

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

ASX ANNOUNCEMENT

30 November 2020

HEALTHIA ANNOUNCES ACQUISITION SETTLEMENTS

Settlement of The Optical Company

Healthia Limited (HLA or Healthia or the Company) announced on 30 October 2020 that it had entered into a binding agreement to acquire 100% of The Optical Company Pty Ltd (TOC or The Optical Company) for a purchase price of \$43.0 million (the Acquisition).

The Company is pleased to announce that it has reached settlement for the Acquisition¹. The Company has also completed the private placement of 9,400,000 new ordinary shares to the vendors of the Acquisition at an issue price of \$0.95 per share, which will be held in voluntary escrow².

Founder and CEO of TOC, Colin Kangisser, has been appointed CEO of Healthia's newly formed Eyes & Ears division and as a Director of Healthia. Colin founded TOC in 2006 and is a registered optometrist with over 30 years' experience in the industry.

The Acquisition was funded as follows:

| | |
|------------------------|-----------------|
| The Entitlement Offer | \$ 13.20m |
| Vendor equity | \$ 8.93m |
| Debt draw down | \$ 15.00m |
| Deferred consideration | \$ 3.00m |
| Existing cash reserves | \$ <u>2.87m</u> |
| Total consideration | \$ 43.00m |

As previously noted, the Acquisition is expected to contribute the following³ earnings to Healthia:

| | |
|---------------------------------|-----------|
| Underlying Revenue ⁴ | \$ 35.80m |
| Underlying EBITDA ⁵ | \$ 5.70m |
| Underlying UNPATA ⁶ | \$ 2.80m |

The Acquisition is expected to deliver circa ~15% underlying earnings per share⁷ accretion (excluding transaction and integration costs).

Completion of the Acquisition strengthens Healthia's position as Australia's leading allied health operator with 194 clinics across the following business divisions:

¹ The abovementioned settlement excludes a 22.5% minority interest in Mount Gambier Optical Pty Ltd (a subsidiary of TOC), which is expected to settle separately on or before 4 December 2020.

² HLA shares to be held in voluntary escrow by the Vendors for between 6 months and 24 months.

³ Revenue and EBITDA numbers are based on a historical 12 months of trading in FY20, normalised in accordance with Healthia's acquisition and accounting policies, removing the impacts of AASB16.

⁴ Underlying Revenue reflects statutory revenue as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of Healthia and TOC in accordance with AICD/Finsia principles of recording underlying results and includes adjustments for the impacts from COVID-19 for both Healthia and/or TOC. Underlying Revenue has not been audited.

⁵ Underlying EBITDA means earnings before interest, tax, depreciation and amortisation, removing the impacts of AASB 16. Underlying EBITDA reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Healthia and/or TOC, in accordance with AICD/Finsia principles of recording underlying EBITDA. Underlying EBITDA has not been audited.

⁶ Underlying net profit after tax and before amortization of customer lists (UNPATA) reflects the Directors' assessment of the result for the ongoing business activities of the Healthia and/or TOC, in accordance with AICD/Finsia principles of recording underlying profits. Underlying profit has not been audited.

⁷ Underlying EPS means underlying earnings per share and is calculated as UNPATA attributable to shareholders divided by the shares on issue for a combined Healthia and TOC group for the financial year ending 30 June 2020.

- Feet & Ankles: comprising 93 podiatry clinics, 2 orthotics laboratories trading as iOrthotics and a podiatry wholesale supplies business trading as D.B.S. Medical;
- Bodies & Minds: comprising 43 physiotherapy clinics and 13 hand therapy clinics; and
- Eyes & Ears: comprising 41 optometry stores and 1 wholesale and distribution business trading as AED.

The Acquisition also increases Healthia's total addressable industry revenue from \$6.5 billion to \$9.8 billion⁸ (\$2.7bn in Feet & Ankles, \$3.8bn in Bodies & Minds, \$3.3bn in Eyes & Ears)⁹ with Healthia holding approximately 1.5% total addressable market share (<2.5% in Feet & Ankles, <1.5% in Bodies & Minds, <1.5% in Eyes & Ears).

Settlement of North Queensland Physiotherapy Centre

Healthia Limited (ASX: HLA) (Healthia or the Company) announced on 29 October 2020 that it had entered into binding agreements to acquire three physiotherapy clinics in North Queensland, being North Queensland Physiotherapy Centre (NQPC), with customary conditions precedent.

The Company is pleased to announce that it has reached settlement for NQPC.

As previously noted, the clinics are expected to contribute the following earnings¹⁰ to Healthia:

| | |
|----------------------|----------|
| Revenue | \$1.970m |
| EBITDA ¹¹ | \$0.275m |

Total consideration for the acquisition is as follows:

| | |
|---|----------|
| Upfront cash consideration | \$0.904m |
| Issue Clinic Class Shares ¹² | \$0.400m |
| Total upfront consideration | \$1.304m |

In addition to the upfront consideration, contingent consideration of \$0.350m will become payable in cash within 36 months after completion, subject to achieving EBITDA of greater than \$0.380m.

Further Information

Further details of the Acquisition are set out in the Investor Presentation provided to the ASX on 30 October 2020.

Contact

Investors are encouraged to keep up to date with Healthia news and research by subscribing at:

<https://www.healthia.com.au/subscribe>

If you have any further questions, please contact:

| Company | Company |
|--|--|
| Wesley Coote Group CEO & MD Tel: 07 3180 4900 E: wes.coote@healthia.com.au | Chris Banks CFO & Company Secretary Tel: 07 3180 4900 E: chris.banks@healthia.com.au |

FORWARD LOOKING STATEMENTS

The forward-looking statements contained in this document are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Healthia Limited,

⁸ With the inclusion of optometry and audiology industries in Australia. For details of how the addressable industry revenue is calculated please refer to page 38 of Healthia's Investor Presentation dated 30 October 2020.

⁹ For details of how the addressable industry revenue is calculated please refer to page 38 of Healthia's Investor Presentation dated 30 October 2020.

¹⁰ Revenue and EBITDA numbers are based on a historical 12 months of trading in FY20, normalised in accordance with Healthia's acquisition and accounting policies, removing the impacts of AASB16.

¹¹ EBITDA means earnings before interest, tax, depreciation and amortisation, removing the impacts of AASB16. EBITDA includes the approximate 30.0% economic interest continued to be owned by Clinic Class Shareholders.

¹² Clinic Class Shares are non-voting shares issuable by certain subsidiaries of Healthia Limited. These shares enable the holder to participate in dividends declared, calculated on the performance of the clinic in which the Clinic Class Shares are issued. The Clinic Class Shares are designed to create alignment between the interests of clinicians and shareholders.

its Directors and management, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. **You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19.** Any such statements, opinions and estimates in this document speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about the market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only.

NOT AN OFFER OF SECURITIES

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

-END-