount paid on that Share bears to the total issue price of that Share. Any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.
- (c) If an amount is paid on a Share during the period to which a dividend relates, the Board may resolve that only the proportion of that amount equal to the proportion which the period from the date of payment to the end of the period to which the dividend relates bears to the total period to which the dividend relates, counts as part of the amount for the time being paid on the Share, unless the terms of issue of the Shares provides otherwise.
- (d) If a transfer of a Share is registered after the time determined for entitlements to a dividend on that Share but before the dividend is paid, the person transferring that Share is entitled to that dividend.
- (e) The Company may retain the whole or part of any Dividend on which the Company has a lien and apply that amount in total or part satisfaction of any amount secured by that lien.

74. Dividend plans

- (a) Subject to the Shareholders Deed, the Company may establish a bonus share plan on any terms as the Board resolves, pursuant to which participants may elect in respect of all or part of their Shares to be issued financial products of the Company or another body corporate or trust credited as fully paid instead of receiving a cash dividend from the Company in respect of those Shares.
- (b) Subject to the Shareholders Deed, the Company may establish a dividend reinvestment plan on any terms as the Board resolves, pursuant to which participants may elect in respect of all or part of their Shares to apply the whole or any part of a dividend from the Company, or any other amount paid or payable to Shareholders, in subscribing for or purchasing financial products of the Company or another body corporate or trust.
- (c) The Board is under no obligation to admit any Shareholder as a participant in any plan nor to comply with any request made by a Shareholder who is not admitted as a participant in a plan.
- (d) The Board may implement, amend, suspend or terminate a plan established pursuant to this Article 74.

75. Capitalisation of profits

- (a) Subject to the Corporations Act, the Shareholders Deed and the rights or restrictions attached to a class of Shares, the Company may by resolution of the Board:
 - (i) capitalise any amount, being the whole or part of profits of the Company or otherwise available for distribution to Shareholders; and
 - (ii) apply that amount for the benefit of Shareholders in full satisfaction of their interest in the capitalised amount, in the same proportions as the Shareholders would be entitled to receive it if distributed by way of dividend or in accordance with either the terms of issue of any Shares or

the terms of any plan for the issue of Shares or other securities for the benefit of officers or employees of the Company.

- (b) The Board may fix the time for determining entitlements to an application of a capitalised amount pursuant to Article 75(a). The Board may decide to apply a capitalised amount pursuant to Article 75(a) in any or all of the following ways:
- (i) in paying up an amount unpaid on Shares already issued;
 - (ii) in paying up in full any unissued Shares or other securities in the Company;
 - (iii) any other method permitted by law.
- (c) The Board may do all things necessary to give effect to a resolution pursuant to Article 75(a) and 75(b), including:
- (i) making cash payments in cases where Shares or other securities become issuable in fractions or ignore amounts or fractions less than a particular value;
 - (ii) vesting any cash or assets in a trustee on trust for the Shareholders entitled to an application of a capitalised amount pursuant to Article 75(a); and
 - (iii) authorising any person to make, on behalf of all Shareholders entitled to a application of a capitalised amount pursuant to Article 75(a), an agreement with the Company providing for either or both the issue of securities or the payment by the Company on their behalf of an amount pursuant to Article 75(b), and in executing any such document the person acts as agent and attorney for those Shareholders.

76. Distributions of assets

- (a) Subject to the Shareholders Deed, the method of payment by the Company of a dividend or a return of capital by a reduction of capital, a share buy-back or otherwise, may include any or all of the payment of cash, the issue of shares or other financial products and the transfer of assets (including shares or other financial products in another body corporate or trust).
- (b) Subject to the Shareholders Deed, if the Board has determined that the Company pay a dividend or return capital by a reduction of capital, a share buy-back or otherwise, wholly or partly by the distribution (either generally or to specific Shareholders) of specific assets (including by the issue or transfer of shares or other financial products), the Board may:
- (i) settle any issue concerning the distribution in any way the Board resolves;
 - (ii) round amounts up or down to the nearest whole number, or ignore amounts or fractions less than a particular value;
 - (iii) value assets for distribution and determine that the Company pay cash to any Shareholder on the basis of that valuation;
 - (iv) vest assets in a trustee on trust for the Shareholders entitled to any financial products as a result of that distribution; and
 - (v) authorise any person to make, on behalf of all Shareholders entitled to any financial products as a result of that distribution, an agreement with

the relevant body corporate or trust providing for the issue or transfer to them of those financial products (including an agreement to become a member of that body corporate) and, in executing any such document, the person acts as agent and attorney for those Shareholders.

77. Payments

- (a) Subject to the Shareholders Deed, the Company may pay a person entitled to an amount payable in respect of a Share (including a dividend) by any of the following means, in the Board's discretion, at the sole risk of the person so entitled:
- (i) crediting an account nominated in writing by that person and acceptable to the Board;
 - (ii) cheque made payable to bearer, to the person entitled to the amount or any other person the entitled person directs in writing and who is acceptable to the Board, or
 - (iii) any other manner as the Board resolves.
- (b) If the Company decides to make a payment by crediting accounts and an account is not nominated by a Shareholder in accordance with Article 77(a)(i), the Company may hold the amount payable in a separate account of the Company until the Shareholder nominates an account in accordance with Article 77(a)(i).
- (c) The Company may post a cheque referred to in Article 77(a)(ii) to:
- (i) the address in the Register of the Shareholder of the Share, or in the case of a Jointly Held Share, the address of the Shareholder whose name appears first in the Register in respect of the Share, or
 - (ii) any other address which the entitled person directs in writing.
- (d) The Company may make a payment of an amount payable in respect of a Share (including a dividend) in Australian dollars or any other currency determined by the Board. The Company may make payments in different currencies to different Shareholders. The Board may determine the appropriate exchange rate and time of calculation of the amount of a payment made in a currency other than Australian dollars. A determination of the Board pursuant to this Article 77(d) is final in the absence of manifest error.
- (e) If more than one Shareholder of a Jointly Held Share gives a permitted nomination or direction pursuant to Article 77(a), only the nomination or direction by the Shareholder whose name appears first in the Register in respect of that Share is valid.
- (f) Any one of the Shareholders of a Jointly Held Share may give receipt of any payment to those Shareholders in respect of that Share.

Notices

78. Notices to Shareholders

- (a) The Company may give Notice to a Shareholder or a person entitled to a Share because of a Transmission Event by any of the following means in the Board's discretion:
- (i) delivering it to that Shareholder or person;

- (ii) delivering it or sending it by post to the address of the Shareholder in the Register or the alternative address (if any) nominated by that Shareholder or person for that purpose;
 - (iii) sending it to the fax number (if any) nominated by that Shareholder or person for that purpose;
 - (iv) by sending it to an email or other electronic address, or by any other means of electronic communication, nominated by the member by giving notice in writing to the Company for this purpose, in which case the Company may give that Notice to the member by attaching a file containing it to, or by providing a URL link to it from, the email or other electronic communication;
 - (v) without limiting Article 78(a)(iv), if permitted by the Corporations Act, notifying that Shareholder of the notice's availability by any other electronic means nominated by the Shareholder for that purpose; or
 - (vi) any other means permitted by the Corporations Act.
- (b) Where a Shareholder does not have a registered address or the Company believes that Shareholder is not known at the Shareholder's registered address, and the Shareholder has not nominated an email or other electronic address in accordance with Articles 78(a)(iv) or 78(a)(v), all Notices are taken to be:
- (i) given to the Shareholder if the Notice is exhibited in the Company's registered office for a period of 48 hours; and
 - (ii) served at the commencement of that 48 hour period, unless and until the Shareholder informs the Company of the member's address.
- (c) The Company must send all documents to a Shareholder whose address for Notices is not within Australia by air-mail, air courier, fax, email or electronic transmission.
- (d) Any Notice given or document delivered by the Company to the Shareholder whose name appears first in the Register in respect of a Jointly Held Share is taken to be notice or delivery to all holders of that Share.
- (e) Notice to a person entitled to a Share because of a Transmission Event is taken to be notice to the registered holder of that Share.
- (f) Subject to the Corporations Act, a Notice to a Shareholder is sufficient, even if:
- (i) a Transmission Event occurs in respect of that Shareholder (regardless of whether that person is a registered holder of a Jointly Held Share); or
 - (ii) that Shareholder is an externally administered body corporate,
- and regardless of whether the Company has notice of that event.
- (g) A person entitled to a Share because of a transfer, Transmission Event or otherwise, is bound by every Notice given in respect of that Share.
- (h) Any Notice required or allowed to be given by the Company to one or more Shareholders by advertisement is, unless otherwise stipulated, sufficiently advertised if advertised once in a daily newspaper circulating in the states and territories of Australia.

- (j) A signature to any Notice given by the Company to a Shareholder under this Article 78 may be printed or affixed by some mechanical, electronic or other means or signed electronically in accordance with the Corporations Act.

79. Notice to Directors

The Company may give Notice to a Director or alternate director by:

- (a) delivering it to that person;
- (b) sending it by post to the usual residential address of that person or the alternative address (if any) nominated by that person for that purpose;
- (c) sending it to the fax number, email or electronic address (if any) nominated by that person for that purpose; or
- (d) any other means agreed between the Company and that person.

80. Notice to the Company

A person may give Notice to the Company by:

- (a) delivering it or by sending it by post to the registered office of the Company;
- (b) delivering it or by sending it by post to a place nominated by the Company for that purpose;
- (c) sending it to the fax number at the registered office of the Company nominated by the Company for that purpose;
- (d) sending it to the email or other electronic address (if any) nominated by the Company for that purpose; or
- (e) any other means permitted by the Corporations Act.

81. Time of service

- (a) A Notice sent by post or air-mail is taken to be given on the day after the date it is posted.
- (b) A Notice sent by fax, email or other electronic transmission is taken to be given when the transmission is sent provided that in the case of notice to the Company or a Director or an alternate director, the sender meets any action required by the recipient to verify the receipt of the document by the recipient.
- (c) A Notice given in accordance with Article 78(b) is taken to be given on the day after the date on which the Shareholder is notified that the Notice is available.
- (d) A certificate by a Director or Secretary to the effect that a Notice by the Company has been given in accordance with this Constitution is conclusive evidence of that fact.

82. Notice requirements

The Board may specify, generally or in a particular case, requirements in relation to Notices given by any electronic means, including requirements as to:

- (a) the classes of, and circumstances in which, Notices may be sent;

- (b) verification (whether by encryption code or otherwise), and
- (c) the circumstances in which, and the time when, the Notice is taken to be given.

83. Winding up

- (a) Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, any surplus assets of the Company remaining after the payment of its debts must be divided among the Shareholders in the proportions which the amount paid (including amounts credited) on the Shares of a Shareholder is of the total issue price of the Shares of all Shareholders.
- (b) Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution:
 - (i) distribute among the Shareholders the whole or any part of the property of the Company; and
 - (ii) decide how to distribute the property as between the Shareholders or different classes of Shareholders.
- (c) The liquidator of the Company may settle any issue concerning a distribution pursuant to this Article 83 in any way. This may include:
 - (i) rounding amounts up or down to the nearest whole number or ignoring fractions;
 - (ii) valuing assets for distribution and paying cash to any Shareholder on the basis of that valuation; and
 - (iii) vesting assets in a trustee on trust for the Shareholders entitled to the distribution.
- (d) A Shareholder need not accept any property, including shares or other securities, in respect of which there is any liability on the part of the Shareholder.

Corporate Directory

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