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ASX ANNOUNCEMENT

6 November 2020

HEALTHIA ANNOUNCES DESPATCH OF RETAIL ENTITLEMENT OFFER BOOKLET

Healthia Limited (**Healthia** or the **Company**) (**ASX:HLA**) wishes to announce that the retail entitlement offer booklet (**Retail Entitlement Offer Booklet**), along with personalised Entitlement and Acceptance Forms for the retail component (**Retail Entitlement Offer**) of the 1 for 4 pro rata non-renounceable entitlement offer (**Entitlement Offer**), has been despatched today to shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**).

Under the Retail Entitlement Offer, Eligible Retail Shareholders will be able to subscribe for 1 fully paid ordinary share (**New Shares**) for every 4 Healthia shares that they hold at 7:00pm (AEDT) on Tuesday, 3 November 2020 (**Record Date**) at the issue price of \$0.95 per New Share (**Offer Price**).

The Entitlement Offer is non-renounceable, and rights are not transferable and will not be traded on the Australian Securities Exchange (**ASX**) or any other exchange. Eligible Retail Shareholders who do not take up their entitlement under the Retail Entitlement Offer in full or in part will not receive any value in respect of those entitlements not taken up.

In addition, a letter has been despatched today to shareholders who are ineligible to participate in the Retail Entitlement Offer (**Ineligible Retail Shareholders**) notifying them of the Retail Entitlement Offer and their ineligibility to participate.¹

A copy of the Retail Entitlement Offer Booklet and the letter to Ineligible Retail Shareholders is **attached**.

Under the Retail Entitlement Offer, Eligible Retail Shareholders that take up their full entitlement may also apply for additional New Shares in excess of their entitlement at the Offer Price (subject to scale-back, at Healthia's discretion). The maximum amount of additional New Shares that an Eligible Retail Shareholder can apply for is 50% of their entitlement.

The Retail Entitlement Offer opens today, 6 November 2020, and is expected to close at 5:00pm (AEDT) on Tuesday, 17 November 2020. The Retail Entitlement Offer is not underwritten.

On 3 November 2020, the Company announced that it had successfully completed the underwritten institutional component of the Entitlement Offer to raise approximately \$9.5 million.² Both the institutional component and Retail Entitlement Offer form part of the Company's \$15.3 million equity raising at \$0.95 per New Share. The funds raised from the Entitlement Offer will be used to fund part of the consideration for the acquisition of The Optical Company (**TOC**), a leading Australian optometry business.

Further details of the Acquisition and Retail Entitlement Offer are set out in the Investor Presentation provided to the ASX on 30 October 2020. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer. All dollar amounts are in Australian dollars unless otherwise indicated.

¹ Shareholders with a registered address outside Australia or New Zealand on the Record Date are generally ineligible to participate in the Retail Entitlement Offer.

² The new shares being issued under the Institutional Offer are expected to be issued on Tuesday, 10 November 2020.

KEY DATES

Key dates in relation to the Retail Entitlement Offer are as follows:

Event	Date
Announcement of the Entitlement Offer	Friday, 30 October 2020
Entitlement Offer Record Date	7:00pm Tuesday, 3 November 2020
Retail Entitlement Offer	Date
Retail offer booklet despatched to Eligible Retail Shareholders and Retail Entitlement Offer opens	Friday, 6 November 2020
Retail Entitlement Offer closes	5:00pm Tuesday, 17 November 2020
Announcement of results of Retail Entitlement Offer	Thursday, 19 November 2020
Settlement of New Shares issued under the Retail Entitlement Offer	Monday, 23 November 2020
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 24 November 2020
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 25 November 2020
Holding statements in respect of New Shares issued under the Retail Entitlement Offer despatched	Wednesday, 25 November 2020

The timetable is indicative only and Healthia may, at its discretion, vary the above dates by lodging a revised timetable with the ASX. All times referred to in this table are Australian Eastern Daylight Time (AEDT).

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, 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-

Healthia Limited

ACN 626 087 223

Retail Entitlement Offer

Details of a 1 for 4 pro rata accelerated non-renounceable entitlement offer of new shares in Healthia Limited at an offer price of A\$0.95 per Offer Share.

The Retail Entitlement Offer closes at
5.00pm (AEDT) on Tuesday, 17 November 2020

IMPORTANT NOTICE

If you are an Eligible Retail Shareholder, this is an important document that requires your immediate attention. This document and the accompanying personalised Entitlement and Acceptance Form should be read in their entirety. This document is not a prospectus under the Corporations Act 2001 (Cth) and has not been lodged with the Australian Securities and Investments Commission. You should consult your stockbroker, solicitor, accountant or other professional advisor if you have any questions.

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RETAIL ENTITLEMENT OFFER

IMPORTANT NOTICES

This Retail Offer Booklet is dated Friday 6 November 2020. Capitalised terms in this section have the meaning given to them in this Retail Offer Booklet.

This Retail Offer Booklet has been issued by Healthia Limited (ACN 626 087 223).

The Retail Entitlement Offer is made in accordance with section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73). This Retail Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus. The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Retail Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. By returning an Entitlement and Acceptance Form or otherwise paying for your Offer Shares through BPAY[®] in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

No overseas offering

This Retail Offer Booklet (including the accompanying Entitlement and Acceptance Form) does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Offer Booklet does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in the United States.

This Retail Offer Booklet is not to be distributed in, and no offer of Offer Shares is to be made under the Retail Entitlement Offer, in countries other than Australia and New Zealand unless Healthia, in its discretion, is satisfied that the Entitlement Offer may be made in compliance with all applicable laws.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the Offer Shares, or otherwise permit the public offering of the Offer Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

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

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

None of the information in this Retail Offer Booklet or the Entitlement and Acceptance Form accompanying it constitutes an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed in the United States.

The Offer Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. The Offer Shares offered and sold in the Retail Entitlement Offer may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The Offer Shares in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Definitions and time

Defined terms used in this Retail Offer Booklet are contained in Section 6. All references to time are to AEDT, unless otherwise indicated.

Currency

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (A\$, \$ or dollars).

Taxation

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving Offer Shares including any Additional Offer Shares. Section 5 provides a general summary of the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Healthia recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

Privacy

Healthia collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Healthia.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Healthia (directly or through the Share Registry). Healthia collects, holds and will use that information to assess your Application. Healthia collects your personal information to process and administer your shareholding in Healthia and to provide related services to you. Healthia may disclose your personal information for purposes related to your shareholding in Healthia, including to the Share Registry, Healthia's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Healthia holds about you. To make a request for access to your personal information held by (or on behalf of) Healthia, please contact Healthia through the Share Registry.

Governing law

This Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer

¹ ® registered to BPAY Pty Ltd ABN 69 079 137 518.

RETAIL ENTITLEMENT OFFER

which is not contained in this Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet may not be relied upon as having been authorised by Healthia, its related bodies corporate or any of their respective directors, officers, employees, agents, advisers or representatives. Except as required by law, and only to the extent so required, none of Healthia, its related bodies corporate or any of their respective directors, officers, employees, agents, advisers or representatives, or any other person, warrants or guarantees the future performance of Healthia or any return on any investment made pursuant to this Retail Offer Booklet.

Past performance

Investors should note that any past performance information given in this Retail Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not, an indication of future Healthia performance, including future share price performance.

Future performance and forward-looking statements

This Retail Offer Booklet contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “should”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance”, “project”, “forecast”, “likely”, “could”, “target” or other similar words or expressions, and include statements in this Retail Offer Booklet regarding certain plans, strategies and objectives of management of Healthia and indications of, and guidance or outlook on, expected financial performance or position, future earnings, distributions, the conduct and outcome of the Entitlement Offer and the use of proceeds.

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.

The forward-looking statements contained in this Retail Offer Booklet involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond the control of Healthia, subject to change without notice and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the global economic environment and capital market conditions and other risk factors set out in the “Risks” section of the Investor Presentation in Section 3 of this Retail Offer Booklet. Investors should consider the forward-looking statements contained in this Retail Offer Booklet in light of those disclosures.

Neither Healthia, nor any other person, gives any representation, warranty, assurance nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement actually occur. Healthia disclaims any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and Healthia disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Healthia’s financial condition, status, expectations or affairs or any change in events, conditions or circumstances on which a statement is based, except as required by law.

Risks

An investment in Offer Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Healthia. Healthia does not guarantee any particular rate of

return or the performance of Healthia, nor does it guarantee any particular tax treatment.

Shareholders should refer to the “Risks” section of the Investor Presentation in Section 3 of this Retail Offer Booklet for a summary of general and specific risk factors that may affect Healthia.

Trading Offer Shares

Healthia will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Offer Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Healthia or the Share Registry or otherwise, or who otherwise trade or purport to trade Offer Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

RETAIL ENTITLEMENT OFFER

CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board of Healthia Limited (**Healthia or the Company**), it is my pleasure to invite you to participate in the Healthia Retail Entitlement Offer.

Healthia was established as a platform to bring together well-established allied health businesses, with the aim to be one of Australia's leading allied health companies. The acquisition of The Optical Company Pty Ltd (**TOC**) further builds on this vision. Key highlights of the acquisition include:

- Purchase price of \$43.0 million, which includes upfront cash consideration of approximately \$31.1 million, the issue of 9.4 million Healthia shares to the TOC vendors and deferred consideration of \$3.0 million;
- TOC underlying FY20 revenue, EBITDA and UNPATA (attributed to shareholders), was \$35.8 million, \$5.7 million and \$2.8 million respectively;
- Earnings per share accretion of circa 15%, based on an FY20 underlying basis;
- The addition of TOC increases Healthia's addressable industry revenue from \$6.5 billion to \$9.8 billion (+51%) with TOC providing the expertise, people, platforms and systems required for continued growth into this aligned allied health vertical; and
- Balance sheet capacity available, post completion of the acquisition, to continue acquisition growth via free cash, bank debt, vendor deferred consideration and clinic class shares.

As announced on 30 October 2020, Healthia intends to raise approximately \$15.3 million to assist with the funding of the Acquisition via:

- a fully underwritten 1 for 4 pro rata accelerated non-renounceable entitlement of Offer Shares to certain professional and sophisticated investors (**Institutional Entitlement Offer**); and
- a 1 for 4 pro rata non-renounceable entitlement offer of Offer Shares to Eligible Retail Shareholders (**Retail Entitlement Offer**).

The Institutional Entitlement Offer and Retail Entitlement Offer are together, the Entitlement Offer.

On behalf of the Board, it is my pleasure to invite you to participate in the Retail Entitlement Offer. This provides you with the opportunity to increase your investment in Healthia and to further participate in the continued growth of the Company.

Details of the Retail Entitlement Offer

Eligible Retail Shareholders are being offered the opportunity to subscribe for 1 Offer Share for every 4 Shares held on the Record Date at the Offer Price of \$0.95 per Offer Share. This represents a discount per share of:

- 7.8% discount to the last close price of \$1.030 on Thursday, 29 October 2020; and
- 8.2% discount to the 5-day weighted average price of \$1.035 for the trading up to and including Wednesday, 28 October 2020.

Eligible Retail Shareholders should note that the Entitlement Offer is non-renounceable. This means that your Retail Entitlement Offer to subscribe for the Offer Shares under this Retail Offer Booklet are not transferable and there will be no trading of your Entitlement Offer on the ASX.

Under the Retail Entitlement Offer, Eligible Retail Shareholders that take up their full Entitlement Offer may also apply for Additional Offer Shares in excess of their Entitlement Offer (subject to scale-back, at Healthia's discretion).

Use of proceeds

The Entitlement Offer, when completed, will raise approximately \$15.3 million with proceeds of the Entitlement Offer to be used to help fund the Acquisition. Further details on the TOC business and the optometry industry can be found in the Investor Presentation. Furthermore, an update on the Healthia's strategy and FY21 outlook can also be found in the Investor Presentation.

RETAIL ENTITLEMENT OFFER

Next steps

Information about the Entitlement Offer and the key risks of investing in the Company are set out in this Retail Offer Booklet and the Investor Presentation. I encourage you to read it carefully before making your investment decision.

On behalf of the Board, I commend this Entitlement Offer to you and look forward to you continuing your investment in the Company.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'Glen Richards', with a horizontal line extending to the right.

Dr Glen Richards
Chairperson

RETAIL ENTITLEMENT OFFER

SUMMARY OF OFFER

INSTITUTIONAL ENTITLEMENT OFFER

Ratio	1 Offer Share for every 4 Existing Shares
Offer Price	A\$0.95 per Offer Share
Size	Approximately 10 million Offer Shares
Gross proceeds	Approximately A\$9.5 million

RETAIL ENTITLEMENT OFFER

Ratio	1 Offer Share for every 4 Existing Shares
Offer Price	A\$0.95 per Offer Share
Size	Approximately 6.1 million Offer Shares
Gross proceeds	Approximately A\$5.8 million ²

TOTAL GROSS PROCEEDS

Expected total gross proceeds of the Offer	Approximately A\$15.3 million
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KEY DATES

ACTIVITY	DATE
Announcement of the Entitlement Offer	Friday, 30 October 2020
Institutional Entitlement Offer opened	Friday, 30 October 2020
Institutional Entitlement Offer closed (3.00pm)	Friday 30 October 2020
Record Date for Entitlement Offer (7.00pm)	Tuesday, 3 November 2020
Retail Offer Booklet and Entitlement and Acceptance Form despatched to Eligible Retail Shareholders	Friday, 6 November 2020
Retail Entitlement Offer opens	Friday, 6 November 2020
Settlement of Offer Shares issued under the Institutional Entitlement Offer	Monday, 9 November 2020
Issue of New Shares under Institutional Entitlement Offer	Tuesday 10 November 2020
Commencement of trading of New Shares issued under the Institutional Entitlement Offer	Wednesday 11 November 2020
Retail Entitlement Offer closes (5.00pm)	Tuesday, 17 November 2020
Settlement of Offer Shares issued under the Retail Entitlement Offer	Monday, 23 November 2020
Issue of New Shares under Retail Entitlement Offer	Tuesday, 24 November 2020
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 25 November 2020
Despatch of holding statements for Offer Shares issued under the Retail Entitlement Offer	Wednesday, 25 November 2020

² The Retail Entitlement Offer is not underwritten. This means that the proceeds raised under the Retail Entitlement Offer will depend on the extent to which Eligible Retail Shareholders subscribe for their Entitlements and Additional Offer Shares under the Top Up Facility.

RETAIL ENTITLEMENT OFFER

The timetable as set out above (and each reference thereto or to dates therein in this Retail Offer Booklet) is indicative only and subject to change without notice. All times and dates in the timetable refer to AEDT. Healthia reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Healthia reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date of Offer Shares. Healthia also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the Offer Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

ENQUIRIES

If you have any doubt about whether you should participate in the Entitlement Offer, you should seek professional financial advice from your stockbroker, solicitor, accountant or other professional adviser before making any investment decision.

If you have lost your Entitlement and Acceptance Form and would like a replacement form, please visit www.healthia.com.au or call the Healthia Shareholder Information Line on 1300 658 099 (within Australia) or +61 1300 658 099 (outside Australia) between 8.30am and 5.30pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period.

RETAIL ENTITLEMENT OFFER

TABLE OF CONTENTS

1.	OVERVIEW OF THE ENTITLEMENT OFFER	10
1.1	OVERVIEW	10
1.2	INSTITUTIONAL ENTITLEMENT OFFER	10
1.3	RETAIL ENTITLEMENT OFFER	10
2.	HOW TO APPLY	11
2.1	YOUR ENTITLEMENT	11
2.2	OPTIONS AVAILABLE TO YOU	11
2.3	TAKING UP ALL OF YOUR ENTITLEMENT OR TAKING UP ALL OF YOUR ENTITLEMENT AND PARTICIPATING IN THE TOP UP FACILITY	12
2.4	TAKING UP PART OF YOUR ENTITLEMENT	12
2.5	ALLOWING YOUR ENTITLEMENT TO LAPSE	12
2.6	CONSEQUENCES OF NOT TAKING UP ALL OF YOUR ENTITLEMENT	12
2.7	PAYMENT	13
2.8	PAYMENT BY BPAY®	13
2.9	ENTITLEMENT AND ACCEPTANCE FORM IS BINDING	13
2.10	BROKERAGE	15
2.11	NOTICE TO NOMINEES AND CUSTODIANS	15
2.12	WITHDRAWAL OF THE ENTITLEMENT OFFER	15
2.13	RISKS	16
2.14	FURTHER ENQUIRIES	16
3.	ASX ANNOUNCEMENT AND INVESTOR PRESENTATION	17
4.	ADDITIONAL INFORMATION	77
4.1	RESPONSIBILITY FOR THIS RETAIL OFFER BOOKLET	77
4.2	DATE OF THIS RETAIL OFFER BOOKLET	77
4.3	ELIGIBILITY OF RETAIL SHAREHOLDERS	77
4.4	RANKING OF OFFER SHARES	77
4.5	ALLOTMENT, QUOTATION AND TRADING	77
4.6	RECONCILIATION	77
4.7	UNDERWRITING	77
4.8	CONTINUOUS DISCLOSURE	78
4.9	NO COOLING OFF RIGHTS	79
4.10	ROUNDING OF ENTITLEMENTS	79
4.11	NOT FINANCIAL PRODUCT OR INVESTMENT ADVICE	79
4.13	INELIGIBLE SHAREHOLDERS	79
5.	AUSTRALIAN TAXATION CONSEQUENCES	80
5.1	ISSUE OF ENTITLEMENT	80
5.2	EXERCISE OF ENTITLEMENT	80
5.3	LAPSE OF ENTITLEMENT	80

RETAIL ENTITLEMENT OFFER

5.4	TAXATION IN RESPECT OF DIVIDENDS ON OFFER SHARES	81
5.5	DISPOSAL OF OFFER SHARES	81
5.6	GST AND STAMP DUTY	81
6.	DEFINITIONS	82
7.	CORPORATE DIRECTORY	84

RETAIL ENTITLEMENT OFFER

SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Retail Shareholder³, you may take one of the following actions:

- take up all of your Entitlement, and if you do so, you may apply for Additional Offer Shares under the Top Up Facility;
- take up part of your Entitlement and allow the balance to lapse; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement.

If you are a retail shareholder but are not an Eligible Retail Shareholder, you are an “Ineligible Retail Shareholder”. Ineligible Retail Shareholders are not entitled to participate in the Entitlement Offer.

OPTIONS AVAILABLE TO YOU KEY CONSIDERATIONS

Option 1: Take up all of your Entitlement, and if you do so, you may apply for Additional Offer Shares under the Top Up Facility

- You may elect to purchase Offer Shares at the Offer Price (see Section 2 “How to apply” for instructions on how to take up your Entitlement) and if you do so, you may apply for Additional Offer Shares under the Top Up Facility.
- The Offer Shares will rank equally in all respects with Existing Shares (including rights to dividends and distributions).
- The Retail Entitlement Offer closes at 5.00pm (AEDT) on Tuesday, 17 November 2020.
- You may also apply for Additional Offer Shares under the Top Up Facility at the Offer Price in excess of your Entitlement. The maximum amount of Additional Offer Shares you can apply for is 50% of your Entitlement. If you apply for Additional Offer Shares under the Top Up Facility, and if your application is successful (in whole or in part), your Additional Offer Shares will be issued to you at the same time and on the same terms that other Offer Shares are issued under the Retail Entitlement Offer. If you apply for Additional Offer Shares, there is no guarantee that you will be allocated any Additional Offer Shares. If Eligible Retail Shareholders apply for more Additional Offer Shares than available under the Top Up Facility, Healthia will scale back applications for Additional Offer Shares in its absolute discretion having regard to the pro-rata Entitlement of Eligible Retail Shareholders who apply for Additional Offer Shares. Directors of Healthia are not entitled to participate in the Top Up Facility.

Option 2: Take up part of your Entitlement

- If you only take up part of your Entitlement, the part not taken up will lapse and the Offer Shares not subscribed for may be acquired by Eligible Retail Shareholders under the Top Up Facility.
- If you do not take up your Entitlement in full, you will not receive any payment or value for that part of your Entitlement not taken up.
- If you do not take up your Entitlement in full, your percentage holding in Healthia will be reduced as a result of the Entitlement Offer.

Option 3: Do nothing, in which case your Offer Shares and your Entitlement will lapse

- If you do not take up your Entitlement, your Entitlement will lapse and you will not receive any value or payment for your Entitlement
- The Offer Shares not subscribed for may be acquired by Eligible Retail Shareholders under the Top Up Facility.
- Your Entitlement is non-renounceable, which means it is non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred.
- If you do not take up your Entitlement, your percentage holding in Healthia will be reduced as a result of the Entitlement Offer.

³ See Section 6 of this Retail Offer Booklet.

RETAIL ENTITLEMENT OFFER

1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 OVERVIEW

Healthia intends to raise approximately A\$15.3 million under the Entitlement Offer via an offer of approximately 16.1 million Offer Shares at an Offer Price of A\$0.95 per Offer Share.

Healthia will use the proceeds of the Entitlement Offer to fund part of the purchase price for the acquisition by Healthia of 100% of the issued share capital in The Optical Company Pty Ltd ACN 115 778 366 (the **Acquisition**), transaction costs, integration and capital raising costs and provide balance sheet flexibility. If the Acquisition does not proceed, Healthia will consider alternative uses for the funds, including pursuing alternate acquisition opportunities, the return of some of the proceeds to shareholders, debt reduction or working capital.

The Entitlement Offer has two components:

- a. the Institutional Entitlement Offer – Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement, and a bookbuild process to sell Entitlements not taken up by Eligible Institutional Shareholders as well as Entitlements of Ineligible Institutional Shareholders at the Offer Price was carried out, to raise approximately A\$9.5 million. The offer of Shares under the Institutional Entitlement Offer will be underwritten in accordance with the Underwriting Agreement (refer to Section 4.7); and
- b. the Retail Entitlement Offer (to which this Retail Offer Booklet relates) – Eligible Retail Shareholders will be given the opportunity to take up all or part of their Entitlement. Eligible Retail Shareholders who take up their full Entitlement may also participate in the Top Up Facility by applying for Additional Offer Shares at the Offer Price, in excess of their Entitlement. The Retail Entitlement Offer will not be underwritten.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be sold, transferred or otherwise disposed of.

Offer Shares issued under the Retail Entitlement Offer are to be issued at the same price as Offer Shares issued under the Institutional Entitlement Offer. In addition, Shareholders' Entitlements under the Institutional Entitlement Offer and the Retail Entitlement Offer are calculated based on the same ratio.

1.2 INSTITUTIONAL ENTITLEMENT OFFER

Healthia has already raised approximately A\$9.5 million from Eligible Institutional Shareholders as part of the Institutional Entitlement Offer, at the Offer Price.⁴ Offer Shares are expected to be issued under the Institutional Entitlement Offer on Tuesday, 10 November 2020. The Institutional Entitlement Offer is underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement (as summarised in Section 4.7).

1.3 RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer (to which this Retail Offer Booklet relates) is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73) which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on Healthia and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement. In particular, please refer to the materials in Section 3 of this Retail Offer Booklet and other announcements made available at www.healthia.com.au and all other parts of this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 Offer Share for every 4 Existing Shares held on the Record Date.

⁴ Settlement of the Institutional Entitlement Offer is due to occur on Monday, 9 November 2020 and is subject to certain conditions and termination events. Refer to Section 4.7.

RETAIL ENTITLEMENT OFFER

The Offer Price of A\$0.95 per Offer Share represents:

- ▶ a discount of 7.8 % to the last closing price on Thursday, 29 October 2020; and
- ▶ a discount of 8.2 % to the 5-day weighted average price of A\$1.035 for the trading up to and including Wednesday 28 October 2020.

The Retail Entitlement Offer opens on Friday, 6 November 2020. This is also the date when the Retail Offer Booklet will be dispatched, along with a personalised Entitlement and Acceptance Form, to Eligible Retail Shareholders. These documents will also be made available online at www.healthia.com.au. The Retail Entitlement Offer is expected to close at 5.00pm (AEDT) on Tuesday, 17 November 2020.

Any Offer Shares not taken up by the Closing Date may be made available to those Eligible Retail Shareholders who took up their full Entitlement and applied for Additional Offer Shares under the Top Up Facility at the Offer Price in excess of their Entitlement. There is no guarantee that Eligible Retail Shareholders will receive the number of Additional Offer Shares applied for under the Top Up Facility. Additional Offer Shares will only be allocated to Eligible Retail Shareholders under the Top Up Facility if available and then only if and to the extent that Healthia so determines, in its absolute discretion. Any scale-back will be applied by Healthia in its absolute discretion having regard to the pro-rata Entitlement of Eligible Retail Shareholders who apply for Additional Offer Shares.

Directors of Healthia are not entitled to participate in the Top Up Facility.

The Retail Entitlement Offer will not be underwritten. Therefore, the number of Offer Shares to be issued on completion of the Retail Entitlement Offer will depend on the extent of the rights being taken up by the Eligible Retail Shareholders.

2. HOW TO APPLY

2.1 YOUR ENTITLEMENT

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 Offer Share for every 4 Existing Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of Offer Shares) accompanies this Retail Offer Booklet. Eligible Retail Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. Personalised Entitlement and Acceptance Forms will also be available online at www.healthia.com.au from Friday, 6 November 2020 (being the date on which the Retail Entitlement Offer opens). Please note that the Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to the definition of Eligible Retail Shareholders in Section 6). Eligible Retail Shareholders should be aware that an investment in Healthia involves risks. The key risks identified by Healthia are set out in the section entitled "Risks" in the Investor Presentation (in Section 3 of this Retail Offer Booklet).

2.2 OPTIONS AVAILABLE TO YOU

Eligible Retail Shareholders may:

- a. take up their Entitlement in full by the Closing Date, and if you do so, you may apply for Additional Offer Shares under the Top Up Facility (refer to Section 2.3);
- b. take up part of their Entitlement by the Closing Date, in which case the balance of their Entitlement would lapse (refer to Section 2.4); or
- c. do nothing and allow their Entitlement to lapse (refer to Section 2.5).

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only. Ineligible Retail Shareholders may not take up all or part of their Entitlement.

Healthia reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

RETAIL ENTITLEMENT OFFER

The Closing Date for acceptance of the Retail Entitlement Offer is 5.00pm (AEDT) on Tuesday, 17 November 2020 (however, that date may be varied by Healthia, in accordance with the ASX Listing Rules and applicable law).

2.3 TAKING UP ALL OF YOUR ENTITLEMENT OR TAKING UP ALL OF YOUR ENTITLEMENT AND PARTICIPATING IN THE TOP UP FACILITY

If you wish to take up all of your Entitlement, payment must be made via BPAY® if possible for the full amount payable (being the Offer Price multiplied by the number of Offer Shares comprising your Entitlement). You will be required to pay in Australian currency. Payments must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment must be received by no later than 5.00pm (AEDT) on the Closing Date (i.e. Tuesday, 17 November 2020).

If you wish to take up all of your Entitlement, you may also apply for Additional Offer Shares under the Top Up Facility at the Offer Price. The maximum amount of Additional Offer Shares you can apply for is 50% of your Entitlement. Any Application Monies received for more than your full Entitlement of Offer Shares will be treated as applying for as many Additional Offer Shares as it will pay for in full.

Nominees and custodians may apply for Additional Offer Shares under the Top Up Facility on behalf of a beneficiary on whose behalf they hold Existing Shares, provided that the relevant beneficiary would satisfy the criteria for an Eligible Retail Shareholder and has elected to take up all of their respective Entitlement. Nominees and custodians are not required to have elected to take up all of their registered Entitlement (ie on behalf of all beneficiaries they hold shares for) before applying for Additional Offer Shares under the Top Up Facility on behalf of a particular beneficiary.

Any Offer Shares referable to Entitlements not taken up by the Closing Date or that would otherwise have been offered to Ineligible Retail Shareholders if they were eligible to participate in the Retail Entitlement Offer may be made available to those Eligible Retail Shareholders who took up their full Entitlement and applied for Additional Offer Shares under the Top Up Facility. If you apply for Additional Offer Shares under the Top Up Facility, and if your application is successful (in whole or in part), your Additional Offer Shares will be issued to you at the same time and on the same terms that other Offer Shares are issued under the Retail Entitlement Offer. The decision on the number of Additional Offer Shares to be issued to you will be final.

Additional Offer Shares will only be allocated to Eligible Retail Shareholders if available, and subject to the Corporations Act, ASX Listing Rules and other applicable laws and regulations. If you apply for Additional Offer Shares, there is no guarantee that you will be allocated any Additional Offer Shares. If Eligible Retail Shareholders apply for more Additional Offer Shares than available under the Top Up Facility, Healthia will scale back applications for Additional Offer Shares in its absolute discretion having regard to the pro-rata Entitlement of Eligible Retail Shareholders who apply for Additional Offer Shares. Directors of Healthia are not entitled to participate in the Top Up Facility.

2.4 TAKING UP PART OF YOUR ENTITLEMENT

If you wish to take up part of your Entitlement, payment must be made via BPAY® for the amount payable (being the Offer Price multiplied by the number of Offer Shares you wish to take up, which will be less than your Entitlement as specified on the Entitlement and Acceptance Form). You will be required to pay in Australian currency. Payments must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment must be received by no later than 5.00pm (AEDT) on the Closing Date (Tuesday, 17 November 2020).

2.5 ALLOWING YOUR ENTITLEMENT TO LAPSE

If you do not wish to accept all or any part of your Entitlement, do not take any further action and your Entitlement will lapse.

2.6 CONSEQUENCES OF NOT TAKING UP ALL OF YOUR ENTITLEMENT

If you do not take up all of your Entitlement in accordance with the instructions set out above, those Offer Shares representing your Entitlement (or the part of your Entitlement not taken up) may be acquired by Eligible Retail Shareholders under the Top Up Facility.

By allowing all or part of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the Offer Shares representing that part of your Entitlement not taken up and you will not receive any payment or value for that part of your Entitlement. Your interest in Healthia will also be diluted.

RETAIL ENTITLEMENT OFFER

2.7 PAYMENT

Payment should be made using BPAY®. You will be required to pay in Australian currency.

Cheque and cash payments will not be accepted. Receipts for payment will not be issued.

Healthia will treat you as applying for as many Offer Shares as your payment will pay for in full up to your Entitlement. If your payment will pay for more than your full Entitlement, Healthia will treat you as applying for your full Entitlement and in respect of any excess amount, applying for as many Additional Offer Shares under the Top Up Facility as it will pay for in full.

Any Application Monies received for more than your final allocation of Offer Shares (greater than \$2.00) will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

2.8 PAYMENT BY BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form available online at www.healthia.com.au. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number ("CRN") on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid. Please note that by paying by BPAY®:

- a. you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 2.10; and
- b. if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of Offer Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AEDT) on the Closing Date (i.e. Tuesday, 17 November 2020). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

2.9 ENTITLEMENT AND ACCEPTANCE FORM IS BINDING

A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire Offer Shares (and Additional Offer Shares under the Top Up Facility, if applicable) on the terms and conditions set out in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for Offer Shares. Healthia's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By making a payment by BPAY® or by completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- a. you are (or the person on whose account you are acting is) an Eligible Retail Shareholder;
- b. you acknowledge that you have read and understood this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- c. you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (and accompanying Entitlement Acceptance Form), and Healthia's constitution;
- d. you authorise Healthia to register you as the holder(s) of Offer Shares allotted to you;
- e. you declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- f. you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;

RETAIL ENTITLEMENT OFFER

- g. you acknowledge that once Healthia receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- h. you agree to apply for and be issued up to the number of Offer Shares (and any Additional Offer Shares) specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per Offer Share;
- i. you authorise Healthia, the Share Registry and their respective officers or agents to do anything on your behalf necessary for Offer Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- j. you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date and are an Eligible Retail Shareholder;
- k. you acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that Offer Shares are suitable for you given your investment objectives, financial situation or particular needs;
- l. you acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Healthia and is given in the context of Healthia's past and ongoing continuous disclosure announcements to ASX;
- m. you acknowledge the statement of risks in the "Risks" section of the Investor Presentation included in Section 3 of this Retail Offer Booklet, and that investments in Healthia are subject to risk;
- n. you acknowledge that Healthia, nor its respective related bodies corporate or affiliates, nor their respective directors, officers, partners, employees, representatives, consultants, contractors, advisers or agents, guarantees the performance of Healthia, nor do they guarantee the repayment of capital;
- o. you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- p. you authorise Healthia to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- q. you represent and warrant (for the benefit of Healthia and its respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- r. you acknowledge and agree that determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and the Retail Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Healthia, and each of Healthia and its respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;
- s. you represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for Offer Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- t. you represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- u. you understand and acknowledge that the Offer Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, and that, accordingly, the Entitlements may not be taken up by, and the Offer Shares may not be offer or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States;
- v. you are not engaged in the business of distributing securities;

RETAIL ENTITLEMENT OFFER

- w. you will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand (except nominees and custodians may distribute such materials to Institutional Investors in Permitted Jurisdictions for whose account they are acting);
- x. you agree that if in the future you decide to sell or otherwise transfer the Offer Shares you will only do so in “regular way” transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States;
- y. you are eligible under applicable securities laws to exercise Entitlements and acquire Offer Shares under the Retail Entitlement Offer;
- z. if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is (i) resident in Australia or New Zealand or an Institutional Investor resident in a Permitted Jurisdiction, and (ii) is not in the United States or elsewhere outside the Permitted Jurisdictions ; and
- aa. you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date.

2.10 BROKERAGE

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement.

2.11 NOTICE TO NOMINEES AND CUSTODIANS

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees or custodians with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Existing Shares as nominees or custodians will have received, or will shortly receive, a letter from Healthia. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- a. beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- b. Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- c. Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or
- d. shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees or custodians for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States or elsewhere outside Australia and New Zealand except to Institutional Investors in Permitted Jurisdictions.

Healthia is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess, taking into account guidance and deemed provided in this Information Booklet, whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws.

For the avoidance of doubt, Healthia reserves the right (in its absolute sole discretion) to reduce the number of Offer Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

Healthia also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

2.12 WITHDRAWAL OF THE ENTITLEMENT OFFER

Subject to applicable law, Healthia reserves the right to withdraw the Entitlement Offer at any time before the issue of Offer Shares, in which case Healthia will refund any Application Monies already received in

RETAIL ENTITLEMENT OFFER

accordance with the Corporations Act and will do so without interest being payable to applicants. Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders).

2.13 RISKS

Eligible Retail Shareholders should be aware that an investment in Healthia, including taking up your Entitlement, involves risks. The key risks identified by Healthia are set out in the “Risks” section of the Investor Presentation in Section 3 of this Retail Offer Booklet, but these are not an exhaustive list of the risks associated with an investment in Healthia Shares.

2.14 FURTHER ENQUIRIES

If you have not received, or you have lost your personalised Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please visit www.healthia.com.au or contact the Healthia Shareholder Information Line on 1300 658 099 (within Australia) or +61 1300 658 099 (outside Australia) at any time from 8.30am to 5.30pm (AEDT) Monday to Friday, before the Retail Entitlement Offer closes at 5.00pm (AEDT) on the Closing Date (i.e. Tuesday, 17 November 2020). If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

RETAIL ENTITLEMENT OFFER

3. ASX ANNOUNCEMENT AND INVESTOR PRESENTATION



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

ASX ANNOUNCEMENT

30 October 2020

HEALTHIA ANNOUNCES ACQUISITION OF THE OPTICAL COMPANY AND ENTITLEMENT OFFER

Healthia Limited (HLA or **Healthia**) is pleased to announce that it has entered into a binding agreement to acquire 100% of The Optical Company Pty Ltd (TOC or **The Optical Company**) for a cash and debt free purchase price of \$43.0 million (**the Acquisition**).

KEY HIGHLIGHTS

- Healthia to acquire The Optical Company, a leading Australian optometry business for a purchase price of \$43.0 million, which includes upfront cash consideration of approximately \$31.1 million, the issue of 9.4 million HLA shares to the TOC vendors and deferred consideration of \$3.0 million
- Acquisition multiples of circa 5.15x Purchase Price / underlying FY20 EBITDA¹ (pre-support)² and 7.56x Purchase Price / underlying FY20 EBITDA (post-support)
- Up to \$15.3 million to be raised by Healthia via an accelerated non-renounceable pro-rata entitlement offer with the accelerated institutional offer being underwritten by Canaccord Genuity (Australia) Limited
- TOC FY20 Underlying Revenue³, EBITDA and UNPATA⁴ (attributed to Healthia shareholders) of \$35.8 million, \$5.7 million and \$2.8 million respectively
- The acquisition of TOC delivers circa 15% Earnings Per Share accretion based on Financial Year 20 underlying financial performance
- TOC is a complementary allied health business with strong alignment to Healthia's stated strategic objectives, and
- The addition of TOC increases Healthia's addressable market revenue from \$6.5 billion to \$9.8 billion⁵.

ACQUISITION OF THE OPTICAL COMPANY

Completion of the Acquisition is expected on 30 November 2020 subject to change of control consents for property leases. Upon completion of the transaction, founder and CEO of TOC, Colin Kangisser⁶, will be appointed CEO of Healthia's newly formed Eyes & Ears division and as an Executive Director of Healthia.

Mr Wesley Coote, Chief Executive Officer and Managing Director, said, "The opportunity to acquire a highly complementary allied health business of the quality and size of TOC is compelling. TOC is a natural fit with Healthia and its stated strategic objectives of acquiring value accretive businesses in the allied health industries. TOC also provides Healthia with the expertise, people, platforms and systems required for continued organic and acquisitive growth in the optometry industry".

¹ Earnings before interest, tax, depreciation and amortisation, removing the impacts of AASB 16 (EBITDA). 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.

² Clinic contribution only; excludes corporate support costs of \$2.67m as set out in page 22 of accompanying Investor Presentation.

³ 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.

⁴ 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.

⁵ With the inclusion of optometry and audiology industries in Australia. For details of how the addressable market is calculated please refer to page 38 of the accompanying investor presentation.

⁶ Information on Colin Kangisser's work experience can be found in the "Overview of The Optical Company" section of this announcement and on page 17 of the accompanying investor presentation.

RETAIL ENTITLEMENT OFFER

Mr Colin Kangisser, Founder and CEO of TOC said, "We are excited to partner with Healthia. We believe there is a strong alignment between our respective businesses and that there exists a significant opportunity to continue our organic and acquisitive growth. I am proud of the TOC business, and staff across Support Office and in the stores and look forward to our next phase of growth with Healthia."

The Acquisition will strengthen Healthia's position as Australia's leading allied health operator with combined FY20 financial results as follows: Underlying Revenue⁷, underlying EBITDA⁸ and UNPATA (attributed to Healthia shareholders)⁹ of \$128.3 million, \$18.9 million and \$7.5 million respectively.

Post completion of the Acquisition, Healthia will operate three distinct operating segments as follows (expected revenue and underlying EBITDA contribution shown in brackets):

1. **Feet & Ankles:** previously reported as the podiatry division (37% of underlying revenue, 43% of underlying EBITDA)
2. **Bodies & Minds:** previously reported as the physiotherapy division (35% of underlying revenue, 27% of underlying EBITDA), and
3. **Eyes & Ears:** newly formed division due to the Acquisition (28% of underlying revenue, 30% of underlying EBITDA)

The Acquisition increases Healthia's total addressable revenue market from \$6.5 billion to \$9.8 billion¹⁰ (\$2.7bn in Feet & Ankles, \$3.8bn in Bodies & Minds, \$3.3bn in Eyes & Ears)¹¹ 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).

Healthia was advised by Clayton Utz and Ernst & Young in relation to the transaction. The Optical Company was advised by Miles Advisory Partners, K&L Gates and Deloitte in relation to the transaction.

THE OPTOMETRY INDUSTRY

The Australian optometry and optical dispensing industry revenue is estimated to be \$3.8 billion¹² and is expected to grow at 2.1% per annum over the 5 year period from 2020 to 2025¹³. Growth is projected over the next five years due to:

- Australia's ageing population
- Growing awareness of eye health and UV eye protection
- Increasing digital eyestrain due to increasingly higher uses of laptops, PCs and mobile devices
- Favourable fashion trends and a growing array of frames, and
- An increase in the number of eye care services

The Australian optometry and optical dispensing industry is made up of circa 3,500 stores¹⁴ with two main players contributing the following:

- Luxottica with 410 stores¹⁵ in Australia and New Zealand with Australian revenue of circa \$558.8 million¹⁶; and
- Specsavers with 330 stores¹⁷ and revenue of circa \$989.3 million¹⁸ in Australia.

The optometry industry remains fragmented in Australia with approximately 2,700 stores, and \$2.2 billion¹⁹ of the industry revenue being owned by independent operators, including single and multi-store operators.

OVERVIEW OF THE OPTICAL COMPANY

Founded in 2006 by registered optometrist and current CEO Colin Kangisser, TOC is a leading Australian optometry business with a portfolio of 41 stores providing a full range of optometry services and related products.

TOC operates a multi-brand portfolio, each of which are tailored to the demographics of the region:

⁷ 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.

⁸ 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.

⁹ UNPATA (attributed to Healthia shareholders) mean 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.

¹⁰ With the inclusion of optometry and audiology industries in Australia. For details of how the addressable market is calculated please refer to page 38 of the accompanying investor presentation.

¹¹ For details of how the addressable market is calculated please refer to page 38 of the accompanying investor presentation.

¹² Source: IBIS World – Optometry and Optical Dispensing Industry Australia (Feb 2020).

¹³ Source: IBIS World – Optometry and Optical Dispensing Industry Australia (Feb 2020).

¹⁴ Source: IBIS World – Optometry and Optical Dispensing Industry Australia (April 2019).

¹⁵ Source: as reported on pages 28 & 29 of the Luxottica 2018 Annual Report. Includes New Zealand store numbers as these are not reported separately.

¹⁶ Source: IBIS World – Optometry and Optical Dispensing Industry Australia (Feb 2020).

¹⁷ Source: as reported on page 7 of the Specsavers 2018-2019 Annual Report.

¹⁸ Source: IBIS World – Optometry and Optical Dispensing Industry Australia (Feb 2020).

¹⁹ Source: IBIS World – Optometry and Optical Dispensing Industry Australia (Feb 2020).

RETAIL ENTITLEMENT OFFER

- Kevin Paisley Optometrists: 13 stores across Victoria (11) and South Australia (2)
- nib Eye Care: 10 stores across NSW Central Coast (4 stores), Sydney (3 stores), Brisbane (1 store), Melbourne (1 store) and Canberra (1 store)
- Optical Warehouse: 8 stores in Southeast QLD
- The Optical Company: 6 stores across New South Wales (5 stores), and the Gold Coast (1 store), and
- Stacey & Stacey Optometrists: 4 stores in North Queensland

In addition to the 41 optometry stores, TOC is vertically integrated and owns and operates an established eyewear frame distributor, Australian Eyewear Distributors (**AED**). AED distributes a diverse range of fashionable eyewear products consisting of both international and private label brands, to the TOC group.

TOC has a 15-year track record of acquiring and integrating optometry businesses in Australia and has created the platform to allow continued growth via its key strategic objectives:

- Optometry led business model, supported by an experienced management team who have experience in the optometry industry
- Organic growth strategies including:
 - The "Simply Better" campaign, which is focused on education and training, customer journey and visual merchandising
 - Centralised support function including centralised practice management software
 - Targeted marketing and customer retention strategies
 - The introduction of additional optometry services increasing the offering to customer
- Roll out of complementary services inside of existing stores including the introduction of audiology services
- Vertically integrated business model via its established eyewear distributor AED. AED has established a diverse range of eyewear products and is uniquely situated to be able to expand its brand offering as trends and opportunities in the market present, and
- Opportunity to continue to acquire and integrate well established optometry businesses at attractive multiples. Furthermore, an ageing subset of independent optometrists reaching retirement and succession age is expected to drive further acquisition opportunities.

On completion of the Acquisition, Founder and CEO Colin Kangisser will be appointed CEO of Healthia's newly formed Eyes & Ears division and as an Executive Director of Healthia Limited. Colin is a registered optometrist with over 30 years' optometry experience. He founded, and has grown, multiple optical businesses including Kays Optical and prior to establishing TOC, Colin held an executive leadership position with OPSM Group.

ACQUISITION FUNDING AND EQUITY RAISING

The purchase price of \$43.0 million to be paid for the Acquisition, and the associated transaction costs of approximately \$1.5 million, will be funded as follows:

- Up to \$15.3 million²⁰, to be raised by Healthia via an accelerated non-renounceable pro-rata entitlement offer, with the accelerated institutional offer being fully underwritten
- \$15.0 million debt from Healthia's existing syndicated finance facility with ANZ and BOQ
- \$2.3 million from Healthia's existing cash reserves
- 9,400,000 Healthia shares (being approximately \$8.9 million) to the vendors of the Acquisition²¹, to be held in voluntary escrow²², and
- deferred consideration of \$3 million (partially secured) payable 12 months after completion, able to be used to cover completion adjustments relating to the period prior to completion.

FINANCIAL IMPACT

The impact of the Acquisition on Healthia's FY20 financial position and underlying performance is set out in Table 1 below. Key points as follows:

- The Acquisition is expected to deliver circa ~15% underlying earnings per share (**Underlying EPS**)²³ accretion (excluding transaction and integration costs)

²⁰ Any shortfall in the Retail Entitlement Offer will be funded through HLA cash reserves and/or debt

²¹ 9,400,000 fully paid ordinary HLA shares to be issued to the vendors of the Acquisition at the issue price which will be the lower of (i) the 30 day weighted average price of HLA at the date of the sale agreement for the Acquisition; and (ii) the lowest price offered under any capital raising of at least \$50,000 by the Company between 1 September 2020 and completion of the Acquisition. Following the issue of the Healthia shares to the vendors of the Acquisition and the Entitlement Offer neither vendor will hold more than ~5.3% of the issued capital in Healthia.

²² HLA shares to be held in voluntary escrow by the Vendors for between 6 months and 24 months

²³ 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. UNPATA mean underlying net profit after tax and before amortization of customer lists 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.

RETAIL ENTITLEMENT OFFER

- Leverage ratio (Debt/EBITDA) expected to remain at less than 2.0x (with a banking covenant requirement of less than 2.5x²⁴)
- Balance sheet capacity available to continue acquisition growth via free cash, bank debt, vendor deferred consideration and clinic class shares
- Healthia to continue to target a dividend payout ratio of 40% - 60% of UNPATA, which is to be supported by a dividend reinvestment plan to assist Healthia to preserve cash reserves, and
- Due to the +51% increase in the addressable industry revenue from \$6.5 billion to \$9.8 billion²⁵, Healthia has revised its target of deployed capital on new acquisition each year from >\$15.0 million to >\$20.0 million.

Table 1: Key financial metrics

\$'000	HLA FY20 Underlying	TOC FY20 Underlying	Combined FY20 Underlying	% Change
Underlying Revenue ²⁶	92,493	35,810	128,303	38.7%
Operating Expenses	79,263	30,120	109,382	38.0%
Underlying EBITDA ²⁷	13,230	5,690	18,921	43.0%
UNPATA ²⁸ (attributed to Healthia shareholders)	4,629	2,845	7,474	61.5%
Assets	129,285	28,570	157,855 ²⁹	22.1%
Equity	57,856	9,118	66,974 ³⁰	15.8%
Shares on issue (millions)	63.0 ³¹	25.5	88.5	40.4%
Underlying EPS (cents) ³²	7.34	n/a	8.44	15.0%
Debt / EBITDA (x) ³³	1.78x	n/a	1.97x	19.1bp

A reconciliation of statutory to underlying EBITDA is provided in the accompanying Investor Presentation on page 23.

EQUITY RAISING

Healthia will undertake an equity raising to assist with the funding of the acquisition of TOC as follows:

1. a fully underwritten 1 for 4 pro rata accelerated non-renounceable entitlement of new fully paid ordinary shares in Healthia to certain institutional and professional investors (**Institutional Entitlement Offer**); and
2. a 1 for 4 pro rata non-renounceable entitlement offer of new fully paid ordinary shares in Healthia to eligible retail shareholders (**Retail Entitlement Offer**).

The Institutional Entitlement Offer and Retail Entitlement Offer are together, the **Offer**.

The Institutional Entitlement Offer is underwritten by Canaccord Genuity (Australia) Limited (the **Underwriter**). The Retail Entitlement Offer is not underwritten.

²⁴ Calculated on a pre-AASB16 adjusted basis and being adjusted for acquisitions where not held for a full 12 months.

²⁵ With the inclusion of optometry and audiology industries in Australia. For details of how the addressable market is calculated please refer to page 38 of the accompanying investor presentation.

²⁶ 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.

²⁷ Earnings before interest, tax, depreciation and amortisation, removing the impacts of AASB 16 (EBITDA). 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.

²⁸ 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.

²⁹ Aggregation of FY20 audited financials for Healthia and TOC. Acquisition accounting has not been applied, nor has the impact of the Entitlement Offer.

³⁰ Aggregation of FY20 audited financials for Healthia and TOC. Acquisition accounting has not been applied, nor has the impact of the Entitlement Offer.

³¹ Shares equal the weighted average number of shares on issue in HLA as at 30 June 2020.

³² Underlying EPS means underlying earnings per share and is calculated as UNPATA attributable to shareholders divided by the shares on issue for a combined HLA and TOC group.

³³ Estimated based on the principles of calculation for debt covenants per HLA's syndicated finance facility with ANZ and BOQ. Excludes any debt drawn in relation post 30 June 2020 acquisitions by HLA.

RETAIL ENTITLEMENT OFFER

Under the Offer, eligible shareholders will be able to subscribe for 1 fully paid ordinary share (**New Shares**) for every 4 Healthia shares that they hold at 7:00pm (AEDT) on Tuesday, 3 November 2020 (**Record Date**) at the issue price of \$0.95 per New Share (**Offer Price**).

The Offer will result in approximately 16.1 million³⁴ New Shares being issued, equivalent to approximately 25.0% of Healthia's total shares on issue as at 29 October 2020. New Shares will rank equally in all respects with existing shares of Healthia.

The Offer Price of \$0.95 represents a discount per share of:

- 7.8% discount to the last close price of \$1.030 on Thursday, 29 October 2020; and
- 8.2% discount to the 5-day weighted average price of \$1.035 for the trading up to and including Wednesday, 28 October 2020.

The Offer is non-renounceable, and rights are not transferrable and will not be traded on the Australian Securities Exchange (**ASX**) or any other exchange. Eligible shareholders who do not take up their entitlement under the Offer in full or in part will not receive any value in respect of those entitlements not taken up.

The following Directors of Healthia, who are shareholders, have indicated they will participate in the Offer:

- Glen Richards
- Paul Wilson including entering into an agreement with the Underwriter to sub-underwrite \$750,000 of the Institutional Entitlement Offer³⁵
- Lisa Dalton
- Wesley Coote (partial participation)
- Darren Stewart (partial participation) and
- Anthony Ganter (partial participation)

INSTITUTIONAL ENTITLEMENT OFFER

The Institutional Entitlement Offer is underwritten by the Underwriter.

The Institutional Entitlement Offer opens on Friday, 30 October 2020 and closes at 3:00pm on Friday, 30 October 2020. Certain institutional and professional investors who are Healthia shareholders as at 7:00pm (AEDT) Tuesday 3 November 2020 as determined by the Underwriter may receive an offer under the Institutional Entitlement Offer, provided they are not an Ineligible Institutional Shareholder.

Under the Institutional Entitlement Offer, Eligible Institutional Shareholders can choose to take up all, part or none of their entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered by the Underwriter to eligible institutional investors at the Offer Price.

Ineligible institutional shareholders, being an institutional or professional investor with an address outside of Australia, New Zealand, Hong Kong, Singapore, the United Kingdom or the United States or whom the Underwriter and Company determine will be an Ineligible Institutional Shareholder for the purpose of the Institutional Entitlement Offer.

The Institutional Entitlement Offer is non-renounceable, and entitlements will not be tradeable or otherwise transferable.

RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer is not underwritten.

Eligible Retail Shareholders³⁶ with a registered address in Australia or New Zealand on the Record Date of 7:00pm (AEDT) Tuesday, 3 November 2020 have the opportunity to invest in New Shares at the Offer Price, on the terms and conditions that will be set out in the retail offer booklet to be sent to eligible retail shareholders on or around Friday 6 November 2020.

Please note that shareholders with a registered address outside Australia or New Zealand on the Record Date are generally ineligible to participate in the Retail Entitlement Offer. Shareholders who are on the share register on the Record Date will be notified by Healthia if they are ineligible to participate in the Entitlement Offer. Eligible Shareholders will receive a retail offer

³⁴ Note: excludes the impact of the 9.4 million shares to be issued to the vendors as part consideration for the acquisition of TOC.

³⁵ Willeese Pty Ltd as trustee for the Wilson Family Trust (an entity controlled by Paul Wilson) will enter into an agreement to sub-underwrite the Institutional Entitlement Offer for a fee of 1% of the amount being sub-underwritten (being up to \$750,000).

³⁶ Eligible Retail Shareholder means existing Healthia shareholders as at 7:00pm Tuesday 3 November 2020 who have a registered address in Australia or New Zealand or are shareholders that Healthia has otherwise determined is eligible to participate in the Retail Entitlement Offer, who are not in the United States or acting for the account or benefit of a person in the United States and who are not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder.

RETAIL ENTITLEMENT OFFER

booklet, including a personalised entitlement and acceptance form, which will provide further details of how to participate in the Entitlement Offer.

Under the Retail Entitlement Offer, eligible retail shareholders that take up their full entitlement may also apply for additional New Shares in excess of their entitlement at the Offer Price (subject to scale-back, at Healthia's discretion). The maximum amount of additional New Shares that an eligible retail shareholder can apply for is 50% of their entitlement.

The Retail Entitlement Offer is not underwritten.

KEY DATES

Key dates in relation to the Offer are as follows:

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

The timetable is indicative only and Healthia may, at its discretion, vary the above dates by lodging a revised timetable with the ASX. All times referred to in this table are Australian Eastern Daylight Time (AEDT).

FY2021 TRADING UPDATE

Healthia continues to take preventative measures against the spread of COVID-19 and has implemented comprehensive internal policies and procedures to protect its patients, customers and team members against the spread of COVID-19, including a range of workplace preventative health and safety measures. Providing a safe environment for our patients, customers and team members is a priority, and Healthia continues to follow all recommendations of the Australian Government. TOC has similar COVID-19 safe practices in place which will continue post completion of the Acquisition.

Both Healthia and TOC qualified for JobKeeper payments in April 2020, however, neither business³⁷ re-qualified under the revised eligibility criteria after 30 September 2020 and the receipt of JobKeeper payments has now ended.

³⁷ One TOC business, Point Cook Optical Pty Limited, has re-qualified under the revised criteria. The business employs one employee.

RETAIL ENTITLEMENT OFFER

During the financial quarter from 1 July 2020 to 30 September 2020 (**September Quarter**), both the Healthia and TOC businesses in Victoria were impacted by the lockdown restrictions imposed by the Victorian state government. The exposure to Victoria post completion of the Acquisition is as follows:

- 22 podiatry clinics representing 22.9% of the total businesses operated under the Feet & Ankle segment
- 1 physiotherapy clinic representing 1.7% of the total businesses operated under the Bodies & Minds segment, and
- 12 optometry stores representing 28.5% of the total businesses to be acquired by Healthia and to form the Eyes & Ears segment

Notwithstanding the impact of government imposed lockdowns in Victoria, all segments achieved strong like-for-like/organic growth (**Organic Growth**)³⁸ during the September Quarter demonstrating the resilient, repeatable nature of the income of the allied health businesses, and the essential nature of the services provided by both Healthia and TOC. Organic Growth for the September Quarter was as follows:

- Feet & Ankle segment: organic growth of 13.0%
- Bodies & Minds segment: organic growth of 14.0%, and
- Eyes & Ears segment: organic growth of 4.7%.

FURTHER INFORMATION

Further details of the Acquisition and Entitlement Offer are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer. All dollar amounts are in Australian dollars unless otherwise indicated.

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, 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.

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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-

³⁸ Organic revenue growth is based on underlying unaudited revenue and is subject to change. Organic revenue growth has been calculated by excluding JobKeeper payments, any discontinued businesses and businesses not held during the prior period.

HEALTHIA LIMITED

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Healthia Limited
ACN 626 087 223

Acquisition of The Optical
Company & Equity Raising
30 October 2020

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

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IMPORTANT NOTICE AND DISCLAIMER

Important notice and disclaimer

- This investor presentation (**Presentation**) has been prepared by Healthia Ltd (ABN 85 626 087 223) (**Healthia or HLA or the Company**). This Presentation has been prepared in connection with HLA's acquisition of The Optical Company Pty Ltd (ABN 85 115 778 366) (**TOC**) (**Acquisition**) and
 - a fully underwritten¹ 1 for 4 pro rata accelerated non-renounceable entitlement of new fully paid ordinary shares in HLA (**New Shares**) to certain professional and sophisticated investors (**Institutional Entitlement Offer**); and
 - a 1 for 4 pro rata non-renounceable entitlement offer of new fully paid ordinary shares in HLA (**New Shares**) to eligible shareholders (**Retail Entitlement Offer**).

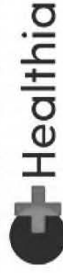
Summary information and source of TOC information

- This Presentation contains summary information about HLA and its activities which is current only at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in HLA or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (**Corporations Act**). This Presentation should be read in conjunction with HLA's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au and www.healthia.com.au.
- Certain information in this Presentation has been sourced from TOC or their respective representatives or associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither HLA nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.
- HLA undertook a due diligence process in respect of the Acquisition, which relied in part on the review of financial and other information provided by TOC. Despite making reasonable efforts, HLA has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it. If any such information provided to, and relied upon by, HLA in its due diligence and in its preparation of this Presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of TOC and the Group may be materially different to the expectations reflected in this Presentation.
- Investors should also note that there is no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the Acquisition have been identified and avoided or managed appropriately (for example, because it was not always possible to negotiate indemnities or representations and warranties from TOC to cover all potential risks). Therefore, there is a risk that issues and risks may arise which will also have a material impact on the Group (for example, HLA may later discover liabilities or defects which were not identified through due diligence or for which there is no contractual protection for HLA). This could adversely affect the operations, financial performance or position of HLA.

Not an offer

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



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Not investment advice

- This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by HLA or its advisers to subscribe for or acquire entitlements or New Shares and does not and will not form any part of any contract for the subscription or acquisition of entitlements or New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future outcomes of HLA and the impact that different future outcomes may have on HLA.

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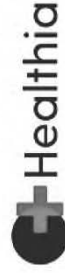
- Cooling off rights do not apply to the acquisition of entitlements or New Shares.

Investment risk

- An investment in HLA shares is subject to known and unknown risks, some of which are beyond the control of HLA and its Directors, including possible loss of income and principal invested. HLA does not guarantee any particular rate of return or the performance of HLA nor does it guarantee the repayment of capital from HLA or any particular tax treatment. Investors should have regard to (amongst other things) the risk factors outlined in the 'Key risks' section of this Presentation when making their investment.

Financial data

- All financial information in this Presentation is in Australian Dollars (\$) or AUD) unless otherwise stated.
- Financial information for TOC contained in this Presentation has been derived from audited consolidated annual accounts of TOC and other financial information made available by TOC in connection with the Acquisition, and HLA does not take any responsibility for it.
- This Presentation includes certain underlying financial information. The underlying financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of HLA's views on its, nor anyone else's, future financial position and/or performance. The underlying financial information has been prepared by HLA in accordance with the measurement and recognition principles, but not the disclosure requirements prescribed by the Australian Accounting Standards.
- In addition, the underlying financial information in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities Exchange Commission, and such information does not purport to comply with Article 3-05 of Regulation S-X.
- In addition, financial data in this Presentation includes "non-IFRS financial information" under ASIC Regulatory Guide 230 "Disclosing non-IFRS financial information" published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, including cash conversion, underlying revenue, EBITDA, underlying EPS. HLA believes that this non-IFRS/non-GAAP financial information provides useful information to users in measuring the financial performance and conditions of HLA. The non-IFRS financial information do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this Presentation. Such information has been presented on the same basis as in the full year financial results for HLA announced to the market on 26 August 2020.
- This Presentation contains certain "forward-looking statements", including but not limited to projections, guidance on future revenues, earnings, margin improvement, other potential synergies and estimates, the timing and outcome of the TOC acquisition, the outcome and effects of the Entitlement Offer and the use of proceeds, and the future performance of HLA and TOC post-acquisition (**Combined Group**). Forward-looking statements can generally be identified by the use of forward-looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the acquisition, the future performance and financial position of HLA, the outcome and effects of the Entitlement Offer and the use of proceeds. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.
- The forward-looking statements contained in this Presentation 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 HLA, 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 Presentation 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.



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Financial Data (CONT)

- Forward-looking statements may assume the success of HLA's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond HLA's control, and no assurance can be given that any of these strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Several important factors could cause actual results or performance to differ materially from the forward-looking statements including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in this Presentation. Further, other risks and uncertainties not presently known to management or that management currently believe not to be material may also affect HLA's business. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. Refer to the key risks set out in this Presentation for a non-exhaustive summary of certain key business, offer and general risk factors that may affect HLA.
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Effect of rounding

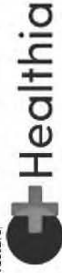
- A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation (including in charts, graphs or tables in the Presentation) are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Past performance

- Investors should note that past performance, including past share price performance of HLA and underlying historical information in this Presentation, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future HLA performance including future share price performance. The underlying historical information is not represented as being indicative of HLA's views on its future financial condition and/or performance.
- The historical information in this Presentation is, or is based upon, information contained in previous announcements made by HLA to the market. These announcements are available at www.333.com.au and www.healthia.com.au.

Disclaimer

- No person is authorised to give any information or make any representation in connection with the Entitlement Offer which is not contained in this Presentation.
- This Presentation has been prepared from information believed to be accurate, however, no representation or warranty, express or implied, is made as to the fairness, accuracy, correctness, completeness or adequacy of any information contained in the Presentation. To the maximum extent permitted by law, HLA, the Underwriter and their respective extended parties (Underwriter Group) disclaim all responsibility and liability (including, without limitation, for any liability arising from fault, negligence or negligent misstatement) for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the issue or use of, or reliance on, anything contained in or omitted from this Presentation or otherwise arising in connection with them. The Underwriter Group has not authorised, permitted or caused the issue or lodgment, submission, dispatch or provision of this Presentation, nor do they make any recommendation as to whether any potential investor should participate in the Entitlement Offer. None of HLA's advisers nor the Underwriter Group takes responsibility for any part of this Presentation nor makes or purports to make any statement in this Presentation which is based on any statement by them.
- Determination of eligibility of investors for the purposes of the Institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints, and the discretion of HLA and the Underwriter to the Institutional Entitlement Offer. Each of HLA and the Underwriter and each of their respective Extended Parties disclaim any duty or liability (including, without limitation, for any liability arising from fault, negligence or negligent misstatement) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.
- The Underwriter Group is a full service financial institution engaged in various activities, which may include trading, financial advisory, investment management, research, principal investment, hedging, market making, brokerage and other financial and non-financial activities. Members of the Underwriter Group have provided, and may in the future provide, financial advisory, financing services and other services to HLA and its affiliates, and to persons and entities with relationships with HLA, for which they received or may receive customary fees and expenses. In the ordinary course of its various business activities, the Underwriter Group may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of HLA and/or persons or entities with relationships with HLA. The Underwriter Group may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from HLA and may in the future be lenders to HLA or its affiliates. The Underwriter Group may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. The Underwriter Group may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in their capacity as a manager, bookrunner and underwriter to the Entitlement Offer. The Underwriter Group is acting as lead manager, bookrunner and underwriter of the Institutional Entitlement Offer. The Underwriter is acting for, and providing services to, HLA in relation to the Entitlement Offer and will not be acting for or providing services to HLA securityholders, creditors or potential investors. The Underwriter has been engaged solely as an independent contractor and is acting solely in a contractual relationship on an arm's length basis with HLA. The engagement of the Underwriter by HLA is not intended to create any fiduciary obligations, agency or other relationship between the Underwriter and the HLA securityholders, creditors or potential investors.



RETAIL ENTITLEMENT OFFER

IMPORTANT NOTICE AND DISCLAIMER

Disclaimer (CONT)

- In connection with the bookbuild, one or more institutional investors may elect to acquire an economic interest in the New Shares (Economic Interest), instead of subscribing for or acquiring the legal or beneficial interest in those entitlements or New Shares. The Underwriter (or its affiliates) may, for its own account, write derivative transactions with those investors relating to the entitlements or the New Shares to provide the Economic Interest, or otherwise acquire securities in HLA in connection with the writing of such derivative transactions in the bookbuild and/or the secondary market. As a result of such transactions, the Underwriter (or its affiliates) may be allocated, subscribe for or acquire entitlements, New Shares or securities of HLA in the Institutional Entitlement Offer, the bookbuild and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such securities. These transactions may, together with other securities in HLA acquired by the Underwriter or its affiliates in connection with their ordinary course sales and trading, principal investing and other activities, result in the underwriter or its affiliates disclosing a substantial holding and earning fees.

Allocations

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

- You further acknowledge and agree that allocations are at the sole discretion of HLA and the Underwriter. HLA and the Underwriter and their respective Extended Parties disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

General

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



RETAIL ENTITLEMENT OFFER

GLOSSARY

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

RETAIL ENTITLEMENT OFFER



CONTENTS

1.	Executive Summary
2.	Overview of Optometry Industry & TOC
3.	Deal & Equity Raising Summary
4.	FY21 Outlook
5.	HLA Strategic Vision
Appendices	
A.	Risks
B.	International Selling Restrictions
C.	Other Information

RETAIL ENTITLEMENT OFFER

1. Executive Summary



RETAIL ENTITLEMENT OFFER

EXECUTIVE SUMMARY

HEALTHIA LIMITED

Acquisition of The Optical Company	<ul style="list-style-type: none"> Healthia Limited ("Healthia") to undertake the material acquisition of The Optical Company Pty Ltd (ACN 115 778 366) ("TOC"), a leading optical company that has grown to a portfolio of 41 optical stores, plus the vertically integrated business of Australian Eyewear Distributors. ✓ Attractive industry metrics, with similar characteristics to Healthia's current allied health businesses² ✓ Strong cultural fit ✓ Aligned with Healthia's stated growth strategies ✓ Advances Healthia's long-term strategic vision and provides additional scale ✓ Increases Healthia's targeted addressable industry revenue from \$6.5 billion to \$9.8 billion³ The Combined Group delivered \$128.3m underlying revenue and \$18.9m Underlying EBITDA on a combined basis for FY20⁴ The Acquisition is expected to deliver circa ~15% EPS accretion on a FY20 underlying basis, excluding transaction and integration costs
Purchase Consideration ⁵	<ul style="list-style-type: none"> Purchase consideration of \$43.00 million • Upfront cash consideration of approximately \$31.07 million • Issue of 9,400,000 HLA shares to the vendors expected to be valued at approximately \$8.93 million • Deferred consideration of \$3.00 million, subject to customary adjustments including completion adjustments.
Equity Raising	<ul style="list-style-type: none"> Fully underwritten¹ for 4 pro rata accelerated non-renounceable entitlement of new fully paid ordinary shares in HLA to Eligible Institutional Shareholders A 1 for 4 pro rata non-renounceable entitlement offer of new fully paid ordinary shares in HLA to Eligible Retail Shareholders. The Retail Entitlement Offer is not underwritten
FY21 Outlook	<ul style="list-style-type: none"> The Combined Group (Healthia + TOC) has achieved strong organic growth of 10.9% for the 3-months ended 30 September 2020. Both Healthia and TOC have strong acquisition pipelines and Healthia has revised its target of deployed capital on new acquisition each year from >\$15.0 million to >\$20.0 million.

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

RETAIL ENTITLEMENT OFFER

WHY OPTOMETRY?

STRATEGIC RATIONALE

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

- Essential allied health service
- Fragmented industry with opportunity for consolidation
- Increasing demand from an ageing population¹
- Medicare funded services with products supplemented by health insurance and self payments
- 13.2 million Australians suffer from long-term eye problems¹
- The Acquisition presents the opportunity to cross-sell allied health services

✓ Strong cultural fit with Healthia

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



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

✓ Aligned with Healthia's business model

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

✓ Advances Healthia's long-term strategic vision

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

RETAIL ENTITLEMENT OFFER

2. Overview of Optometry industry & TOC



RETAIL ENTITLEMENT OFFER

OPTOMETRY INDUSTRY OVERVIEW

GROWTH DRIVERS

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



FRAGMENTED INDUSTRY

- \$3.8bn¹ industry, addressable revenue, with \$2.2bn¹ not held by major industry participants
- Approximately 2,700¹ independent optometrists in Australia, including single and multi-store operators
- A number of independents operate under large industry buying groups but remain independent
- Ageing subset of independent optometrists reaching retirement age and succession age

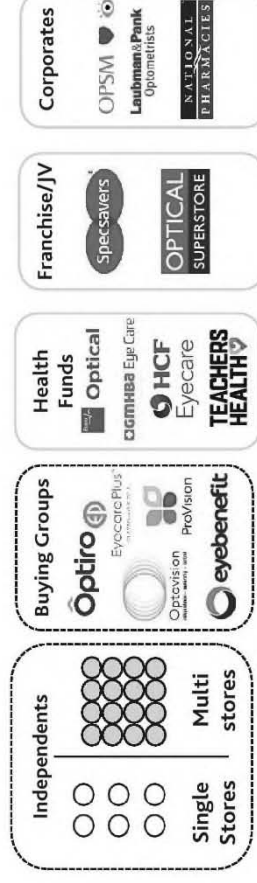
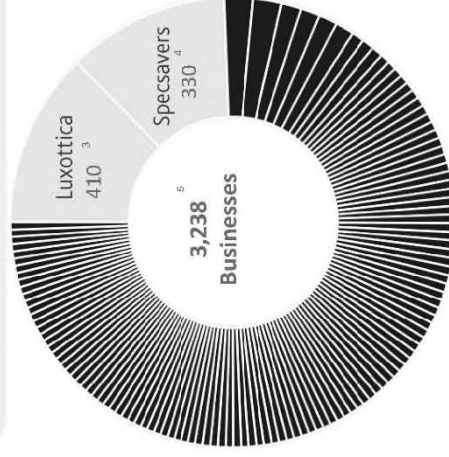


THE OPTICAL COMPANY

- TOC has the platform in place to lead independent store consolidation in Australia visits:



- ✓ Optometry led model
- ✓ Experienced management team with a proven track record of acquiring and integrating new stores
- ✓ Vertically integrated business model
- ✓ Established industry relationships



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

RETAIL ENTITLEMENT OFFER

TOC OVERVIEW

THE OPTICAL COMPANY

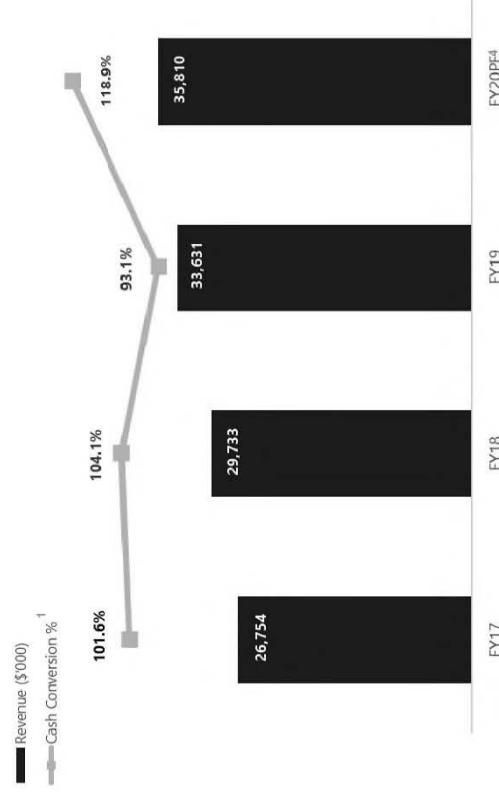
Overview and History

- The Optical Company ("TOC") was established in 2005 by registered optometrist and current CEO Colin Kangisser
- TOC has grown to a portfolio of 41 optical stores providing a full range of optometry services and products via:
 - ✓ Optometry led, customer focused and vertically integrated business model with established centralised support functions
 - ✓ Multi-brand store strategy, with 5 regional banners, each tailored to specific locations and demographics, with brand recognition in their local communities, operating under the TOC umbrella
- TOC has a record of strong revenue growth (3.4% in FY19, 2.9% in FY20¹) and financial performance, including strong cash conversion (see Graph 1)
- TOC has created a stable platform which is set for future organic and acquisitive growth in the optical industry
- The Optical Company embraces strong core values of integrity, superior service and exceptional quality with the goal to be the leading eyecare and eyewear team

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



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



Notes: (1) Cash Conversion % is calculated as the underlying operating cash flows pre-tax, ungear divided by the Underlying EBITDA for the relevant financial year. (2) EBITDA is a non-IFRS measure and measure earnings before interest tax depreciation and amortization. EBITDA is adjusted to remove the impacts of AASB16, where applicable. (3) Underlying EBITDA is a non-IFRS measure and reflects statutory EBITDA as adjusted to reflect the result for the ongoing business activities of TOC as have been prepared in accordance with AICD/Prisma principles of recording underlying EBITDA. Underlying profit has not been audited. (4) FY20P4 means the underlying results for TOC for the financial year ended 30 June 2020 adjusted for the impacts of COVID-19

RETAIL ENTITLEMENT OFFER

TOC OVERVIEW

THE OPTICAL COMPANY

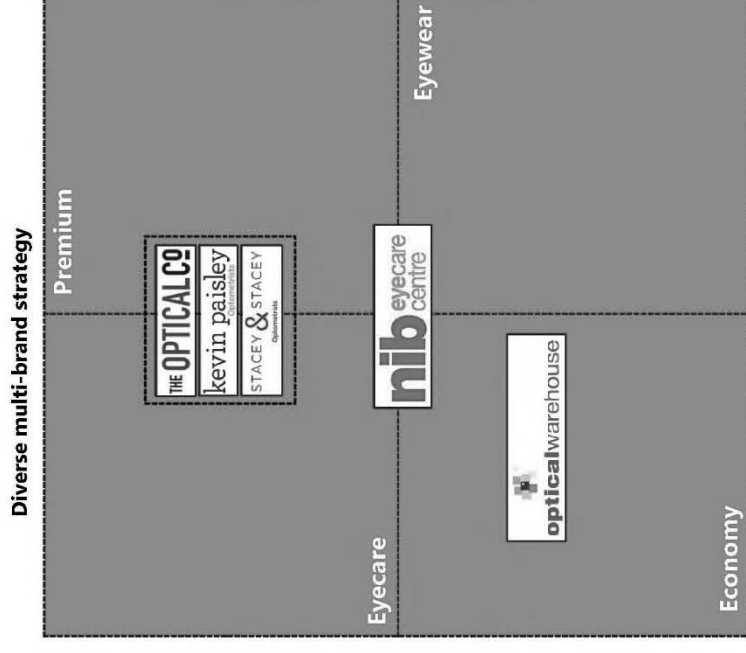
Acquisitive Growth

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

Vertically Integrated

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

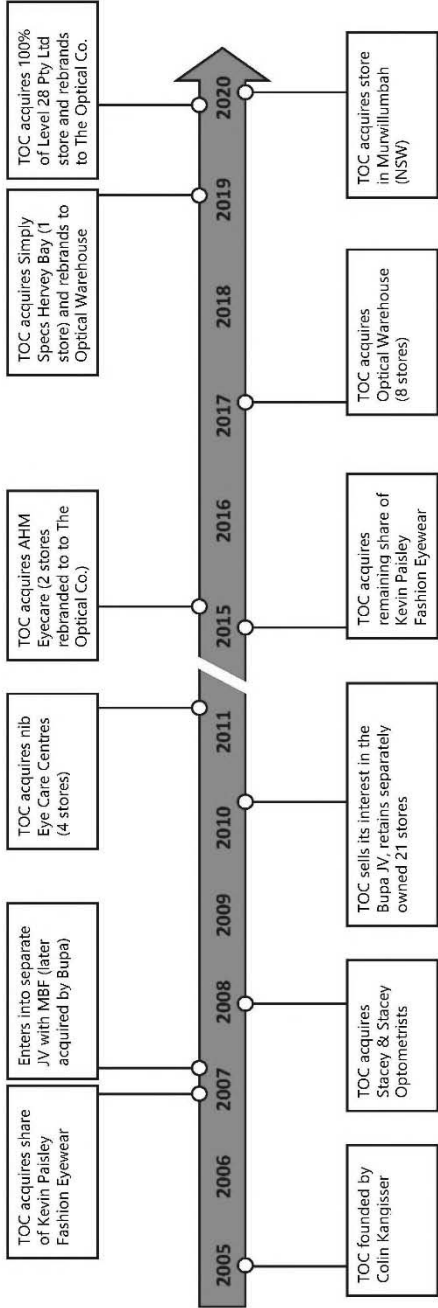
AED Private Label Examples:



RETAIL ENTITLEMENT OFFER

TOC JOURNEY
THE OPTICAL COMPANY

Reputable group, and brand names, led by the founding optometrist and an industry experienced management team¹



Established platform and systems can be scaled via acquisitive growth

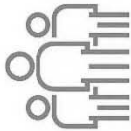


Notes: (1) See pages 17-18 for details and experience of the TOC management team

RETAIL ENTITLEMENT OFFER

TOC STRATEGIC OBJECTIVES
THE OPTICAL COMPANY

Strong alignment of strategic objectives between HLA and TOC



EXPERIENCED
TEAM

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



ORGANIC
GROWTH

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



ROLL
OUT

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



VERTICAL
INTEGRATION

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



NEW
ACQUISITIONS

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



RETAIL ENTITLEMENT OFFER

TOC LEADERSHIP

EXPERIENCED TEAM



COLIN KANGISSER
CEO & FOUNDER

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



AARON KANGISSER
HEAD OF RETAIL

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



TINA CHAN
GROUP FINANCE - MANAGER

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



ANTHONY WHITTLE

GROUP MANAGER - MARKETING

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



RUSSELL JOHNSTON

GROUP MANAGER - PROPERTY & BUS DEVELOPMENT

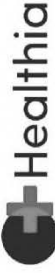
Russell has over 25 years' experience in retail with over 15 years of that experience in the optical industry. Russell was previously the Head of Business Development ANZ for Specsavers. Russell joined TOC in 2019.



ANDREW REEVES

REGIONAL OPERATIONS MANAGER QLD

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



RETAIL ENTITLEMENT OFFER

TOC LEADERSHIP

EXPERIENCED TEAM



ROBYN WEINBERG

GROUP MANAGER – HUMAN RESOURCES

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



MARTIN COLES

SUPPLY CHAIN & DISTRIBUTION MANAGER

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



DARREN WILLS

GROUP MANAGER- OPERATIONS

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



MELANIE DE GROOT

REGIONAL OPERATIONS MANAGER VIC/SA

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



SALLY DOUGLAS

PRODUCT MANAGER

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



RETAIL ENTITLEMENT OFFER

3. Deal & Equity Raising Summary



RETAIL ENTITLEMENT OFFER

TRANSACTION FUNDING

HEALTHIA LIMITED

Funding mix

Acquisition consideration	<ul style="list-style-type: none"> • Purchase consideration of \$43.00 million (subject to adjustments) ✓ Upfront cash consideration of approximately \$31.07 million; ✓ Issue of 9.4 million HLA shares to the vendors expected to be valued at \$8.93 million; ✓ Deferred consideration of \$3.00 million • Cash consideration funded with existing cash, debt and the Entitlement Offer
Equity	<ul style="list-style-type: none"> • \$8.93¹ million of consideration, equating to 9.40 million HLA shares, to the vendors of TOC (Vendor Equity) • The Entitlement Offer, as set out in this document, to raise a maximum of \$15.30 million
Vendor Equity	<ul style="list-style-type: none"> • 9.4 million of HLA shares to be issued to the vendors of TOC to be held in voluntary escrow as follows: <ul style="list-style-type: none"> ✓ 4,333,400 shares for up to 6 months ✓ 5,066,600 shares for up to 24 months
Deferred consideration	<ul style="list-style-type: none"> • \$3.00 million deferred consideration (partially secured) payable 12 months after Completion



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

Sources & uses

Sources	\$ million
The Entitlement Offer ¹	15.27
Vendor Equity ²	8.93
Debt drawn down	15.00
Existing HLA cash	2.30
Total sources	41.50
Uses	\$ million
Upfront purchase consideration ³	40.00
Upfront transaction costs	1.50
Total uses	41.50

(1) Any shortfall in the Retail Entitlement Offer will be funded through HLA cash reserves and/or debt.

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

(3) Excludes deferred component of \$3.00 million (partially secured), which will be paid from HLA operating cash flow after 12 months.

RETAIL ENTITLEMENT OFFER

COMBINED GROUP

UNDERLYING FINANCIAL SUMMARY

Table 1: FY20 Underlying Financial Profile

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

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

Profit and loss

- ✓ The Acquisition is expected to deliver circa ~15% EPS accretion on a FY20 underlying basis, excluding transaction and integration costs¹⁰
- ✓ Underlying EBITDA margin for FY20 improves from 14.3% to 14.8% or ~50 bps
- ✓ Strong cashflow generation expected to continue based on the strong historical cash conversion profile of both HLA and TOC.

Balance sheet

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

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

RETAIL ENTITLEMENT OFFER

FINANCIAL SEGMENTS

SEGMENT SPLIT

Table 2: FY20 Underlying Segment data

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

Comments

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

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



RETAIL ENTITLEMENT OFFER

FINANCIAL RECONCILIATION

STATUTORY TO UNDERLYING REC

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

\$'000	Note	HLA	TOC	Combined
Underlying EBITDA	1.	13,230	5,689	18,919
Less: Acquisition & One-off Costs	2.	(2,914)	(1,198)	(4,112)
Less: COVID-19 Related Expenses	3.	(1,920)	-	(1,920)
Less/ Plus: Impact of AASB 16	4.	7,836	3,197	11,033
Less: Share-based payments expense	5.	(249)	(566)	(815)
Plus: Income from JobKeeper	6.	3,758	575	4,333
Plus: Income from new store	7.	-	(217)	(217)
Statutory EBITDA	8.	19,741	7,480	27,221

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

RETAIL ENTITLEMENT OFFER

EQUITY RAISING
DETAILS

The Entitlement Offer	<ul style="list-style-type: none"> The Entitlement Offer is to existing HLA shareholder to raise approximately \$15.27 million, split into two components as follows: <ul style="list-style-type: none"> ✓ Institutional Entitlement Offer ✓ Retail Entitlement Offer the Institutional Entitlement Offer and Retail Entitlement Offer are together, the Entitlement Offer Approximately 16.08 million New Shares to be issued under the Entitlement Offer representing approximately 25.0% of current issued capital¹
Institutional Entitlement Offer	<ul style="list-style-type: none"> Fully underwritten 1 for 4 pro rata accelerated non-renounceable entitlement of new fully paid ordinary shares in HLA to Eligible Institutional Shareholders The Institutional Entitlement Offer is fully underwritten by the Underwriter The Institutional Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable The Institutional Entitlement Offer to open on Friday, 30 October 2020 and close at 11.30pm on Monday, 2 November 2020² Only Eligible Institutional Shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore, United Kingdom or the United State of America may participate in the Institutional Entitlement Offer a 1 for 4 pro rata non-renounceable entitlement offer of new fully paid ordinary shares in HLA to Eligible Retail Shareholders. The Retail Entitlement Offer is not underwritten The Retail Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable The Retail Entitlement Offer to open on Friday, 6 November 2020 and close at 5.00pm on Tuesday, 17 November 2020² <p>Only Eligible Retail Shareholders, being shareholders who have a registered address in Australia or New Zealand or are an institutional investor in Hong Kong, Singapore, New Zealand or the United Kingdom, who are not in the United States or acting for the account or benefit of a person in the United States and who are not an Eligible Institutional Shareholder or an ineligible Institutional Shareholder may participate in the Retail Entitlement Offer.</p>
Retail Entitlement Offer	<ul style="list-style-type: none"> Eligible Institutional Shareholders and Eligible Retail Shareholders will be invited to subscribe for one new HLA share (New Shares) for every 4 existing HLA shares held as at 7.00pm Tuesday, 3 November 2020 (Entitlement Offer Record Date)
Entitlement Offer Structure	<ul style="list-style-type: none"> The Entitlement Offer will be offered at a price of \$0.95 per New Share (Entitlement Offer Price) <ul style="list-style-type: none"> ✓ 7.8% discount to the last close price of \$1.030 on Thursday, 29 October 2020 ✓ 8.2% discount to the 5-day VWAP price of \$1.035 for trading up to and including Wednesday, 28 October 2020
Entitlement Offer Price	<ul style="list-style-type: none"> The proceeds will be used to fund (i) upfront purchase price of TOC and (ii) upfront transaction costs If the Acquisition does not proceed, HLA will consider alternative uses for some of the funds, including the return of some of the proceeds to shareholders, debt reduction, working capital or alternative acquisition opportunities
Use of proceeds	<ul style="list-style-type: none"> The following Directors of HLA, who are shareholders, have indicated they will participate in the Entitlement Offer: <ul style="list-style-type: none"> ✓ Glen Richards ✓ Paul Wilson including entering into an agreement with the underwriter to sub-underwrite \$750,000 of the Institutional Entitlement Offer ✓ Lisa Dalton ✓ Wesley Coote (partial participation), ✓ Darren Stewart (partial participation), and ✓ Anthony Ganter (partial participation).
Board participation	<ul style="list-style-type: none"> New Shares will rank equally with existing HLA shares on issue
Ranking of new shares	

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

RETAIL ENTITLEMENT OFFER

EQUITY RAISING TIMETABLE

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

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

RETAIL ENTITLEMENT OFFER

PURCHASE AGREEMENT

SUMMARY OF KEY TERMS

Acquisition	<ul style="list-style-type: none"> The acquisition by HLA from the vendors of 100% of the shares in TOC. TOC owns and operates a number of subsidiaries⁽¹⁾ (the TOC Group)
Transaction price and consideration	<p>Purchase consideration of approximately \$43.0 million before adjustments:</p> <ul style="list-style-type: none"> At completion of the Acquisition: <ul style="list-style-type: none"> ✓ issue of the Vendor Equity being 9,400,000 fully paid ordinary shares in Healthia⁽²⁾ to be held in voluntary escrow⁽³⁾; and ✓ cash consideration of \$40 million less the total aggregate value of the shares issued to the vendors. Deferred consideration of \$3.0 million payable 12 months after completion subject to certain deductions and adjustments including: <ul style="list-style-type: none"> ✓ post completion adjustments (if any) accrued or relating to the period prior to completion; ✓ to fund an exit right a minority shareholder has in one of the businesses within the TOC group; and ✓ standard post completion net debt and working capital adjustments.
Conditions	The Acquisition is conditional on consent to the change of control and/or deemed assignment of key property leases
Restrictive covenants	The vendors and their related entities are subject to customary non-compete and non-solicitation obligations for a period of up to 2 years throughout Australia following Completion.
Key employees	<p>Healthia has engaged the following key personnel to continue to manage the TOC business:</p> <ul style="list-style-type: none"> ✓ Colin Kangisser (CEO). ✓ Aaron Kangisser (Head of Retail).
Estimate time for completion	Completion is currently expected to be 30 November 2020, although the timetable may change. Timing is ultimately subject to satisfaction of the condition and delivery of the completion deliverables.
Warranty & Indemnity insurance and claims process	<p>W&I policy taken out by Healthia providing (subject to exclusions) up to \$10.00m in cover for breaches of warranties and warranty and tax indemnities. The W&I policy has a deductible of 0.5% of Purchase Price.</p> <ul style="list-style-type: none"> The vendor's liability for breaches of representations and warranties under the agreement are limited to a breach of warranty or indemnity arising from fraud. All other claims can be made under Healthia's W&I policy (subject to exclusions). Claim thresholds: Healthia is only entitled to recover its losses for any claims for breaches of warranties or indemnities once the aggregate of claims exceeds \$215,000. Time Limit: Claims for breaches of warranties and indemnities under the agreement may be made up to: <ul style="list-style-type: none"> ✓ in relation to tax related claims, 7 years; and ✓ in relation to all other claims, 3 years.
Termination events	The parties may terminate the agreement in the event the Condition is not satisfied prior to 30 November 2020 or in the event a party fails to perform its obligations to complete the transaction.



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

RETAIL ENTITLEMENT OFFER

UNDERWRITING AGREEMENT

SUMMARY OF KEY TERMS

Underwriter	Canaccord Genuity (Australia) Limited (ACN 075 071 466) (Underwriter) has agreed to fully underwrite the Institutional Entitlement Offer subject to the terms and conditions of that agreement (Underwriting Agreement). The Retail Entitlement Offer is not underwritten.
Underwriter Obligations	The Underwriter's obligations under the Underwriting Agreement, including to manage and underwrite the Institutional Entitlement Offer, are conditional on certain matters, including HLA entering into the Sale Agreement and it not being void, breached or terminated before the settlement of the Institutional Entitlement Offer, and there being no unsatisfied condition to draw down of finance under Finance Facility (other than conditions relating directly to the Acquisition and procedural conditions) and those debt funding arrangements not being void, breached or terminated by settlement of the Institutional Entitlement Offer. HLA releasing to ASX an announcement that discloses the Entitlement Offer. HLA providing executed due diligence materials to the Underwriter before the Entitlement Offer is announced, and the sub-underwriting agreement referred to below being executed and not being void or amended by settlement of the Institutional Entitlement Offer.
Termination Events	<p>If certain events occur, some of which are beyond the Company's control, the Underwriter may terminate the Underwriting Agreement. The events which may allow termination of the Underwriting Agreement include the following:</p> <ul style="list-style-type: none"> ✓ a statement contained in the Entitlement Offer materials is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, or the Entitlement Offer materials omit any information they are required to contain (having regard to section 708AA of the Corporations Act and any other applicable requirements), or the issue or distribution of any Entitlement Offer materials, or the conduct of the Entitlement Offer, is misleading or deceptive or likely to mislead or deceive; ✓ an obligation arises on the Company to give ASX a notice in accordance with section 708AA(10) or 708AA(12) of the Corporations Act; ✓ the Company amends any of the Entitlement Offer materials without the prior written consent of the Underwriter; ✓ any government agency commences, or gives notice of or conveys an intention to commence, any investigation, proceedings or hearing in relation to the Entitlement Offer or the Entitlement Offer materials or prosecutes or commences proceedings against, or gives notice of an intention to prosecute or commence proceedings against, the Company, including under Part 9.5 of the Corporations Act and Part 3 of the <i>Australian Securities and Investments Commission Act 2001</i> (Cth) and such action becomes public or is not withdrawn within 2 Business Days after it is made or, where it is made less than one Business Day before the date for settlement of New Shares issued under the Institutional Entitlement Offer (First Settlement Date), it has not been withdrawn before the First Settlement Date; ✓ ASX announces that the Company will be removed from the official list or that the Shares will be removed from official quotation or suspended from quotation by ASX for two or more than two trading days for any reason other than a trading halt in connection with the Entitlement Offer; ✓ approval (subject only to customary conditions) is refused or not granted to the official quotation of all the New Shares to be issued under the Institutional Entitlement Offer on ASX, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; ✓ any event specified in the timetable is delayed for one or more Business Days without the prior written approval of the Underwriter; ✓ the Company withdraws the Entitlement Offer, or indicates in writing to the Underwriter that it does not intend to, or is unable to proceed with, the Entitlement Offer; ✓ the Company is prevented from issuing the New Shares to be issued under the Institutional Entitlement Offer within the times required by the Timetable, the ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency; ✓ any certificate which is required to be furnished by the Company under this agreement is not furnished when required;

RETAIL ENTITLEMENT OFFER

UNDERWRITING AGREEMENT

SUMMARY OF KEY TERMS

Termination Events (continued)

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

RETAIL ENTITLEMENT OFFER

UNDERWRITING AGREEMENT

SUMMARY OF KEY TERMS

Termination Events

(continued)

✓ (*) any of the following occur:

- a general moratorium on commercial banking activities in Australia, New Zealand, Singapore, Hong Kong, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;

- any adverse effect on the financial markets in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom or the United States, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or

- trading of all securities quoted on ASX, London Stock Exchange, Hong Kong Stock Exchange, Singapore Stock Exchange or New York Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading, or a Level 3 'marketwide circuit breaker' is implemented by the New York Stock Exchange upon a 20% decrease against the prior day's closing price of the S&P 500 Index only;

- ✓ (*) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, the United States of America, United Kingdom, any member state of the European Union, Japan, Hong Kong (excluding a recurrence of the recent hostilities, but including any escalation of those recent hostilities, through any military deployment by the People's Republic of China or otherwise), or the People's Republic of China, or a major terrorist act is perpetrated on any of those countries or a state of emergency is declared by any of those countries (other than relating to COVID19 or as already declared prior to the date of the Underwriting Agreement) or a major escalation occurs in relation to a previously declared state of emergency (other than relating to COVID19) by any of those countries, or a major terrorist act is perpetrated on any of those countries or any diplomatic establishment of any of those countries;

- ✓ any of the escrow agreements in respect of the Vendor Equity are terminated or breached or amended or varied without the consent of the Underwriter; or

- ✓ at any time the S&P/ASX 300 Index falls to a level that is 85% or less of the level as at the close of trading on the day immediately prior to the date of this agreement and is at or below that level at the close of trading:

- for two consecutive Business Days during any time after the date of the Underwriting Agreement; or
- on the Business Day immediately prior to the First Settlement Date,

whichever is shorter.

If a termination event marked with an asterisk (*) occurs, the Underwriter may not terminate the Underwriting Agreement unless it has reasonable grounds to believe, and does believe, that the event:

- has or is likely to have a materially adverse effect on the success, settlement or marketing of the Entitlement Offer (or any aspect of it), or on the ability of the Underwriter to market or promote or settle the Institutional Entitlement Offer (or any aspect of it);
- will, or is likely to, give rise to a liability of the Underwriter or its affiliates under, or give rise to, or result in, a contravention by the Underwriter or its affiliates or the Underwriter or its affiliates being involved in a contravention of, any applicable law.



RETAIL ENTITLEMENT OFFER

UNDERWRITING AGREEMENT
SUMMARY OF KEY TERMS

Effect of Termination	<p>In the event that the Underwriter terminates its obligations under the Underwriting Agreement it will be immediately relieved of all further obligations under it, and the Company will be under no obligation to pay any fees that, as at the date of termination, have not yet accrued.</p> <p>Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the Entitlement Offer and could affect the Company's ability to pay the purchase price for the Acquisition. If the Underwriting Agreement is terminated, the Company would have to seek alternative funding arrangements to meet its contractual obligations under the Sale Agreement to pay the purchase price. Termination of the Underwriting Agreement could materially adversely affect the Company's business, cash flow, financial performance, financial condition and share price.</p>
Warranties and undertakings	<p>The Company also gives certain representations, warranties and undertakings to the Underwriter and an indemnity to the Underwriter and its affiliates subject to certain exceptions.</p>
Sub-underwriter	<p>Willsee Pty Ltd as trustee for the Wilson Family Trust (a related entity of Non-Executive Director, Paul Wilson), has agreed with the Underwriter to sub-underwrite \$750,000 of the Institutional Entitlement Offer. The key terms of the sub-underwriting are as follows:</p> <ul style="list-style-type: none">✓ Irrevocable application for sub underwritten shares at the Offer Price (separate to any entitlement of the Sub Underwriter as a holder of shares under the Offer)✓ Sub-underwriting fee of 1% to be paid to the Sub Underwriter✓ Sub-underwriting agreement incorporates AFMA's Master ECM Terms✓ The sub-underwriting agreement will lapse if the Institutional Entitlement Offer does not proceed or is withdrawn, the Underwriting Agreement is terminated in accordance with its terms or otherwise ceases including as a result of a condition not being satisfied and not waived by the Underwriter. Healthia does not pay the Underwriter the fees due under the Underwriting Agreement or the Sub Underwriter breaches the sub-underwriting agreement and the Underwriter gives notice of termination
Fees	<p>The fees paid to the Underwriter are as follows:</p> <ul style="list-style-type: none">✓ a management fee of 1.00% of the gross proceeds of the Institutional Entitlement Offer; and✓ An underwriting fee of 3.50% of the gross proceeds of the Institutional Entitlement Offer.
Shortfall	<p>The Directors of the Company reserve the right to issue any shortfall (including any excess shortfall) under the Entitlement Offer (including the Retail Entitlement Offer) at their discretion. Any excess shortfall in relation to the Institutional Entitlement Offer may, subject to the terms of the Underwriting Agreement, be allocated to the Underwriter or to third party investors as directed by the Underwriter (in consultation with, and having reasonable regard to the views of the Company). The basis of allocation any shortfall on the Retail Entitlement Offer will be determined by the Directors of the Company at their discretion, taking into account whether investors are existing shareholders, the Company's register and any potential control impacts.</p>



RETAIL ENTITLEMENT OFFER



4. FY21 Outlook



RETAIL ENTITLEMENT OFFER

OUTLOOK

BUSINESS OVERVIEW



- ✓ Healthia continues to take preventative measures against the spread of COVID-19 and has implemented comprehensive internal policies and procedures to protect its patients, customers and team members against the spread of COVID-19, including a range of workplace preventative health and safety measures. Providing a safe environment for our patients, customers and team members is a priority, and Healthia continues to follow all recommendations of the Australian Government. TOC has similar COVID-19 safe practices in place which will continue post completion of the Acquisition.
- ✓ Both Healthia and TOC qualified for JobKeeper payments in April 2020, however, neither business re-qualified under the revised eligibility criteria after 30 September 2020 and the receipt of JobKeeper payments has now ended¹.
- ✓ As the allied health industries emerge from the COVID-19 pandemic, we expect increased acquisition enquiries as industry participants place greater value on the support and stability that a larger group such as Healthia can offer.
- ✓ HLA expects to maintain its targeted 50% of UNPATA (attributed to shareholders) dividend payout policy.

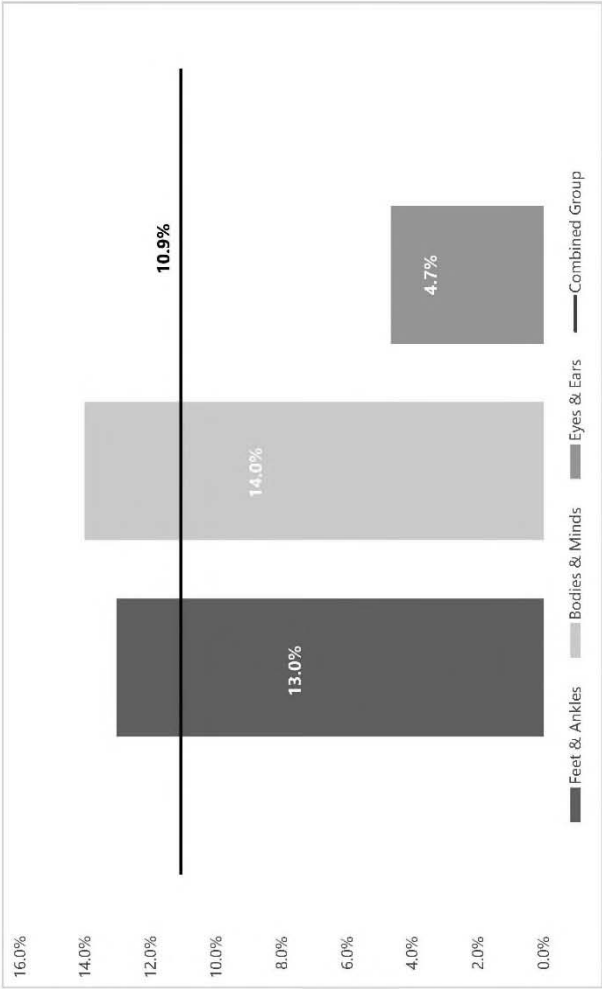
Notes (1) One TOC business, Point Cook Optical Pty Limited, has re-qualified under the revised criteria. The business employs one employee.

RETAIL ENTITLEMENT OFFER

TRADING UPDATE

HLA & TOC UPDATE

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



Comments

- ✓ Organic revenue growth is calculated using underlying unaudited revenue and is subject to change.
- ✓ Organic revenue growth has been calculated by excluding JobKeeper payments, any discontinued businesses and businesses not held during the prior period.
- ✓ Organic revenue is shown for the clinics and stores of HLA and TOC only, and excludes the vertically integrated businesses of iOrthotics, DBS and AEC.
- ✓ HLA has 24 clinics (19.2% of total HLA clinic numbers), and TOC 12 stores (28.6% of total TOC store numbers) which operate in Victoria. Organic growth is inclusive of the performance of these clinics and stores and any impacts of trading during COVID lockdowns in Victoria during the period 1 July 2020 to 30 September 2020.
- ✓ All clinics of HLA and all stores of TOC qualified for JobKeeper payments in April 2020. However, all HLA clinics and all TOC stores have not requalified for JobKeeper payments from October 2020¹.
- ✓ The organic growth achieved during the period demonstrates the resilient, repeatable nature of the income of the allied health businesses, and the essential nature of the services provided, by HLA and TOC.
- ✓ Organic growth attributed to the various organic growth initiatives implemented by both HLA and TOC.

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



RETAIL ENTITLEMENT OFFER

ACQUISITIONS

CURRENT PERIOD

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

Summary of Acquisitions between 1 July 2020 and 29 October 2020

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

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



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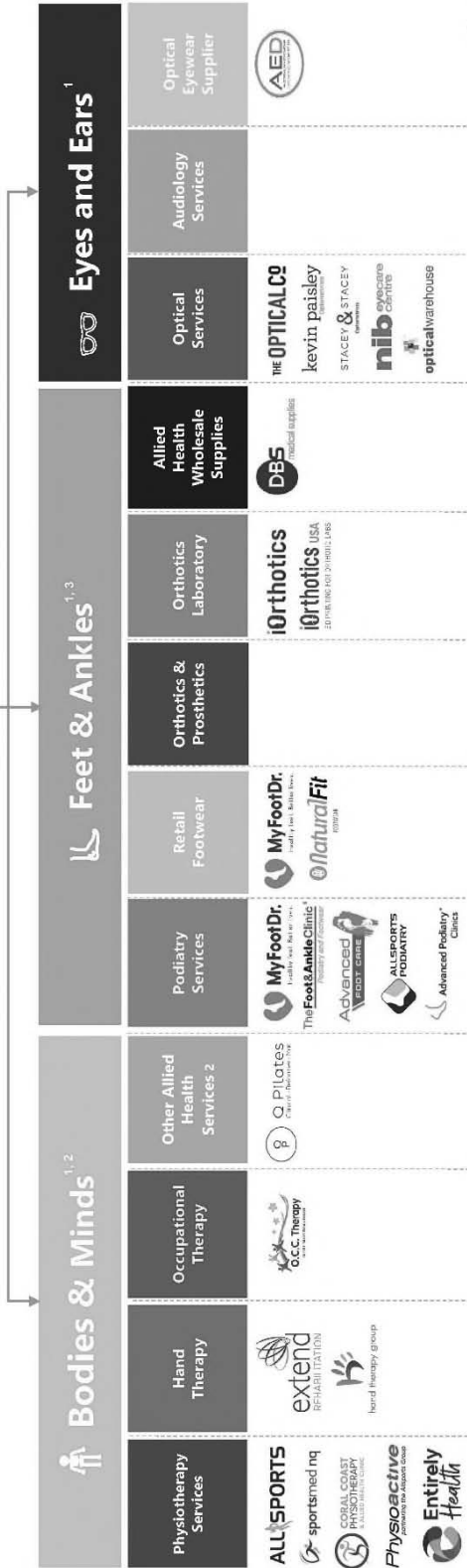
5. HLA Strategic Vision



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VISION OVERVIEW
GROUP STRUCTURE

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



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

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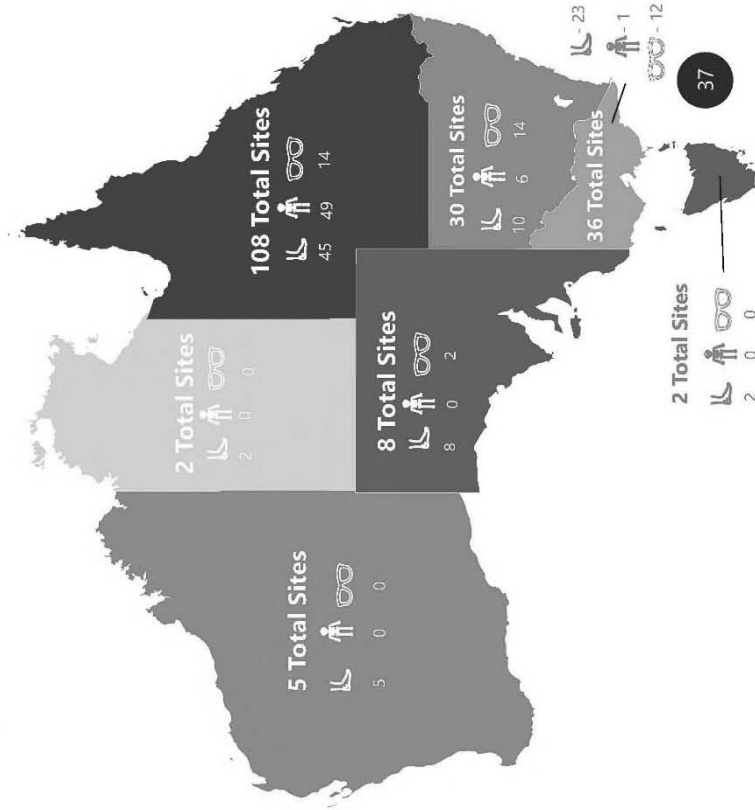
BUSINESS LOCATIONS
BUSINESS OVERVIEW

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

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

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

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



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HEALTHIA'S ADDRESSABLE MARKET

BUSINESS OVERVIEW

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



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

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ACQUISITIONS

KEY GROWTH STRATEGY

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

Table 6: Key acquisition criteria

	Podiatry Clinics	Physiotherapy Clinics	Optometry Stores
Revenue	<ul style="list-style-type: none"> • > \$450,000 p.a. 	<ul style="list-style-type: none"> • > \$800,000 p.a. 	<ul style="list-style-type: none"> • > \$800,000 p.a.
Costs / Expenses	<ul style="list-style-type: none"> • Ratios to be at acceptable levels and costs to be normalised to include vendor wages/ payroll tax/ market rents etc 	<ul style="list-style-type: none"> • Ratios to be at acceptable levels and costs to be normalised to include vendor wages/ payroll tax/ market rents etc 	<ul style="list-style-type: none"> • Ratios to be at acceptable levels and costs to be normalised to include vendor wages/ payroll tax/ market rents etc
EBITDA / Profit	<ul style="list-style-type: none"> • Profitable operating history 	<ul style="list-style-type: none"> • Profitable operating history 	<ul style="list-style-type: none"> • Profitable operating history
No of FTE Clinicians	<ul style="list-style-type: none"> • 1.5 or more 	<ul style="list-style-type: none"> • 4 or more 	<ul style="list-style-type: none"> • 1.5 or more
Valuation metrics	<ul style="list-style-type: none"> • 3 - 4.5 times normalised EBITDA (pre-AASB16) 	<ul style="list-style-type: none"> • 3 - 4.5 times normalised EBITDA (pre-AASB16) 	<ul style="list-style-type: none"> • 3 - 4.5 times normalised EBITDA (pre-AASB16)
Target Locations	<ul style="list-style-type: none"> • Capital cities and major regional cities (population of greater than 40,000) 	<ul style="list-style-type: none"> • Capital cities and major regional cities (population of greater than 40,000) 	<ul style="list-style-type: none"> • Capital cities and major regional cities (population of greater than 40,000)
Other	<ul style="list-style-type: none"> • Opportunity to leverage off vertically integrated business units (Orthotics and DBS) to drive margin improvements • Ability to engage and retain key clinician via clinic class shares • Favourable demographics in the trade area • Likelihood of the practice achieving or exceeding appropriate clinical standards • Expected to be earnings per share accretive 	<ul style="list-style-type: none"> • Practice space capable of growth without significant investment • Ability to engage and retain key clinician via clinic class shares • Opportunity to introduce other allied health services into clinics • Likelihood of the practice achieving or exceeding appropriate clinical standards • Expected to be earnings per share accretive 	<ul style="list-style-type: none"> • Opportunity to leverage off vertically integrated business units (AED) to drive margin improvements • Ability to engage and retain key clinician via clinic class shares • Opportunity to introduce other allied health services into clinics • Likelihood of the practice achieving or exceeding appropriate clinical standards • Expected to be earnings per share accretive



RETAIL ENTITLEMENT OFFER

BOARD OF DIRECTORS

POST COMPLETION

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

**GLEN RICHARDS****Non-Executive Chair**

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

**PAUL WILSON****Non-Executive Director**

Paul was a co-founder, director and shareholder of Mammoth Pet Holdings Pty Ltd (Pet Barn) prior to the merger with Greencross Limited. Prior to founding Mammoth, Paul was the Chief Operating Officer of ShopFast, Australia's largest online grocery retailer (sold to Coles in 2003).

Paul has worked in the retail industry for 26 years with roles including, General Manager of Caltex/Boral JV, Vitalgas.

**LISA DALTON****Non-Executive Director**

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

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

**WES COOTE****Group Managing Director & Group CEO**

Wesley is the former Chief Financial Officer and Company Secretary of Greencross Ltd. Prior to Greencross, Wesley worked in Chartered Accounting where he provided businesses advice within the health sector, property sector and financial services industry.

Wesley holds a Bachelor of Commerce from the University of Queensland and is a member of the Institute of Chartered Accountants, as well as a member of the Governance Institute of Australia.

**TONY GANTER****CEO – Bodies & Minds Division & Director**

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

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

**DARREN STEWART****Executive Director**

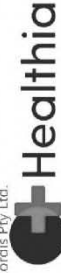
Darren is a registered podiatrist and in 2004 co-founded the My FootDr Business with Greg Dower. The two had grown the group to 13 clinics by December 2015.

In 2015, Darren and Greg saw the opportunity to grow their network of Clinics through the acquisition of well-established podiatry clinics. Before merging with Balance Podiatry Group in December 2016, they had grown the network to 19 clinics.

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

**COLIN KANGISSER****CEO – Eyes & Ears Division & Director**

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



RETAIL ENTITLEMENT OFFER



Appendices



RETAIL ENTITLEMENT OFFER

A. Risks



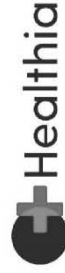
RETAIL ENTITLEMENT OFFER

RISKS

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

Risks specific to the Acquisition

Completion Risk	Completion of the Acquisition is conditional on various matters as set out in the definitive share sale agreement in respect of the Acquisition and various completion deliverables. If the condition is not satisfied or waived, or any of the completion deliverables are not delivered, completion of the Acquisition may be deferred or may not occur on the current terms or at all. If the Acquisition is not completed, HLA will need to consider alternative uses for the proceeds from the Entitlement Offer, or ways to return such proceeds to shareholders. If completion of the Acquisition is delayed, HLA may incur additional costs and it may take longer than anticipated for HLA to realize the benefits of the Acquisition. Any failure to complete, or delay in completing, the Acquisition could materially and adversely affect HLA's operational and financial performance and the price of its shares.
Reliance on Information Provided	HLA undertook a due diligence process in respect of the Acquisition, which relied in part on the review of financial and other information provided by TOC. Despite making reasonable efforts, HLA has not been able to verify the accuracy, reliability or completeness of all the information which was provided. If any information provided and relied upon by HLA in its due diligence and preparation of this presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of TOC and the Group may be materially different to the expectations and targets reflected in this presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the Acquisition have been identified and avoided or managed appropriately (for example, because it was not always possible to negotiate indemnities or representations and warranties from TOC to cover all potential risks). Therefore, there is a risk that issues and risks may arise which will also have a material impact on the Group (for example, HLA may later discover liabilities or defects which were not identified through due diligence or for which there is no contractual protection for HLA). This could adversely affect the operations, financial performance or position of HLA.
Integration	The acquisition of TOC will be material for HLA's business, operational profile, capital structure and size compared to that of HLA on a standalone basis. There is a risk that the success and profitability of HLA following completion could be adversely affected if TOC is not integrated effectively. There is a risk that integration could take longer, be more complex or cost more than expected, encounter unexpected challenges or issues, divert management attention or that the anticipated benefits of the integration may be less than estimated. This risk is heightened because TOC is a new industry for HLA. Possible problems may include: <ol style="list-style-type: none"> differences in management culture between the businesses being integrated; unanticipated or higher than expected costs, delays or failures relating to integration of businesses, information technology, accounting or other systems; loss of, or reduction in, key personnel, or employee productivity, or failure to procure or retain employees; and disruption of ongoing operations of other HLA businesses. Any failure to achieve an effective integration may impact on the financial performance, operation and position of HLA and the future price of HLA shares.
Impairment of Intangible Assets	As part of the acquisition, HLA will need to perform a fair value assessment of TOC's assets (including intangibles) and liabilities. In the event that goodwill or any other intangible assets are required to be impaired under the Australian Accounting Standards post Completion, this will result in an additional expense in the income statement of the Group.



RETAIL ENTITLEMENT OFFER

RISKS

Risks specific to the Acquisition (cont'd)

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



RETAIL ENTITLEMENT OFFER

RISKS

Risks specific to the Acquisition (cont'd)

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



RETAIL ENTITLEMENT OFFER

RISKS

Risks specific to the Group

COVID-19	<p>HLA is currently monitoring the actual and potential impact of COVID-19 on its business and the broader economy. However, given the high degree of uncertainty surrounding the extent and duration of government and regulatory responses to COVID-19, it is not currently possible to accurately assess the full impact of COVID-19 on HLA's business. In Australia measures have been introduced, and may be further extended, to control the spread of the COVID-19 outbreak, including prolonged periods of social distancing, travel and trade restrictions, restrictions on public gatherings and business closures, which may directly or indirectly impact on HLA's business (including the current restrictions imposed in Victoria).</p> <p>There is a risk that the economic consequences of COVID-19 could become more severe and far reaching across the economy, leading to a more widespread downturn in business and economic activity. This would likely result in a significant loss of revenue for many businesses across a wide range of industry sectors, in turn potentially leading to further increased unemployment and decline in wealth and income. HLA's financial position, performance and prospects would be significantly impacted in such a scenario.</p> <p>Some of HLA's assets and liabilities comprise financial instruments that are carried at fair value, with changes in fair value recognised in HLA's income statement. Market declines or weakened trading conditions could negatively impact the value of such financial instruments (including the impairment of goodwill).</p>
Security or Privacy of Data	<p>Failures or breaches of data protection and systems security can cause reputational damage, regulatory impositions and financial loss. The legal and regulatory environment surrounding information security and privacy is increasingly complex and demanding. Australian Privacy Principles govern privacy and data protection throughout Australia and significantly enhance privacy and data protection regulation. The protection of patients/customers, employee, third party and company data is critical to HLA's operations. HLA retains a significant amount of patient/customer, employee and third party information, including through its practice management software databases, patients, customers, employees and third parties will also have high expectations that HLA will adequately protect their personal information.</p>
Financing risk	<p>HLA intends to rely on a combination of funding options including equity, Clinic Class Shares, seller deferred consideration and debt to finance its operations and future acquisitions. An inability to raise capital (through the issue of Shares and Clinic Class Shares) or secure funding or drawdown on finance facilities or subsequently refinance current debt facility, or any increase in the cost of such funding, may adversely impact the performance and financial position of HLA.</p> <p>Failure to meet financial covenants under HLA's finance facilities, and the occurrence of other specified events (including goodwill being impaired by 5% or more or certain changes in key personnel occurring), may lead to an event of default or review event under the finance facilities. If an event of default or a review event applicable to any given facility occurs, there may be a requirement to make repayments in advance of the relevant maturity dates and/or termination of the facility. An event of default or review event and the requirement to make early repayments and/or the termination of the facility may impact on the financial performance and position of HLA and its ability to operate in the ordinary course of business.</p>
Insurance	<p>HLA holds insurance policies, including professional indemnity and Directors and Officers insurance, which HLA regards as commensurate with industry standards, and adequate having regard to its business activities. These policies provide a degree of protection for HLA's assets, liabilities, officers and employees. However, no assurance can be given that any insurance that HLA currently maintains will:</p> <ol style="list-style-type: none"> be available in the future on a commercially reasonable basis; or provide adequate cover against claims made against or by HLA, noting that there are some risks that are uninsurable (e.g. nuclear, chemical or biological incidents) or risks where the insurance coverage is reduced (e.g. cyclone, earthquake, flood, fire). <p>HLA also faces risks associated with the financial strength of its insurers to meet indemnity obligations when called upon which could have an adverse effect on earnings. If HLA incurs uninsured losses or liabilities, its assets, profits and prospects may be adversely affected.</p>
Future Payment of Dividends	<p>The payment of dividends on HLA shares is dependent on a range of factors including the profitability of the Group, the availability of cash, capital requirements of the business and obligations under debt instruments. Any future dividend levels will be determined by the HLA board having regard to its operating results and financial position at the relevant time and there is no guarantee that any dividend will be paid by HLA or, if paid, that they will be paid or franked.</p>



RETAIL ENTITLEMENT OFFER

RISKS

Risks specific to the Group (cont'd)

Inability to successfully execute growth strategies	<p>The future financial performance of HLA is contingent on its ability to execute its growth strategies. Consistent with HLA's announced long-term strategy of pursuing growth through accretive acquisitions, HLA discusses potential opportunities for investments on a regular basis. HLA shareholders should note that there is no guarantee that such a strategy will be successful and that acquisition transactions undertaken by HLA involve inherent risks, including:</p> <ul style="list-style-type: none"> i. accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquired businesses; ii. integration risks including the risk that integration could take longer or cost more than expected or that the anticipated benefits and synergies of the integration may be less than estimated; iii. diversion of management attention from existing business; iv. potential loss of key personnel; and v. decline in the value of, and unanticipated costs, problems or liabilities associated with, the acquired business. <p>Any of these risks could result in a failure to realise the benefits anticipated to result from any acquisition of new business and could have a material adverse impact on the HLA's financial position.</p> <p>Apart from acquisitions and divestments, the key strategies of the HLA, as previously disclosed to the market, include:</p> <ul style="list-style-type: none"> i. organic growth activities including the co-location of the various allied health products and services offered by the Group in one location, the introduction of additional services into the allied health business, targeted marketing and patient/customer retention strategies, cross referrals and other patient/customer engagement strategies; ii. the roll out of additional multi-discipline allied health centers and optometry stores; iii. the expansion of iOrthotics 3D orthotics printing to the United States of America; and iv. expanding the vertically integrated services provided by HLA such as the orthotics manufacturing laboratory, optical eyewear supplier and podiatry wholesale supplier. <p>These are material strategies and a failure of part or all of those strategies may materially impact on HLA's financial position, performance and prospects.</p> <p>HLA will have a substantial amount of intangible assets on its statement of financial position relating to goodwill from previous acquisitions and from the Acquisition. Under the relevant accounting standards, HLA is required to annually test for impairment of all indefinite life intangible assets. If HLA is required to impair its indefinite life intangible assets, this could have an adverse impact on the financial position of HLA.</p> <p>HLA's success will depend on the maintenance of its reputation and brands.</p> <p>HLA's reputation and brands may be affected by factors within and outside of its control, including actions of staff and Clinicians, and the experience and actions of patients/customers. In particular, while Clinicians are contractually responsible for the manner in which they provide clinical services to patients/customers, any clinical incidents could affect the reputation of, and result in potential liability for HLA (including vicarious liability or where the Group or its employees have contributed to harm). Any issues or events in relation to individual clinics could also have the potential to impact the reputation and brands of HLA, which may affect future growth and profitability.</p>
Development and maintenance of reputation and brand	
Foreign Exchange Risk	Healthia operates an orthotics manufacturing lab in the United States of America. Furthermore, products for the podiatry wholesale business (DBS) and optical eyewear distributor (AED) businesses are purchased from overseas suppliers. The value of asset, liability, commitments or earnings held or transacted in foreign currency may be impacted by changes in currency exchange rates.
Governance	The HLA Group has structures in place to manage governance issues such as conflicts of interest, board independence, appropriate audit and review, among others. If these are inadequate, it may not meet its legal, compliance and regulatory responsibilities, and the expectations the community has of a listed company.



RETAIL ENTITLEMENT OFFER

RISKS

Risks specific to the Group (cont'd)

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

RETAIL ENTITLEMENT OFFER

RISKS

General Risks

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



RETAIL ENTITLEMENT OFFER

B. International Entitlement Offer Restrictions



RETAIL ENTITLEMENT OFFER

INTERNATIONAL ENTITLEMENT OFFER RESTRICTIONS

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

Hong Kong

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

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

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

New Zealand

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

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

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

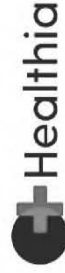
- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning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

Singapore

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

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

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



RETAIL ENTITLEMENT OFFER

INTERNATIONAL ENTITLEMENT
OFFER RESTRICTIONS**United Kingdom**

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

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

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

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

United States


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

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

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




RETAIL ENTITLEMENT OFFER



healthia.com.au
myfootdr.com.au
allsportphysio.com.au
theopticalcompany.com.au

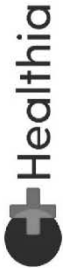
For more info please contact us

(07) 3180 4900
wes.coote@healthia.com.au
chris.banks@healthia.com.au



Healthia
Myfootdr
Allsports Physiotherapy
The Optical Company

53



RETAIL ENTITLEMENT OFFER

4. ADDITIONAL INFORMATION

4.1 RESPONSIBILITY FOR THIS RETAIL OFFER BOOKLET

This Retail Offer Booklet has been prepared by Healthia. No party other than Healthia has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes or gives any statements, representations or undertakings in, this Retail Offer Booklet.

4.2 DATE OF THIS RETAIL OFFER BOOKLET

This Retail Offer Booklet is dated Friday 6 November 2020. Subject to the following paragraph, statements in this Retail Offer Booklet are made only as of the date of this Retail Offer Booklet unless otherwise stated and the information in this Retail Offer Booklet remains subject to change without notice. Healthia is not responsible for updating this Retail Offer Booklet. The ASX Announcement and Investor Presentation set out in Section 3 of this Retail Offer Booklet are current as at the date on which they were released. There may be additional announcements that are made by Healthia (including after the date of this Retail Offer Booklet) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Healthia to the ASX before submitting an Application.

4.3 ELIGIBILITY OF RETAIL SHAREHOLDERS

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

Eligible Retail Shareholders are Shareholders on the Record Date who:

- a. are registered as a holder of Existing Shares;
- b. have a registered address in Australia or New Zealand, are Institutional Investors in Permitted Jurisdictions, or are Shareholders that Healthia has otherwise determined is eligible to participate in the Retail Entitlement Offer;
- c. are not in the United States and are not acting for the account or benefit of a person in the United States;
- d. are not Eligible Institutional Shareholders; and
- e. are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Healthia has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand.

4.4 RANKING OF OFFER SHARES

The Offer Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares.

The rights attaching to the Offer Shares are set out in Healthia's constitution and are regulated by the Corporations Act, ASX Listing Rules and general law.

4.5 ALLOTMENT, QUOTATION AND TRADING

Healthia has applied or will apply for quotation of the Offer Shares on ASX in accordance with ASX Listing Rules requirements. If ASX do not grant quotation of the Offer Shares, Healthia will repay all Application Monies (without interest).

Subject to ASX approval being granted, it is expected that the Offer Shares allotted under the Retail Entitlement Offer will commence trading on a normal basis on Wednesday, 25 November 2020. Application Monies will be held by Healthia on trust for Applicants until the Offer Shares are allotted. No interest will be paid on Application Monies, and any interest earned on Application Monies will be for the benefit of Healthia and will be retained by Healthia irrespective of whether Offer Shares are issued.

It is the responsibility of Applicants to determine the number of Offer Shares allotted and issued to them prior to trading in the Offer Shares. The sale by an Applicant of Offer Shares prior to receiving their holding statement is at the Applicant's own risk. Healthia and the Underwriter disclaim all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade Offer Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Healthia or the Share Registry or otherwise.

4.6 RECONCILIATION

In any entitlement offer, investors may believe that they own more shares on the record date than they ultimately do. This may result in a need for reconciliation to ensure all eligible shareholders have the opportunity to receive their full entitlement.

Healthia may need to issue a small quantity of Additional Offer Shares to ensure all Eligible Shareholders have the opportunity to receive their appropriate allocation of Offer Shares. The price at which these Offer Shares would be issued, if required, is the same as the Offer Price.

Healthia reserves the right to reduce the number of Offer Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees/ custodians fail to provide information requested to substantiate their Entitlement claims, or if they are not Eligible Shareholders.

4.7 UNDERWRITING

The Underwriter has agreed to partially underwrite the Offer. In particular, the Underwriter has agreed to

RETAIL ENTITLEMENT OFFER

underwrite the Institutional Entitlement Offer. The Retail Entitlement Offer is not underwritten.

Healthia and the Underwriter have entered into an Underwriting Agreement. Customary with these types of arrangements:

- a. Healthia has agreed, subject to certain carve-outs, to indemnify the Underwriter and its affiliates and each of their directors, officers, employees, partners, agents and advisers against any losses they may suffer or incur in connection with the Offer;
- b. Healthia has given certain representations, warranties and undertakings in connection with (among other things) the Offer;
- c. the Underwriter may (in certain circumstances having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, which are set out on pages 27-29 of the Investor Presentation (see Section 3 of this Retail Offer Booklet):

The Underwriter will be paid:

- a. a management fee of 1% of the gross proceeds of the Institutional Entitlement Offer; and
- b. an underwriting fee of 3.5% of the gross proceeds of the Institutional Entitlement Offer.

The Underwriter will also be reimbursed for certain expenses.

Neither the Underwriter nor any of its related bodies corporate or affiliates, nor any of their respective directors, officers, partners, employees, representatives, consultants, contractors, advisers or agents (collectively, the "Underwriter Parties") have authorised or caused the issue or lodgement, submission, dispatch or provision of this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on a statement made by an Underwriter Party. To the maximum extent permitted by law, each Underwriter Party expressly disclaims all liabilities (including for negligence) in respect of, makes no representations regarding, and takes no responsibility for any part of this Retail Offer Booklet or any action taken by you on the basis of the information in this Retail Offer Booklet, and makes no representation or warranty as to the currency, accuracy, reliability or completeness of this Retail Offer Booklet. To the maximum extent permitted by law, the Underwriter Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Entitlement Offer and this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. To the maximum extent permitted by law, the Underwriter Parties also exclude and disclaim all liability for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of this Retail Offer Booklet or otherwise arising in connection with it, whether by

negligence or otherwise. None of the Underwriter Parties makes any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by any of the Underwriter Parties in relation to the Offer Shares or the Entitlement Offer generally.

The Underwriter is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, research, brokerage and other financial and non-financial activities including for which they have received or may receive customary fees and expenses.

The Underwriter is acting for and providing services to Healthia in relation to the Institutional Entitlement Offer and will not be acting for or providing services to Shareholders or potential investors. The Underwriter has been engaged solely as an independent contractor and is acting solely in a contractual relationship on an arm's length basis with Healthia. The engagement of the Underwriter is not intended to create any fiduciary obligations, agency or other relationship between the Underwriter and Shareholders or potential investors and you expressly disclaim any fiduciary relationship with the Underwriter.

In addition to the fees under the Underwriting Agreement, the Underwriter Parties may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from Healthia and may in the future be lenders to Healthia or its affiliates.

4.8 CONTINUOUS DISCLOSURE

Healthia is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act, the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Healthia is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Healthia has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Healthia shares. That information is available to the public from ASX and can be accessed at www.asx.com.au.

Some documents are required to be lodged with ASIC in relation to Healthia. These documents may be obtained from, or inspected at, an ASIC office.

RETAIL ENTITLEMENT OFFER

4.9 NO COOLING OFF RIGHTS

You cannot withdraw your Application once it has been made or accepted. Cooling off rights do not apply to an investment in Offer Shares.

4.10 ROUNDING OF ENTITLEMENTS

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of Offer Shares.

4.11 NOT FINANCIAL PRODUCT OR INVESTMENT ADVICE

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form is for information purposes only and is not a prospectus, disclosure document or other offering document under the Corporations Act or any other law and has not been lodged with ASIC. It is also not a financial product or investment advice or a recommendation to acquire Offer Shares and has been prepared without taking into account your objectives, financial circumstances or particular needs. This Retail Offer Booklet should not be considered to be comprehensive and does not purport to contain all the information that you may require to make a decision about whether to submit your personalised Entitlement and Acceptance Form and invest in Offer Shares.

Before making an investment decision, you should consider the appropriateness of the information in this Retail Offer Booklet having regard to your own objectives, financial situation and needs and seek legal and taxation advice appropriate to your jurisdiction. If you have any questions about whether you should participate in the Entitlement Offer, you should seek professional financial advice before making any investment decision. Healthia is not licensed in Australia to provide financial product advice in respect of Offer Shares.

4.13 INELIGIBLE SHAREHOLDERS

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders, are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless Healthia otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because Healthia has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the number of non-residents in Australia and New Zealand on the Healthia register, the relatively small number and value of Offer Shares to which those Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

Healthia, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied

that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. Healthia, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, Eligible Institutional Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, Healthia disclaims all liability in respect of such determination.

The price at which the Entitlements of Ineligible Shareholders will be sold is the Offer Price.

Accordingly, Ineligible Shareholders will not receive any payment or value as a result of the issue of any of those Offer Shares they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

RETAIL ENTITLEMENT OFFER

5. AUSTRALIAN TAXATION CONSEQUENCES

Set out below is a general summary of the Australian income tax, goods and services tax ("GST") and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders that hold their Offer Shares on capital account. In addition, the summary below applies only to Eligible Retail Shareholders who are Australian tax resident individuals, companies or complying superannuation entities.

The summary does not apply to Eligible Retail Shareholders who:

- a. are not Australian tax residents for Australian income tax purposes;
- b. hold existing Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading);
- c. acquired the Shares in respect of which their Entitlements are issued under any employee share scheme or where Offer Shares are acquired pursuant to any employee share scheme; or
- d. may be subject to special tax rules, such as insurance companies, partnerships, exempt taxpayers, trusts (except where expressly stated), or temporary residents.

This summary also does not cover the consequences for Eligible Retail Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth) nor does it cover the consequences for Eligible Retail Shareholders that are subject to the Investment Manager Regime in Sub-Division 842-I of the Income Tax Assessment Act 1997 (Cth) or the tax law of countries other than Australia.

The precise implications of ownership or disposal of the Offer Shares will depend upon each Eligible Retail Shareholder's specific circumstances. This summary does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Eligible Retail Shareholders should seek professional advice on the taxation implications of acquiring, owning and disposing of Offer Shares, taking into account their specific circumstances.

Tax laws are complex and subject to ongoing change. The comments below are based on the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth), the Taxation Administration Act 1953 (Cth), the A New Tax System (Goods and Services Tax) Act 1999 (Cth), relevant stamp duty legislation, applicable case law and published Australian Taxation Office and State/Territory Revenue Authority rulings, determinations and statements of administrative practice at the date of this Retail Entitlement Offer. The tax consequences discussed below may alter if there is a change to the tax law after 9.00am (AEDT) on Monday, 14 September 2020. Other than as expressly discussed or specified, the comments in

this section do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences of the Retail Entitlement Offer should be reconsidered in light of the changes. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not constitute financial product advice as defined in the Corporations Act. The Company and its advisors disclaim all liability to any Eligible Retail Shareholders or other party for all costs, loss, damage and liability that Eligible Retail Shareholders or other party may suffer or incur arising from, relating to or in any way connected with the contents of this summary or the provision of this summary to the Eligible Retail Shareholder or other party or the reliance on this summary by the Shareholder or other party.

5.1 ISSUE OF ENTITLEMENT

The issue of the Entitlement should not, in itself, result in any amount being included in the assessable income of an Eligible Retail Shareholder.

5.2 EXERCISE OF ENTITLEMENT

Offer Shares will be acquired where the Eligible Retail Shareholder exercises all or part of their Entitlement under the Retail Entitlement Offer. An Eligible Retail Shareholder should not derive any assessable income, or make any capital gain or capital loss, at the time of exercising their Entitlement under the Retail Entitlement Offer. Offer Shares will be taken to have been acquired by the Eligible Retail Shareholder on the Allotment date.

To the extent that the Eligible Retail Shareholder's existing Shares were acquired by them on or after 20 September 1985, the cost base (and reduced cost base) for capital gains tax (CGT) purposes of each Offer Share will be equal to the Offer Price payable for those Offer Shares plus certain non-deductible incidental costs (for example, costs of acquiring the shares such as professional advisor fees, transfer costs and stamp duty) the Eligible Retail Shareholder incurs in acquiring the Offer Shares.

To the extent that the Eligible Retail Shareholder's existing shares were acquired by them before 20 September 1985, the cost base (and reduced cost base) for CGT purposes of each Offer Share will be equal to the Offer Price for those Offer Shares plus certain non-deductible incidental costs (for example, costs of acquiring the shares such as professional advisor fees, transfer costs and stamp duty) the Eligible Retail Shareholder incurs in acquiring the Offer Shares plus the market value of the Entitlements at the time the Eligible Retail Shareholder exercises them.

5.3 LAPSE OF ENTITLEMENT

If an Eligible Retail Shareholder does not accept all or part of their Entitlement in accordance with the

RETAIL ENTITLEMENT OFFER

instructions set out above, then that Entitlement will lapse and the Eligible Retail Shareholder will not receive any consideration for their Entitlement that is not taken up. There should be no tax implications for an Eligible Retail Shareholder from the lapse of the Entitlement.

5.4 TAXATION IN RESPECT OF DIVIDENDS ON OFFER SHARES

Any future dividends or other distributions made in respect of Offer Shares will be subject to the same income taxation treatment as dividends or other distributions made on Existing Shares held in the same circumstances.

The distribution of dividends or other distributions are generally not subject to Australian GST.

5.5 DISPOSAL OF OFFER SHARES

The disposal of an Offer Share by an Eligible Retail Shareholder will be a CGT event. The Eligible Retail Shareholder will make a capital gain where the capital proceeds received on the disposal of the Offer Share exceed the cost base of the Offer Share, and will make a capital loss where the reduced cost base of the Offer Share exceeds the capital proceeds received from the disposal of that Offer Share.

Any resulting capital losses may only be offset against capital gains made by the Eligible Retail Shareholder in the same income year or future income years. Capital losses cannot be offset against other forms of assessable income.

Broadly, the cost base and reduced cost base of an Offer Share will be equal to the amount paid to acquire the Offer Share (including certain other costs, such as incidental costs of acquisition and disposal). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

Generally, all capital gains and losses made by an Eligible Retail Shareholder for an income year, plus any net capital losses carried forward from an earlier income year, will need to be aggregated to determine whether the Eligible Retail Shareholder has made a net capital gain or net capital loss for the year. A net capital gain is included in an Eligible Retail Shareholder's assessable income whereas a net capital loss is carried forward and may be available to be offset against capital gains of later years (subject to the satisfaction of the loss recoupment rules for companies).

If an Eligible Retail Shareholder is an individual, complying superannuation entity or trust, and has held the Shares for at least 12 months or more before disposal of the Shares, the Eligible Retail Shareholder may be entitled to apply a "CGT discount" against the net capital gain made on the disposal of the Offer Shares. Where the CGT discount applies, any net capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half. Where an Eligible

Retail Shareholder is a complying superannuation entity, any net capital gain may be reduced by one third. The reduced amount is included in assessable income.

Where the Eligible Retail Shareholder is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Eligible Retail Shareholders who are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for a "CGT discount".

5.6 GST AND STAMP DUTY

Australian GST should not be payable in respect of the issue or exercise of Entitlements or the acquisition of Offer Shares pursuant to the Retail Entitlement Offer. Subject to certain requirements, there may be a restriction on the entitlement of Eligible Retail Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of Offer Shares (such as brokerage or advisor fees).

Under current Australian stamp duty legislation, shareholders are not expected to be liable for Australian stamp duty in respect of the issue or exercise of Entitlements or the acquisition of Offer Shares pursuant to the Retail Entitlement Offer, and any subsequent transfer of Shares. Eligible Retail Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

RETAIL ENTITLEMENT OFFER

6. DEFINITIONS

Additional Offer Shares means additional Offer Shares issued in excess of an Eligible Retail Shareholder's Entitlement under the Top Up Facility.

Acquisition means the acquisition of all the issued share capital of The Optical Company Pty Ltd ACN 115 778 366 by Healthia or one of its Related Body Corporates.

AEDT means Australian Eastern Daylight Time.

Applicant means an Eligible Retail Shareholder who has submitted a valid Application.

Application means the arranging for payment of the relevant Application Monies through BPAY® on the terms and conditions of, and in accordance with the instructions on, the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.

Application Monies means the aggregate amount payable for the Offer Shares applied for through BPAY® or in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, where the context requires, the securities exchange operated by it on which Shares are quoted.

ASX Announcement means the announcement released to ASX by Healthia on Friday 30 October 2020 in connection with the Offer, incorporated in Section 3 of this Retail Offer Booklet.

ASX Listing Rules means the official listing rules of ASX.

CGT means capital gains tax.

Closing Date means the day the Retail Entitlement Offer closes, expected to be 5.00pm (AEDT) on Tuesday, 17 November 2020.

Corporations Act means the Corporations Act 2001 (Cth).

Eligible Institutional Shareholder means a Shareholder as at the Record Time who is an Institutional Investor who the Underwriter determines in consultation with, and having reasonable regard to the views of, the Company may receive (and in fact receives) an offer on behalf of the Company under the Institutional Entitlement Offer (including where the offer is made to a person for whom the Shareholder holds Shares) and who is not an Ineligible Institutional Shareholder.

Eligible Retail Shareholders are Shareholders on the Record Date who:

- a. are registered as a holder of Existing Shares;
- b. have a registered address in Australia or New Zealand or are Shareholders that Healthia has otherwise determined are eligible to participate in the Retail Entitlement Offer;
- c. are not in the United States and are not acting for the account or benefit of a person in the United States;
- d. are not Eligible Institutional Shareholders; and

- e. are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Eligible Shareholders means an Eligible Institutional Shareholders or Eligible Retail Shareholders.

Entitlement means the right to subscribe for 1 Offer Share for every 4 Existing Shares held by Eligible Retail Shareholders on the Record Date, pursuant to the Entitlement Offer.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form that accompanies this Retail Offer Booklet which can be used to submit an Application.

Entitlement Offer means the Institutional Entitlement Offer and the Retail Entitlement Offer.

Existing Shares means the Shares already on issue on the Record Date.

GST means goods and services tax.

Ineligible Institutional Shareholder means a Shareholder (or beneficial holder of Shares) that is, or the person for whom it holds Shares is, an Institutional Investor and who:

- a. has a registered address outside the Permitted Jurisdictions; or
- b. is a person who the Underwriter and the Company otherwise determine will be an Ineligible Institutional Shareholder for the purposes of the Institutional Offer; and
- c. is not an Eligible Retail Shareholder.

Ineligible Retail Shareholder means a Shareholder who is not:

- a. an Eligible Retail Shareholder;
- b. an Eligible Institutional Shareholder; or
- c. an Ineligible Institutional Shareholder.

Ineligible Shareholders means an Ineligible Institutional Shareholders or an Ineligible Retail Shareholders.

Institutional Entitlement Offer means the accelerated, non-renounceable, pro rata entitlement offer of Offer Shares to Eligible Institutional Shareholders entitling each Eligible Institutional Shareholder to subscribe at the Offer Price for 1 new Share for every 4 Shares held by it at the Record Time.

Institutional Investor means an institutional or professional investor to whom the Underwriter reasonably believes offers and issues of Offer Shares may be made:

- a. in Australia, without the need for disclosure under Part 6D.2 of the Corporations Act because of the operation of sections 708(8) to 708(12) (inclusive); or
- b. in a Permitted Jurisdiction, lawfully and without the need for a lodged prospectus or other disclosure document or other lodgement, registration, approval or filing with a Government Agency in accordance with the laws of that particular foreign jurisdiction (other than one with which the Company is willing to comply), and in

RETAIL ENTITLEMENT OFFER

particular it is (and any person for whom it is acting):

- (a) if in **Hong Kong**, a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;
- (b) if in **New Zealand**, (i) an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification);
- (c) if in **Singapore**, an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA")); and
- (d) if in the **United Kingdom**, (i) a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU); and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Institutional Shareholder means a Shareholder who is an Institutional Investor.

Investor Presentation means the presentation to investors released to the ASX on Friday 30 October 2020, incorporated in Section 3 of this Retail Offer Booklet.

Healthia or Company means Healthia Limited ACN 626 087 223.

Offer means the Entitlement Offer.

Offer Price means A\$0.95 per Offer Share.

Offer Shares means the new Shares proposed to be allotted and issued under the Entitlement Offer, including (as the context requires) to the Underwriter or any sub-underwriters under the Institutional Entitlement Offer.

Permitted Jurisdiction means Australia, New Zealand, Hong Kong, Singapore and the United Kingdom or any other jurisdiction agreed between the Company and the Underwriter.

Record Date means Tuesday, 3 November 2020.

Record Time means 7:00pm on the Record Date.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Retail Entitlement Offer means the non-renounceable pro rata entitlement offer of Offer Shares to Retail Shareholders entitling each Retail Shareholder to subscribe at the Offer Price for 1 new Share for every 4 Shares held by that Retail Shareholder at the Record Time as well as apply for additional Offer Shares under the Top Up Facility.

Retail Entitlement Offer Period means the period during which the Retail Entitlement Offer is open.

Retail Offer Booklet means this document (including the Entitlement and Acceptance Form accompanying it).

Section means a section of this Retail Offer Booklet.

Share means a fully paid ordinary share in the capital of Healthia.

Share Registry means Link Market Services Limited (ACN 083 214 537).

Shareholder means a holder of Shares at the Record Time.

Top Up Facility means the opportunity for Eligible Retail Shareholders who take up all of their Entitlement to also apply for Additional Offer Shares in excess of their Entitlement, provided that no Eligible Retail Shareholder will be able to subscribe for an amount of Additional Offer Shares which represents more than 50% of their Entitlement.

Underwriter means Canaccord Genuity (Australia) Limited ACN 075 071 466.

Underwriting Agreement means the underwriting agreement dated Friday 30 October 2020 between Healthia and the Underwriter.

US Securities Act means the US Securities Act of 1933, as amended.

7. CORPORATE DIRECTORY

COMPANY

Healthia Limited
Level 4, 25 Montpelier Rd
Bowen Hills, QLD 4006

UNDERWRITER

Canaccord Genuity (Australia) Limited
Level 62, MLC Centre
19 Martin Place
Sydney NSW Australia 2000

SHARE REGISTRY

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

LEGAL ADVISER

Clayton Utz
Level 28, 71 Eagle Street
Brisbane QLD 4000

HEALTHIA RETAIL ENTITLEMENT OFFER INFORMATION LINE

Australia: 1300 658 099

International: +61 1300 658 099

Open 8.30am to 5.30pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period

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Healthia Limited

Not for release to U.S. wire services or distribution in the United States

Friday 6 November 2020

Dear Shareholder,

ACCELERATED PRO-RATA NON-RENOUNCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

On Friday 30 October 2020, Healthia Limited (**Healthia** or **HLA**) announced that it was conducting an accelerated non-renounceable entitlement offer (**Entitlement Offer**) of new fully paid ordinary shares ("**New Shares**") on a 1 for 4 basis to eligible shareholders, at an offer price of A\$0.95 per New Share to raise ~A\$15.3 million.

The proceeds of the Entitlement Offer will be used to fund part of the purchase price for the acquisition by Healthia of the Optical Company Pty Ltd, transaction costs, integration and capital raising costs and to provide balance sheet flexibility.

Healthia also proposes to issue approximately 9,400,000 new ordinary fully paid shares at the offer price in connection with the acquisition of The Optical Company Pty Ltd.

This is a letter to inform you that you are not an Eligible Retail Shareholder for the purposes of the Retail Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

Details of the Entitlement Offer

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail offer to Eligible Retail Shareholders (as defined below) to participate on the same terms (**Retail Entitlement Offer**).

The Institutional Entitlement Offer has already closed and the results were announced to the Australian Securities Exchange (**ASX**) on Tuesday 3 November 2020. The Entitlement Offer is non-renounceable, and Entitlements that were not taken up by Eligible Institutional Shareholders, together with Entitlements that would have been offered to Ineligible Institutional Shareholders, were offered for sale to institutional investors through a book build process which was completed on Friday 30 October 2020.

The Entitlement Offer is being made by way of an offer document in accordance with section 708AA of the Corporations Act 2001 (Cth) (the **Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73), meaning that no prospectus needs to be prepared.

The Institutional Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited. The Retail Entitlement Offer is not underwritten.

Documents relating to the Retail Entitlement Offer, including an offer booklet, were lodged with the ASX today and are being mailed to Eligible Retail Shareholders.

Details of the Retail Entitlement Offer

The Retail Entitlement Offer is being made to Eligible Retail Shareholders on the basis of a 1 New Share for every 4 existing Shares held at 7.00pm (AEDT) on Tuesday 3 November 2020 (**Record Date**).

Eligible Retail Shareholders who take up all of their entitlement may also apply for Additional Offer Shares in excess of their entitlement under a retail top up facility (**Retail Top Up Facility**). The maximum amount of Additional Offer Shares that can be applied for under the Retail Top Up Facility is 50% of an Eligible Retail Shareholder's Entitlement.

Eligibility Criteria

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those persons who:

- (a) are registered as a holder of fully paid ordinary shares in Healthia as at 7.00pm (AEDT) Tuesday 3 November 2020;
- (b) have a registered address in Australia or New Zealand or is a shareholder Healthia has otherwise determined is eligible to participate in the Retail Entitlement Offer;
- (c) are not in the United States, and are not acting for the account or benefit of a person in the United States;
- (d) were not invited to participate in the Institutional Entitlement Offer and/or were not otherwise treated as an ineligible institutional shareholder under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holders); and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or any other disclosure document to be lodged or registered.

Healthia has determined, pursuant to section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to shareholders in all countries outside Australia or New Zealand in connection with the Retail Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Healthia of complying with these requirements, compared with the relatively small number of shareholders in those countries, the relatively small number of existing Healthia ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled to subscribe for.

Determination of eligibility of investors for the purposes of the Retail Entitlement Offer is determined by Healthia with reference to a number of matters. Healthia, the Underwriter and each of their affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers and agents disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, Healthia wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

Notwithstanding the above, Healthia may agree to extend the Retail Entitlement Offer to certain institutional shareholders in foreign jurisdictions who did not participate in the Institutional Entitlement Offer subject to compliance with applicable laws.

Non-renounceable offer

As the Retail Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were eligible. Entitlements are not tradeable on ASX or otherwise transferrable.

Questions

If you have any questions in relation to any of the above matters, please contact the Healthia Shareholder Information Line on 1300 658 099 (within Australia) or +61 1300 658 099 (outside Australia) from 8.30am to 5.30pm (AEDT), Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser or other professional adviser.

On behalf of Healthia, we regret that you are not eligible to participate in the Entitlement Offer and thank you for your continued support.

Yours sincerely,

Company

Wesley Coote
Group CEO & MD
Tel: 07 3180 4900
E: wes.coote@healthia.com.au

Company

Chris Banks
CFO & Company Secretary
Tel: 07 3180 4900
E: chris.banks@healthia.com.au

IMPORTANT INFORMATION

This letter is issued by Healthia. This letter is not a prospectus or offering document under Australian law or under any other law and has not been and will not be filed or lodged with or approved by the Australian Securities and Investments Commission (**ASIC**) or any other regulatory authority in Australia or any other jurisdiction. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. This letter is for information purposes only and does not constitute an offer, invitation, solicitation, advice or recommendation to subscribe for, retain or purchase any entitlements or securities in Healthia in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or Healthia ordinary shares.

NOT AN OFFER OF SECURITIES

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction. The New Shares have not been, nor will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**), or under the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

IMPORTANT NOTICE TO NOMINEES

Because of legal restrictions, you must not send copies of this letter nor any material relating to the Retail Entitlement Offer to any of your clients (or any other person) acting for the account or benefit of any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.