Allsports (Aust) Limited
ACN 161 205 983
Offer Information Statement

Clinic Class Share Offer

Dated 21 December 2021

For an offer of Clinic Class Shares to raise no more than $2,000,000 (**Offer**)

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers.

Important Notices

This Offer Information Statement (**OIS**) is dated 21 December 2021 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. ASIC and its officers take no responsibility for the contents of this OIS or the merits of the investment to which it relates.

The expiry date of this OIS is the date which is 13 months after the date of this OIS (**Expiry Date**). No Clinic Class Shares will be issued on the basis of this OIS after the Expiry Date.

This document is not a prospectus and has a lower level of disclosure requirements than a prospectus. As is common with all investments there are risks associated with this investment which should be considered by you. Some of those risks are detailed in this OIS. It is important that you read this OIS, together with the Financial Report at Annexure A, carefully before accepting the Offer contained in this OIS.

You should obtain professional investment and taxation advice before accepting the Offer.

No person is authorised to give any information or to make any representation in connection with the Offer described in this OIS which is not contained in this OIS. Any information or representation not contained in this OIS may not be relied on as having been authorised by the Company in connection with the Offer.

Except as required by law and only to the extent required by law, neither the Company nor any other person warrants the future performance of the Company nor any return on any investment made under this OIS.

If you have any questions about this OIS, please contact Christopher Banks at Allsports (Aust) Limited on (07) 3180 4900 or mail to Level 4 East Tower, 25 Montpelier Road, Bowen Hills QLD 4006.

Exposure Period

The Corporations Act prohibits the Company from processing applications in the seven day period after the date of this OIS. This period may be extended by ASIC for a further seven days. This period is known as the Exposure Period. The purpose of the Exposure Period is to enable this OIS to be examined by market participants prior to raising any funds. That examination may result in the identification of deficiencies in the OIS. In those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Clinic Class Shares under this OIS will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

Definitions

Capitalised terms used in this OIS have the meaning given to them in the Glossary in section 6.

Unless otherwise indicated, all reference to dates and time are to dates and time in Queensland.

Financial Information

All financial amounts shown in the OIS are expressed in Australian dollars, unless stated otherwise.

Offer for Australian residents

This Offer is available to Eligible Clinicians located in Australia. The distribution of this OIS in jurisdictions outside of Australia may be restricted by law and persons who obtain it in jurisdictions outside of Australia should seek advice on and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This OIS does not constitute an offer or an invitation in any place outside of Australia where, or to any person whom, it would be unlawful to make such an offer or invitation.

Letter from the Chair

Dear Clinician,

On behalf of Allsports (Aust) Limited (**Allsports**), it is my pleasure to invite you to become a holder of Clinic Class Shares.

Allsports is a wholly owned subsidiary of Healthia Limited ACN 626 087 223 (**Healthia**), an ASX listed company. Healthia is an allied health aggregator which listed on the ASX on Monday 10 September 2018 in connection with the merger principally of My FootDr and Allsports together with a number of independent allied health businesses.

At the date of this document, Healthia operates an integrated portfolio of 250 + allied health businesses which include My FootDr Podiatry, Allsports Physiotherapy, The Optical Company, The Back In Motion Healthia Group, Extend Hand Therapy, iOrthotics, Access Ortho and DBS Medical Supplies. Healthia's Clinic Class Share model allows Clinicians to have an ownership interest in its Clinics and aligns the interests of Eligible Clinicians with the interests of Ordinary Shareholders.

We are proudly practitioner-led. Our point of difference and ultimately our success is that we are led and managed by practitioners whose every decision is aimed at enhancing clinical outcomes. Healthia supports clinic partnerships by reducing the demands of business administration in areas such as marketing, IT, recruitment and HR, payroll, and finance. This support allows more time for clinicians to focus on mentoring their local staff and delivering better outcomes for their patients.

Healthia will look to expand and grow through further acquisitions of complementary allied health business as well as implementing initiatives to drive organic growth. Key organic growth drivers include:

- increasing revenue by acquired Clinics, including by introducing new services;
- investing in equipment and technology upgrades to expand the services provided in Clinics;
- utilising vertically integrated business to drive buying synergies;
- optimising existing Clinics, generating cost efficiencies through scale and improved Clinic management
- educating all Clinicians to ensure standards of care are maintained and patient outcomes are optimal.

Healthia is supported by a Board and senior management team who have considerable experience and capability in successfully operating and growing allied health businesses over a number of decades. Healthia also plans to invest in the systems, equipment and technology to support the business and its Clinicians.

I encourage you to read this OIS in full and to carefully consider the Offer. On behalf of my fellow Directors and our senior management team, we look forward to welcoming you as a member of Healthia.

Yours faithfully,

Dr Glen Richards

Chairperson

Contents

1. Investment Overview

Allsports is offering Eligible Clinicians the opportunity to subscribe for Clinic Class Shares in Allsports on the terms set out in this Offer.

1.1 The Company

Allsports was incorporated on 13 November 2012 as a proprietary company and previously conducted the podiatry business known as MyFootDr Brookwater. The Company was acquired by MFD on 1 December 2015 and the podiatry business formerly conducted by it was transferred to MFD on the same date. On 18 July 2018, MFD undertook an internal restructure for the purpose of preparing for the listing of the MFD group on the ASX. As part of this restructure, Healthia was incorporated and acquired all the ordinary shares in the Company. The Company was subsequently converted to a public company and renamed to Physiotherapy Group Holdings Limited. On 5 November 2018 the Company was renamed again to its current name, being Allsports (Aust) Limited.

The Company currently owns and operates 63 clinics in Queensland, New South Wales, Victoria, South Australia and Tasmania across a number of industry leading brands.

1.2 Acquisition Strategy

As part of Healthia's continued acquisition strategy, Allsports will pursue acquisitions of additional allied health businesses to add to Healthia's existing network. Acquisitions provide Healthia and Allsports a strategic growth opportunity to further expand their allied health network across Australia in alignment with Healthia's existing allied health business segments. As part of this, Allsports will enter into Acquisition Agreements, under which it will agree to acquire allied health businesses (**Clinic Acquisitions**).

The clinics, entities and/or assets the subject of the Clinic Acquisitions are referred to as the **Businesses**.

Healthia and Allsports will look to expand and grow through further acquisitions of complementary allied health businesses as well as implementing initiatives to drive organic growth within its current network.

1.3 Rights attaching to the Clinic Class Shares

The Clinic Class Shares will be issued as part of Allsports' Clinic Retention Program, which in addition to a series of structured learning and education programs, allows Eligible Clinicians to have an ownership interest in Allsports' clinics. Under the Clinician Retention Program, certain Eligible Clinicians are given the opportunity to acquire Clinic Class Shares. The Clinic Class Shares are designed to create alignment between the interests of Eligible Clinicians and the holders of Ordinary Shares.

The terms on which the Clinic Class Shares will be issued are set out in the Constitution and are included in full in Annexure B. Clinic Class Shares are non-voting shares in the Company, which means the holders of them generally do not have the right to vote at a meeting of the Company's members, and the consent of holders of Clinic Class Shares is generally not required to undertake any corporate action.

Holders of Clinic Class Shares may receive a cash dividend calculated by reference to the earnings derived from the clinic relating to that class of Clinic Class Share in circumstances where, at the Directors' discretion, a dividend is declared by Allsports on that class of Clinic Class Shares. A dividend must be paid on Clinic Class Shares if a dividend is paid to the holders of Ordinary Shares in Allsports. Each Clinic Class Share will entitle the holder to a dividend of up to 1% (as determined by the Board in its discretion) of the earnings generated by the clinic to which that Clinic Class Share relates.

Allsports' dividend policy is that, to the extent a dividend is able to be paid, a dividend for each Clinic Class Share in the clinic equal to 1% of the total Potential Clinic Dividend available for Clinic Class Shares in that clinic will be determined and paid quarterly.

No more than 48 Clinic Class Shares can be issued in any class.[1] As each Clinic Class Share entitles the holder to up to 1% of the after-tax profits generated by the clinic to which the Clinic Class Share relates, the effect of this is that the holders of Clinic Class Shares will not hold an economic interest of greater than 48% of the earnings generated by any clinic.

1.4 Terms of the Offer

The Company will issue Clinic Class Shares to Eligible Clinicians either:

(a) as part consideration for the acquisition by Allsports of a business, or

(b) at the Clinic Price.

If Clinic Class Shares are issued as part consideration for an acquisition by Allsports of a business, the consideration paid for them will represent a proportion of the total acquisition price being paid for the relevant clinic being acquired by Allsports in transactions between arms-length parties negotiated on commercial terms. Acquisitions are priced on a multiple of EBITDA. It is intended that Clinic Class Shares will be issued to certain of the sellers of the Businesses on completion of the Acquisition Agreements. The consideration to be paid by Allsports will be agreed on commercial terms and set out in the relevant Acquisition Agreement.

Eligible Clinicians may also be offered Clinic Class Shares at the Clinic Price in circumstances other than when Allsports is buying a business, for example if an individual is identified as a Clinician who is suited to take on ownership in the Clinic as determined on a case by case basis. The Clinic Price will represent approximately 1% of the total value of the clinic that the Clinic Class Shares relate to and will be agreed and negotiated with an Eligible Clinician at the time the offer of Clinic Class Shares is made to them. Further details on the Clinic Price is set out in section 6.

No fees, changes or commissions are payable by Eligible Clinicians on the issue of the Clinic Class Shares or the Clinic Price.

The Offer of Clinic Class Shares is only open to Eligible Clinicians, being:

(a) Clinicians (or their nominees approved by the Board), as part consideration for the acquisition of a clinic by Allsports;

(b) Clinicians (or their nominees approved by the Board) for cash or other form of consideration; and

(c) any other holder that is approved by the Board for cash or other form of consideration.

1.5 Important Dates

Date	Event
21 December 2021	Lodgement date of this OIS with ASIC
28 December 2021	Offer Opening Date. Application forms made available to Eligible Clinicians.

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates.

Clinic Class Shares will be allotted from time to time during the Offer Period on completion of an acquisition by Allsports where Clinic Class Shares are to be issued, or when an offer of Clinic Class Shares by Allsports to an Eligible Clinician is accepted.

[1] Each Clinic Class Share class relates to a clinic e.g. if the Group owns 80 clinics the maximum number of Clinic Class Shares that can be issued is 3,840 (80 classes multiplied by 48 shares in each class)

1.6 Investment Highlights

The Company is part of the Healthia group which is an integrated group of health-focussed businesses whose mission is to enrich the lives of people through world class health services. We do this by:

(a) Ensuring that our management team is clinician-led with an intimate and comprehensive understanding of the industry and a proven track record of overseeing a long-term growth of multiple clinic locations

(b) Healthia has a diverse board of directors with years of experience leading strategy and overseeing growth and culture in ASX listed companies

(c) Establishing multidisciplinary practices

(d) Exploring vertical integration

(e) Providing established training, education and learning programs for existing team professional development and ongoing recruitment

(f) Leading a long-term vision for contribution to industry outcomes

(g) Centralising cost efficiencies through group administration and purchasing

(h) Increasing opportunities for revenue streams through diversification

(i) Supporting the growth and individualisation of career pathways for all health staff, form graduate to clinic ownership

(j) Rapidly responding to changes within the health workforce

(k) Approaching quality partnerships with a disciplined focus on culture and people

(l) Constantly investing in technology and innovating areas such as 3D printing (eg orthotics and custom-bracing)

(m) Healthia is led by an experienced Board and senior management team:

  (i) Dr Glen Richards (Non-Executive Chair) is a veterinary surgeon and the founder and former CEO of Greencross Limited, Australia's largest pet care company. Glen spent 10 years building a multi-million dollar integrated pet care empire, which now operates more than 130 veterinary hospitals and 200 pet care retail stores in Australia and Animates in New Zealand.

  (ii) Wesley Coote (Managing Director and Group CEO) is the former Chief Financial Officer and Company Secretary of Greencross Ltd. Prior to Greencross, Wes worked in Chartered Accounting where he provided businesses advice within the health sector, property sector and financial services industry. Wes 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. Wes joined My FootDr in December 2015 to assist with the growth aspirations of the group.

  (iii) Tony Ganter (Group Chief Business Development and Strategy Officer and Executive Director) has over 25 years' experience in the management and operation of private physiotherapy and sports medicine clinics and high performance medical teams in professional sport. He possesses knowledge of the professional, administrative and management skills required to operate physiotherapy and sports medicine centres. Tony remains active as a treating physiotherapist which enables him to keep in touch with the challenges of both professional health care and clinic ownership. He has a strong commitment to the ongoing creation of varied career journeys for physiotherapists.

(iv) Lisa Roach (Group Chief People Officer) has over 25 years' experience in the physiotherapy private practice sector. Lisa joined Allsports Physiotherapy in its year of inception in 1992. She is a founding partner in several of the Allsports clinics throughout Brisbane and on the Gold Coast. After spending 10 years in a clinical physiotherapy position Lisa moved to take on the growing full-time role of business management and to oversee the evolving strategic development for the Allsports group. In addition to the management of daily clinical operations, Lisa has been responsible for the development of new initiatives for the group including complimentary allied health services, university partnerships, education, teaching, and mentoring in private practice.

(v) Christopher Banks (Chief Financial Officer and Company Secretary) has over a decade of professional experience across finance and strategy, Chris initially joined Healthia in the role of Commercial Manager. Prior to Healthia, Chris worked for the Bank of Queensland where he held a number of strategic leadership positions. During this time, Chris was responsible for managing a range of projects and initiatives across the corporate development and business banking divisions. Before BoQ, Chris gained over eight years experience in corporate finance with KPMG and Ernst & Young, advising on corporate transactions. Chris is a member of Chartered Accountants Australia and New Zealand and holds a Masters in Applied Finance.

(vi) Katherine Baker (CEO Bodies & Minds and Feet & Ankles Divisions) is the former Chief Financial Officer and Company Secretary of National Veterinary Care Limited (NVL). Prior to Healthia, Katherine gained over a decade working across the pet and allied healthcare in a number of strategic leadership positions. Katherine provides strong focus and extensive experience in the management of key financial functions, reporting and compliance, coupled with the ability to undertake financial analysis to provide strategic direction for the organisation. Katherine holds a Bachelor of Business and is a member of the Institute of Chartered Accountants.

1.7 Key Risks

The key risks associated with an investment in Clinic Class Shares are provided in section 3. The following summary, which is not exhaustive, represents some of the key risks Applicants need to be aware of.

(a) Dividends

Although Allsports expects to pay dividends in the future, the ability of Allsports to pay dividends will depend on the level of available liquidity taking in to account future expected cash requirements of Allsports. As such, there is no guarantee that dividends will be paid.

(b) Buy-back of Clinic Class Shares on default

There are circumstances in which a holder of Clinic Class Shares may default under the Clinic Class Share Terms, including but not limited to resignation without six months-notice or materially breaching the terms of the Clinic Class Share Terms. In these circumstances, Allsports may buy-back the Clinic Class Shares from the relevant holder at or below Fair Market Value (depending on the circumstances).

(c) Sale of Clinic Class Shares

The price that holders of Clinic Class Shares may receive for their Clinic Class Shares in the future will need to be agreed with the relevant buyer on an arms-length, commercial basis. A gain or loss may be incurred if the earnings of the Clinic and/or market valuation multiples for allied health clinics have increased or decreased since the time the Clinic Class Shares were originally acquired. Clinic Class Shares may only be transferred or sold with the prior written consent of the Board to an Affiliate or Qualifying Person (as defined in the Clinic Class Share terms), limiting the number of potential buyers of Clinic Class Shares. Selling your Clinic Class Shares may be difficult due to the small pool of potential buyers and the conditions that the Board may impose on any potential sale.

1.8 How to Apply

This OIS sets out the information which the Company considers relevant to a decision as to whether to invest in the Company including its audited financial statements for the financial year ended 30 June 2021 (Annexure A). Please note that past results cannot necessarily be taken to be indicative of future performance and Allsports recommends that you consult your legal and financial advisers before investing.

Should you wish to proceed with an application for Clinic Class Shares in Allsports, please complete the application form accompanying this OIS (**Application Form**) and forward it to Allsports' registered office Please read the instructions on the Application form carefully.

Application Forms may be submitted at any time following the circulation of this OIS after the expiry of the Exposure Period.

There is no brokerage, commission or stamp duty payable in respect of the application for Clinic Class Shares pursuant to this OIS.

1.9 Allocation of Shares

Clinic Class Shares will be allotted from time to time during the Offer Period on completion of an acquisition by Allsports where Clinic Class Shares are to be issued, or when an offer of Clinic Class Shares by Allsports to an Eligible Clinician is accepted.

Allsports and the Directors reserve the absolute right to accept or reject applications in their absolute discretion.

1.10 Use of Funds

Allsports will use any funds raised from the issue of Clinic Class Shares to:

(a) complete acquisitions

(b) fund working capital

(c) fund organic growth strategies, and

(d) fund future capital expenditures of Allsports.

2. Business overview

2.1 Background

Allsports (Aust) Limited ACN 161 205 983 (**Allsports**) is an Australian proprietary limited company.

Allsports intends to enter into Acquisition Agreements to acquire[2] the Businesses. Allsports' intention is to continue to acquire allied health businesses and to issue further Clinic Class Shares to Eligible Clinicians.

2.2 Corporate and Operational Structure

Healthia owns all the ordinary shares in Allsports.

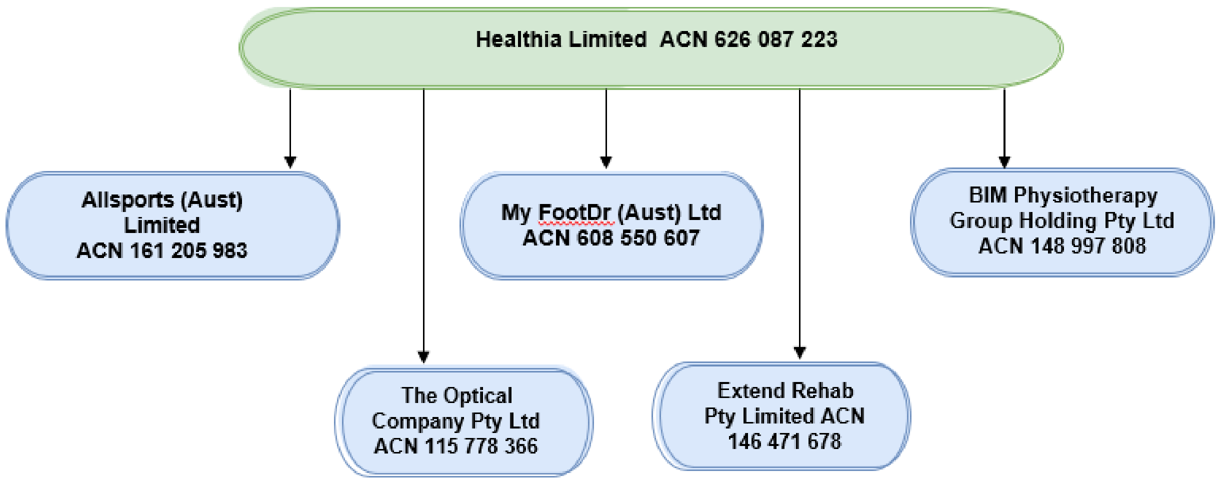
At completion of the Clinic Acquisitions:

(a) Eligible Clinicians associated with sellers under the Acquisition Agreements will be issued Clinic Class Shares in connection with the sale of their clinics, and

(b) Clinic Class Shares will be on issue in Allsports, representing an interest of no more than 48% of the earnings generated by any clinic.[3]

Healthia operates an integrated portfolio of 250 + allied health and medical businesses which include My FootDr Podiatry, The Optical Company, The Back In Motion Health Group, Extend Hand Therapy, iOrthotics, Access Ortho and DBS Medical Supplies. Healthia is an allied health aggregator and will continue to acquire new allied health businesses.

Healthia's corporate structure as at the date of this OIS is shown diagrammatically below:



2.3 Overview of Operations

Healthia has designed and implemented various programs to assist with the operations of Allsports at the Clinic level. These include but are not limited to the following:

(a) Centralised Administration

Healthia's support office will be responsible for providing integrated and centralised administrative and organisational support to the Clinics. Centralised functions include finance,

[2] Completion of the acquisitions will be subject to a number of conditions being satisfied or waived.

[3] As each Clinic Class Share entitles the holder to up to 1% of the after-tax profits generated by the clinic to which the Clinic Class Share relates, the effect of this is that the holders of Clinic Class Shares will not hold an economic interest of greater than 48% of the earning generate by any clinic.

education, information technology, human resources, payroll and marketing. This will allow professional staff to focus on clinical delivery for patients.

(b) Clinic management software

All Clinics are expected to operate on a clinic management software system nominated by Healthia. Having all Clinics on a clinic management system that is controlled by Healthia allows for ease of management of the Group, enhanced financial reporting and delivery of benchmarking metrics, as well as providing for stronger internal controls then that of a decentralised model.

(c) Implementation of education programs and Clinical Advisory Committee

Healthia aims to achieve best practice clinical standards in physiotherapy and related services by providing the necessary training and equipment to clinical, and nonclinical staff.

Healthia has systems and processes in place to enable monitoring of clinical governance and compliance. A Clinical Advisory Committee, comprising of experienced physiotherapists, will oversee the clinical governance, compliance and education programs of the Group. This committee will monitor and be responsible for the education of Clinicians and the quality of service delivery by its Clinics.

Healthia expects that by providing improved education this will provide staff with better career progression and patients with better quality of service.

(d) Clinician Retention Program

The Clinician Retention Program allows Clinicians (or their Board approved nominees), or a Board approved holder, to have ownership in the Clinics of the Group, through the issue of Clinic Class Shares to them.

The Clinician Retention Program involves former owners of the Clinics, Clinicians employed by the Group (or their Board approved nominees) or a Board approved holder, to enter into arrangements to purchase Clinic Class Shares. The holder is entitled to an agreed proportion of the earnings generated by the relevant Clinic, as well as retaining exposure to movements in the capital value of the Clinic.

The Directors consider that this helps to maintain alignment between Clinicians, the Group and the holders of Ordinary Shares.

(e) Patient engagement

A key issue facing allied health clinics is patient retention, satisfaction and communication. Clinics often have patient retention programs that are either non-existent or poorly managed. Healthia and Allsports intend to work with the Clinics to attract new patients through various marketing initiatives and campaigns (both locally and nationally), and to enhance communication and behavioural skills of employed staff to improve patient retention.

Healthia's Patient Charter adopts a collaborative approach to allied health care and is focussed on achieving quality patient outcomes and engagement.

2.4 Management Agreement

All holders of Clinic Class Shares will be required to enter into an agreement with Allsports under which Allsports is engaged by the holders of its Clinic Class Shares to provide clinic management services to Clinicians at Clinics in exchange for an agreed fee, being a percentage of the revenue generated by the Clinic (**Clinic Management Deed**).

The services provided by Allsports under the Clinic Management Deed include various support services such as maintaining financial records and accounts, invoicing, human resources support, education and training, information technology, patient management and marketing activities.

Allsports may also provide certain on-site day to day management services necessary for Clinicians to deliver patient services at the Clinics or, if agreed between the parties, a holder of Clinic Class Shares, or its related practitioner, may provide those services at a particular Clinic on terms agreed between the parties and in exchange for a fee.

The holders of Clinic Class Shares and/or their related Clinicians are responsible for the way clinical services are provided at the Clinic.

Generally, Allsports and the holders of Clinic Class Shares may only terminate the Clinic Management Deed if the other party is subject to an insolvency event or, in the case of Allsports only, if the holder of Clinic Class Shares ceases to hold or is no longer entitled to hold those shares, but may claim damages in respect of any breach of the agreement by the other party.

Certain Clinic Management Agreements require the consent of existing holders of Clinic Class Shares for the following:

(a) a transfer of Clinic Class Shares, and

(b) an issue of Clinic Class Shares in relation to the Clinic

such consent not to be unreasonably withheld.

2.5 Future Strategy

Healthia and Allsports will look to expand and grow through further acquisitions of complementary allied health businesses as well as implementing initiatives to drive organic growth. Key organic growth drivers include:

(a) increasing revenue by acquired Clinics, including by introducing new services;

(b) investing in equipment and technology upgrades to expand the services provided in Clinics;

(c) utilising vertically integrated business to drive buying synergies;

(d) optimising existing Clinics, generating cost efficiencies through scale and improved Clinic management

(e) educating all Clinicians to ensure standards of care are maintained and patient outcomes are optimal.

2.6 Directors and Company Secretary

As at the date of the OIS, the profile and experience of the Directors and Company Secretary is as set out below:

(a) Dr Glen Richards (Director)

Glen is a veterinary surgeon and the founder and former CEO of Greencross Limited, Australia's largest pet care company. Glen spent 10 years building a multi-million dollar integrated pet care empire, which now operates more than 130 veterinary hospitals and 200 pet care retail stores in Australia and Animates in New Zealand.

(b) Anthony Peter Ganter (Director)

Tony has over 25 years' experience in the management and operation of private physiotherapy and sports medicine clinics and high performance medical teams in professional sport. He possesses knowledge of the professional, administrative and management skills required to operate physiotherapy and sports medicine centres. Tony remains active as a treating physiotherapist which enables him to keep in touch with the challenges of both professional health care and clinic ownership. He has a strong commitment to the ongoing creation of varied career journeys for physiotherapists.

(c) Lisa Michelle Roach (Director)

Lisa has over 25 years' experience in the physiotherapy private practice sector. Lisa joined Allsports Physiotherapy in its year of inception in 1992. She is a founding partner in several of the Allsports clinics throughout Brisbane and on the Gold Coast. After spending 10 years in a clinical physiotherapy position Lisa moved to take on the growing full-time role of business management and to oversee the evolving strategic development for the Allsports group. In addition to the management of daily clinical operations, Lisa has been responsible for the development of new initiatives for the group including complimentary allied health services, university partnerships, education, teaching, and mentoring in private practice.

(d) Christopher Anthony Banks (Company Secretary)

Chris has over a decade of professional experience across finance and strategy, Chris initially joined Healthia in the role of Commercial Manager. Prior to Healthia, Chris worked for the Bank of Queensland where he held a number of strategic leadership positions. During this time, Chris was responsible for managing a range of projects and initiatives across the corporate development and business banking divisions. Before BoQ, Chris gained over eight years experience in corporate finance with KPMG and Ernst & Young, advising on corporate transactions. Chris is a member of Chartered Accountants Australia and New Zealand and holds a Masters in Applied Finance.

Further directors may be appointed from time to time.

2.7 Clinical Advisory Committee

As detailed in Section 2.3, the Group has implemented a Clinical Advisory Committee.

The Clinical Advisory Committee's principal functions are:

(a) reviewing and endorsing the Group's physiotherapy service delivery standards, including treatment guidelines, protocols and assessment processes

(b) developing and reviewing the Group's physiotherapy clinical policies and procedures

(c) identifying opportunities for physiotherapy training within the Group to improve or expand physiotherapy services

(d) assessment and endorsement of new technologies or products that may be implemented into the Group's physiotherapy Clinics

(e) reviewing and assessment of physiotherapy clinical complaints and development of recommendations on actions to be undertaken, and

(f) supporting a culture that promotes ethical and responsible behaviour and compliance with the Patient Charter.

3. Key Investment Risks

As with any investment, there are risks involved with an investment in Allsports. The Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this OIS, having regard to their own investment objectives and financial circumstances and consult their professional advisers, before deciding whether to apply for shares pursuant to this OIS.

There are specific risks which relate directly to Allsports. In addition, there are other general risks, many of which are largely beyond the control of the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of Allsports and/or the value of an investment in Allsports.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

We strongly recommend all potential investors consult their independent professional advisers when deciding if Clinic Class Shares are right for them.

3.1 General economic conditions and impact of COVID-19

Allsports may be negatively impacted by changes in the Australian or other international economies. Macro-economic factors may impact negatively through reduced future revenues, reduced demand for Allsports' services, increased costs, foreign exchange losses, impacts of government responses to macro-economic issues and impacts on equity markets. These factors are beyond the control of Allsports and the impact cannot be predicted.

With the developing impacts of COVID-19, it is inherently challenging to forecast the length of time consumer behaviour and economic activity will be impacted. Hence, it is not possible to quantify the exact impact of COVID-19. Healthia has taken several steps to mitigate the impact of COVID-19 including cost management initiatives to minimise the impact to the financial performance and cashflow of Allsports.

3.2 Dividends

Allsports expects to pay dividends in the future. The ability of Allsports to pay dividends will depend on the level of available liquidity taking in to account future expected cash requirements of Allsports. In addition, many of the factors that will affect Allsports' ability to pay dividends and the timing of those dividends may be outside the control of Allsports and its Directors. The Directors cannot give assurances regarding the payment of dividends in the future. A dividend on Clinic Class Shares must be paid if a dividend is paid on Allsports' Ordinary Shares.

Allsports' dividend policy is that, to the extent a dividend is able to be paid, a dividend for each Clinic Class Share in the clinic equal to 1% of the total Potential Clinic Dividend available for Clinic Class Shares in that clinic will be determined and paid quarterly.

The **Potential Clinic Dividend** for a class of Clinic Class Shares is calculated as follows:

> ***Clinic Dividend =*** *NOPAT - (Purchased Assets x (1 - Tax Rate)*
>
> ***NOPAT*** *is calculated as EBITDA x (1- Tax Rate). NOPAT will be calculated after payment or after accruing for a payment due and unpaid, of a management fee payable by the Company to a Group Company in respect of that Clinic*
>
> ***EBITDA*** *means earnings before interest depreciation and amortisation for a Clinic to which a particular class of Clinic Shares relates.*
>
> ***Purchased Assets*** *means assets purchased by the Clinic to which a particular class of Clinic Shares relates during the relevant Quarter.*
>
> ***Tax Rate*** *means the Australian corporate tax rate determine by the Income Tax Rates Act 1986 (ITRA 1986) which is applicable to the Company from time to time.*

Per paragraph 4(d) of Schedule 1 to the Constitution, each Clinic Shareholder will be entitled to a percentage of Clinic Dividend equal to the number of Clinic Shares that the Clinic Shareholder holds within that class.

3.3 Changes to Financial Reporting Standards

Allsports' financial reports will be subject to compliance with the Australian Accounting Standards. The accounting treatment under the Australian Accounting Standards of transactions and events occurring in the operation of Allsports' business, or changes to accounting standards, may have a material adverse effect on the performance reported in Allsports' financial statements.

3.4 Sale of Clinic

If a Clinic is sold by Allsports, 1% of the proceeds of sale, after deducting all transaction costs (including any taxes) associated with the sale incurred by the Company, will be distributed (as a dividend, return of capital, share buy-back or otherwise in the discretion of the Company) in respect of each Clinic Class Share in the class relating to that Clinic.

A gain or loss may be incurred if the earnings of the Clinic and/or market valuation multiples for allied health clinics have increased or decreased since the time the Clinic Class Shares were originally acquired.

3.5 Renewal of Lease Agreements

Each clinic operates from leased premises. Leases have different legal terms, expiry dates and renewal options. There is a risk that one or more of these leases may not be transferred or renewed on terms acceptable to Allsports. If this were to occur, it may result in Allsports ceasing operations from the premises from which the Clinic operates.

This could adversely impact Allsports business, operating results and financial position while the Clinic in question seeks alternative premises to relocate to. This would also adversely impact the value of the relevant Clinic Class Share and dividend payable to the relevant holders of Clinic Class Shares.

3.6 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 targeted by Allsports. If private health insurance membership, or the insured amounts, reduce, then this could potentially impact demand for Allsports' services and put downward pressure on fees charged to patients. This could negatively impact Allsports' revenues and financial performance, as the patient fees generated by Clinics may decrease.

3.7 Sale of Clinic Class Shares

The price that holders of Clinic Class Shares may receive for their Clinic Class Shares in the future will need to be agreed with the relevant buyer on an arms-length, commercial basis. There will be no fixed sale price or fixed valuation multiples when selling Clinic Class Shares. A gain or loss may be incurred if the earnings of the Clinic and/or market valuation multiples for allied health clinics have increased or decreased since the time the Clinic Class Shares were originally acquired.

Clinic Class Shares may only be transferred or sold with the prior written consent of the Board to an Affiliate or Qualifying Person as defined in the Clinic Class share terms, limiting the number of potential buyers of Clinic Class Shares. In the event of a transfer to a Qualifying Person, the Board may withhold its consent in its absolute discretion, and may also impose conditions, including that the Qualifying Person provides a restraint in a form acceptable to the Board. A Qualifying Person includes a Clinician who works or proposes to work in the relevant Clinic, an Affiliate of a Clinician or Allsports. Selling your Clinic Class Shares may be difficult due to the small pool of potential buyers and the conditions that the Board may impose on any potential sale.

3.8 Buy-back of Clinic Class Shares on Default

There are circumstances in which a holder of Clinic Class Shares may default under the Clinic Class Share Terms including but not limited to resignation without six months' notice or materially breaching the terms of the Clinic Class Share Terms. Under these circumstances, Allsports may buy-back the Clinic Class Shares from the relevant holder at the lower of:

(a) 85% of the Fair Market Value of the Clinic Class Shares, and

(b) the price paid by the holder of the Clinic Class Shares or their Affiliate when they acquired the Clinic Class Shares.

Where a Clinician resigns, and gives at least 6 months' notice of such resignation, Allsports may buy-back the Clinic Class Shares from the relevant holder at Fair Market value.

For further information refer to paragraph 13 of the Clinic Class Share Terms are set out in Schedule 1 of the Constitution and are contained in Annexure B.

3.9 Technology Risks

Allsports relies on a number of third party software and hardware providers to assist with the running of the Clinics. There is a risk that the third-party software provider may not be able to continue to provide Allsports with these services. Any significant interruption to the Groups use of software and hardware provided by these third parties could adversely impact the Group's business, operating results and financial position.

3.10 Changes in Taxation Laws and Policy

Tax laws are in a continual state of change which may affect Allsports.

There may be tax implications arising from ownership of the Clinic Class Shares, the receipt of franked and unfranked dividends (if any) from the Company receiving returns of capital and the disposal of the Clinic Class Shares.

Changes to tax laws may adversely affect Allsports financial performance and/or the returns achieved by investors. Dividends paid to certain investors may not be recognised as frankable by the Australian Tax Office.

The Group is not responsible for either taxation implications or penalties incurred by investors. You should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of the tax legislation to your investment in the Clinic Class Shares.

3.11 Retention and Effective Utilisation of Clinicians

Allsports' primary sources of earnings will be revenue generated from professional services provided its Clinicians. Allsports' performance will be influenced both by its ability to attract and retain, and by the efforts and actions of, its Clinicians. Under Allsports' business model, Allsports has limited control over the actions of Clinicians.

Under the terms of the standard employment agreement, Clinicians can generally terminate their employment agreement without cause, subject to the provision of an agreed period of written notice to Allsports.

If a significant number of Clinicians ceased their employment with Allsports, and Allsports were unable to adequately replace these Clinicians, this could have a material detrimental impact on Allsports' ability to generate revenue, its ability to deliver on its business strategy, and its future financial performance, including its ability to pay dividends on the Clinic Class Shares.

Allsports expects its Clinicians to generate individual revenue sufficient to meet its utilisation benchmarks and a failure to do so may adversely affect the financial performance of Allsports to the extent that a component of their salary is fixed.

Allsports requires access to high quality clinical staff in order to deliver services to derive revenue. An inability to attract and retain high quality staff may adversely impact on the financial performance of Allsports.

3.12 Clinician Retention Program

The Clinician Retention Program has been developed on the basis that holders of Clinic Class Shares contribute capital to acquire Clinic Class Shares. If a significant number of holders of Clinic Class Shares wish to sell their Clinic Class Shares, and Allsports (or the holder of Clinic Class Shares) were unable to identify new Clinicians to acquire the Clinic Class Shares, this will increase Allsports' capital requirements and its capital exposure to the relevant Clinics. This may also negatively affect Allsports' financial position and growth, its ability to pay dividends, its ability to implement its proposed business strategy and model, and its alignment with key Clinicians.

3.13 Key Management Personnel

The loss of key members of senior management or a change in the senior management team could have a material adverse effect on Allsports' operations, including its relationships with clinicians and suppliers. Allsports and Healthia will make every effort to ensure that these roles are staffed by competent, skilled individuals, however we cannot guarantee the performance of any person or role.

3.14 Competition

There is a risk that increased competition from existing and new industry participants may impact the Group's revenue and profits. It may also impact dividends payable on Clinic Class Shares.

3.15 Franking of Dividends

There is no guarantee that Allsports will have sufficient franking credits in the future to fully frank dividends or that the franking system will not be varied or abolished.

The value and availability of franking credits to a Shareholder will depend on their particular tax circumstances. Shareholders should be aware that the ability to use franking credits, as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each Shareholder.

3.16 Development and Maintenance of Reputation and Brand

Allsports' success will depend on the maintenance of its reputation and brands.

At any time during the operation of the business, it may take more time and resources than expected to maintain the Allsports brand, which could adversely impact Allsports' ability to earn revenue. Allsports' reputation and brand may be affected by factors within and outside of Allsports' control, including actions of staff and clinicians, and the experience and actions of patients. In particular, while Clinicians are contractually responsible for the manner in which they provide clinical services to patients, any clinical incidents could affect the reputation of, and result in potential liability for, Allsports (including vicarious liability or where Allsports 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 Allsports, which may affect future growth and profitability.

3.17 Regulatory and Policy Risks

There are a number of industry risk factors that may affect the future operation and performance of Allsports that are outside its control, including regulation of the physiotherapy industry.

Regulatory change may adversely impact the financial performance of Allsports where it leads to increased compliance costs, decreased demand for services or a decrease in per patient revenues.

Allsports is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, 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.

Allsports is exposed to the risk of changes to applicable laws and/or the interpretation of existing laws, which may have a negative effect on Allsports; 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 Allsports.

3.18 Design and Distribution Obligations

On 5 April 2019, the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019 (Cth*) (**DDOPIP Legislation**) was enacted. The DDOPIP Legislation imposes additional obligations on the Company regarding the design and distribution of certain financial products offered to retail investors, and grants product intervention powers to ASIC if it believes significant consumer detriment may occur. The DDOPIP Legislation is supplemented by the *Corporations Amendment (Design and Distribution Obligations) Regulations 2019* (**DDO Regulations**), which were enacted in December 2019.

The DDOPIP Legislation also gives ASIC a significant, proactive power to issue a product intervention order if it believes that a financial product has resulted in or will, or is likely to, result in significant detriment to retail investors (the **Product Intervention Power**). Unlike the design and distribution obligations, the Product Intervention Power has already come into force. It is uncertain whether ASIC would perceive there to be any significant consumer detriment in relation to the Clinic Class Shares or similar securities. The DDOPIP Legislation requires ASIC to undertake a consultation process before it exercises the Product Intervention Power.

The design and distribution obligations under the DDOPIP Legislation are scheduled to come into force on 5 October 2021. There is an exception to these requirements for shares that will be issued under an 'employee share scheme'. An employee share scheme is, relevantly, a scheme under which shares in Allsports may be acquired by or for the benefit of:

- employees of Allsports or of a related body corporate; or
- directors of Allsports or of a related body corporate who hold salaried employment or office in Allsports or a related body corporate.

To the extent that the exception does not apply to a proposed offer of Clinic Class Shares on or after 5 October 2021, Allsports will either issue a Target Market Determination on its website or will not make any offers which fall outside the exception.

The design and distribution obligations in the DDOPIP Legislation are also limited to issuances of securities requiring a regulated disclosure document which means that even if the obligations become effective while Clinic Class Shares are on issue, they will not apply to the transfer or sale of Clinic Class Shares by Clinicians in accordance with the terms of the Constitution, unless a disclosure document is required for such transfer.

The impact of these new obligations remains untested, however there is a risk that they may adversely impact the issue, distribution and reinvestment of financial products in the future, including instruments like the Clinic Class Shares.

4. Financial Information

4.1 Financial Report

The Corporations Act provides that this OIS must include a financial report comprising audited financial statements for Allsports with a balance date within the last six months before the Clinic Class Shares are first offered under this OIS. The required financial report is set out in Annexure A.

5. Additional Information

5.1 Rights attaching to the Clinic Class Shares

The Clinic Class Share Terms are set out in Schedule 1 of the Constitution and are contained in Annexure B. A copy of the Constitution can be inspected during office hours at the registered office of the Company and holders of Clinic Class Shares may obtain a copy of the Constitution, free of charge.

The following is a summary of the principal rights attaching to Clinic Class Shares. It is not intended to be exhaustive or to constitute a definitive statement of the rights and liabilities of the holders of Clinic Class Shares which can involve complex questions of law arising from the interaction of the Constitution with statutory and common law requirements. If you wish to seek a definitive assessment of the rights and liabilities that attach to your Clinic Class Shares in any specific circumstance, you should seek your own advice.

Right	**Details**
Issue	The Board may issue Clinic Class Shares in any number of classes, with up to 48 Clinic Class Shares in a single class, at any time in accordance with the Constitution and the Clinic Class Share Terms. The Board will determine which class of Clinic Class Shares will apply to which of the Group's Clinics, and may vary that determination from time to time.
Dividends	The Company may only determine a dividend is payable to holders of Clinic Class Shares and pay any such dividend: • where a dividend is also payable to the holders of Ordinary Shares, and • to the extent permitted by the Corporations Act, the ASX Listing Rules and the Constitution. The Board may determine that a dividend is payable in respect of only some classes of Clinic Class Shares. Unless otherwise agreed by a majority of the holders of Clinic Class Shares in that particular class, each Clinic Class Share is entitled to no more than 1% (as

	determined by the Board in its discretion) of the total Potential Clinic Dividend available for that class. Each holder of Clinic Class Shares will be entitled to a percentage of the dividend equal to the number of Clinic Class Shares that they hold. Further information, including in relation to the Company's dividend policy, is contained in section 1.3.
Meetings and accounts	Holders of Clinic Class Shares have the right to receive notice of, and to attend meetings of holders of Clinic Class Shares of the same class or of all classes of Clinic Class Shares, but not to other meetings of the holders of Ordinary Shares. Except where required by law or as set out in the Clinic Class Share Terms, holders have no right to receive reports and audited accounts.
Voting rights	A Clinic Class Share does not entitle its holder to vote at any meeting of the Company's members, other than a meeting of holders of Clinic Class Shares in the same class or in all classes of Clinic Class Shares, in which case each Clinic Class Share has one vote.
Encumbrances	A holder of Clinic Class Shares is prohibited from granting any encumbrance over any of its Clinic Class Shares, except with the prior written consent of the Company.
Sale of a Clinic	If the business of a Clinic is sold by the Company, 1% of the proceeds of sale, after deductions, will be distributed in respect of each Clinic Class Share in the class relating to that clinic.
Further issues	The Company reserves the right to issue further Clinic Class Shares or preference shares and to permit the exchange of shares to preference shares, which rank equally with or behind Clinic Class Shares, whether in respect of dividends, return of capital on a winding-up or otherwise. Any such issue does not constitute a variation or cancellation of the rights attached to the then existing Clinic Class Shares.
Rights on winding up	Dividends due but unpaid on Clinic Class Shares will rank upon a winding-up of the Company in priority to ordinary shares and equally amongst all classes of Clinic Class Shares. Holders of Clinic Class Shares do not have any further rights to participate in the distribution of surplus assets on a winding-up or profits of the Company.
Transfer / transmission	A holder of Clinic Class Shares may only transfer their Clinic Class Shares, with the prior written consent of the Company, to an Affiliate of the holder or a Qualifying Person. Further details are set out in section 3.8 of this OIS and paragraph 13 of the Clinic Class Share Terms which are set out in Schedule 1 of the Constitution and are contained in Annexure B.
Default and buy-out rights	If a Default occurs in relation to a holder of Clinic Class Shares, either Healthia or the Company (or its nominee) has a right to acquire those Clinic Class Shares (but is not required to). All rights of the defaulting shareholder as the holder of any class of shares are suspended while the acquisition process occurs (with the suspension removed if neither Healthia nor the Company do not acquire the Clinic Class Shares). A Default includes, but is not limited to, where: • the holder of Clinic Class Shares is prohibited from holding Clinic Class Shares because of a change in the law • the relevant Clinician resigns or terminates their services agreement without cause • the relevant Clinician has their employment terminated for serious misconduct, breach of their services agreement, being found guilty of certain criminal offences, ceasing to be registered as a physiotherapist or breaching their professional obligations and which may have a material adverse effect on the Group

	• the holder of Clinic Class Shares materially breaches the Constitution or the Clinic Share Terms, or it or its Affiliate commits an unremedied breach of any agreement with a member of the Group (other than their services agreement) • the holder of Clinic Class Shares, its controller or the Clinician becomes insolvent, • a Clinic Shareholder transfers, or agrees to transfer, any of its Clinic Shares in breach of the Constitution or these terms of issue; or • there is a change of control that is not approved by the Board (acting reasonably) in respect of a holder of Clinic Class Shares. If the Default arises because of a change in the law or if the relevant Clinician resigned with at least 6 months' notice or the relevant Clinic Shareholder dies or suffers total and permanent disability and is not able to provide services to the Group, the acquisition price is the Fair Market Value of the Clinic Class Shares. Otherwise, the acquisition price is the lower of: (a) 85% of the Fair Market Value of the Clinic Class Shares, and (b) the price paid by the holder of the Clinic Class Shares or their Affiliate when they acquired the Clinic Class Shares. If the Company acquires the Clinic Class Shares, it may do so in any manner contemplated by the Corporations Act (including by way of capital reduction, buy-back or redemption) and the holder of Clinic Class Shares must do everything necessary to ensure that the Company can do so
Tax or Accounting Events	If certain events occur and as a result there is a material risk that any of Healthia or its Subsidiaries would be exposed to an increase in costs, taxes, or other government charges in respect of the Clinic Class Shares, or the Clinic Class Shares would not be treated as equity interests for Australian taxation or accounting purposes, or any dividend would not be a frankable distribution, then the Company may make the same amendments to all classes of Clinic Class Shares to address those circumstances, or acquire (itself or through a nominee) all of the Clinic Class Shares on terms determined by the Board (which may include the issue of new securities). The approval by separate special resolutions (or written consent of holders with 75% of the total votes) of the holders of Clinic Class Shares in all classes and of the holders of Ordinary Shares is required.
Variation of rights	The Company may amend or add to the rights attached to Clinic Class Shares (provided that the same variation is made to all classes), and the holders of Clinic Class Shares may procure the same, with the approval by separate special resolutions (or written consent of holders with 75% of the total votes) of the holders of Clinic Class Shares in all classes and of the holders of Ordinary Shares.

5.2 Taxation implications

5.2.1 Summary of Australian Taxation Implications

This summary provides an overview of the Australian tax implications of the Offer for investors who are residents of Australia for tax purposes and who hold their Clinic Class Shares as capital assets. This summary is based on the law in effect as at the date of this OIS, is general in nature, does not consider the Australian tax consequences for particular types of investors and should not be relied on by potential investors as tax advice. Potential investors should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

This section does not consider the Australian tax consequences for particular types of investors, including those:

(a) whose Clinic Class Shares are held as trading stock or otherwise on revenue account,

(b) that may be subject to special tax rules, such as insurance companies, banks, partnerships, tax exempt organizations, trusts (except where expressly stated), superannuation funds (except where expressly stated), or temporary residents,

(c) who are tax resident of any jurisdiction other than Australia (except where expressly stated), or

(d) who are subject to the Australian Taxation of Financial Arrangement rules under Division 230 of the Income Tax Assessment Act 1997 (Cth).

5.2.2 Australian Income tax implications of future share disposals Australian Resident Shareholders

Shareholders who dispose of Clinic Class Shares held on capital account will trigger a CGT event. Australian resident holders of Clinic Class Shares will:

(a) make a capital gain if the capital proceeds received on the disposal of their Clinic Class Shares are greater than the cost base of those Clinic Class Shares, or

(b) make a capital loss if the capital proceeds received on the disposal of their Clinic Class Shares are less than the reduced cost base of those Clinic Class Shares.

The capital proceeds received on disposal of Clinic Class Shares should generally be equal to the money received in respect of the disposal.

The cost base of Clinic Class Shares subscribed for under the Offer should generally be equal to either, as relevant:

(a) the consideration paid for them under the terms of the Acquisition Agreement under which they are issued; or

(b) the Clinic Price,

plus any incidental costs. The reduced cost base should be the same as the cost base, subject to some modifications.

Any capital gain on disposal of the Clinic Class Shares in the Company may qualify as a discount capital gain for certain Australian resident holders of Clinic class Shares that are individuals, trusts or complying superannuation funds that have held their Clinic Class Shares for more than 12 months. Where the CGT discount applies, the amount of the capital gain may be discounted by 50% for individuals and trusts and 33 1/3% for complying superannuation funds in respect of certain investments. Where the holder of Clinic Class Shares is a trust to which the CGT discount applies, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Shareholders which are trusts should seek specific advice as to the circumstances in which a beneficiary may be entitled to discount capital gains treatment.

Prior to applying the CGT discount holders of Clinic Class Shares may offset their capital gain against any available capital losses incurred in the relevant income year or any carry forward net capital losses. The net capital gain (after applying any losses and the CGT discount) should be included in their assessable income in the relevant income year.

To the extent holders of Clinic Class Shares incur a capital loss on disposal of their Clinic Class Shares, they may offset their capital loss against any capital gains derived in the relevant income year. Where the capital losses incurred in the relevant income year exceed the capital gains derived in the relevant income year, holders of Clinic Class Shares may be entitled to carry forward the excess (referred to as a ‘net capital loss’) to future income years subject to the application of the loss recoupment rules in certain cases. Holders of Clinic Class Shares cannot offset their net capital losses against their ordinary income.

5.2.3 Income tax implications of Payment of Dividends to Australian Resident Shareholders

Dividends will be required to be included in an Australian resident holder of Clinic Class Share’s assessable income in the income year in which the dividend is received. To the extent that franking credits are attached to the dividend, Australian resident holders of Clinic Class Shares should also include the franking credits in their assessable income. Where holders of Clinic Class Shares include franking credits in their assessable income, they should be entitled to a corresponding tax offset against their tax payable for the relevant income year.

In order for holders of Clinic Class Shares to qualify for franking credits and the corresponding tax offset, they must satisfy the ‘holding period’ rules which require them to hold their Clinic Class Shares ‘at risk’ for a period of not less than 45 days, not counting the day of acquisition or disposal. The ‘holding period’ rules do not apply to holders who are individuals who are entitled to tax offsets (for all franked distributions received by the particular holder in the relevant income year) of not greater than $5,000 for the relevant income year.

Where the holding period rule is satisfied:

(a) holders of Clinic Class Shares that are individuals or complying superannuation funds should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend. Where these holders have franking credits in excess of their income tax liability they may be entitled to a refund equal to the excess.

(b) holders of Clinic Class Shares that are companies should be entitled to a tax offset equal to the amount of the franking credits attached to a dividend.

Accordingly, these holders of Clinic Class Shares should not pay any additional tax on the dividend to the extent that it is franked. Any excess tax offset may be able to be converted to a carry forward tax loss. A credit should arise in the franking account of these holders equal to the amount of the franking credits attached to the dividend.

Where Clinic Class Shares are held by Australian resident trusts or partnerships, and the dividend is passed through to Australian resident beneficiaries or partners, the benefit of the franking credit attached to the dividend may also pass through to those Australian resident beneficiaries or partners. The income tax treatment of the dividends including any franking credits in the hands of those beneficiaries or partners should depend upon the tax status of the beneficiaries or partners.

5.2.4 Australian Income Tax Implications of Returns of capital

If a return of capital is made by the Company, to the extent it is not treated as a dividend for income tax purposes, the cost base and reduced cost base of a holder’s Clinic Class Shares for CGT purposes should be reduced by the amount of the return of capital, with any excess over the cost base resulting in a capital gain.

5.2.5 Other Australian tax implications Goods and Services Tax

No GST is payable in respect of the acquisition of Clinic Class Shares nor should there be any GST liability arising from the receipt of dividends in respect of the Clinic Class Shares. An Australian resident that is registered or required to be registered for GST seeking to claim input tax credits on related transaction costs should seek their own independent tax advice in this regard.

5.2.6 Stamp Duty

No Australian stamp duty should be payable in respect of the subscription for the Clinic Class Shares under this OIS.

This is on the basis the Company and its subsidiaries do not amount to landholders for the purposes of any Australian duties legislation.

5.2.7 Tax File Number (TFN) Withholding Tax

Holders of Clinic Class Shares are not required to quote their TFN to the Company. If holders do not quote their TFN or other relevant exemption details, tax may be required to be withheld by the Company from certain distributions at the top marginal rate plus the Medicare levy.

5.3 Consents to inclusion of information

The following persons have given and have not, before the lodgement of this OIS, withdrawn their written consent to the issue of this OIS in the terms specified below:

(a) Clayton Utz has given its consent to be named as the Australian Legal Adviser to the Company in the form and context in which it is named and has not withdrawn its consent.

(b) BDO Audit has given its consent to the inclusion of its auditor's report and to being named as the Company's auditors in the form and context in which the report is included and it is named, and has not withdrawn its consent.

Each of Clayton Utz and BDO Audit:

(c) did not authorise or cause the issue of this OIS

(d) do not make, or purport to make, any statement in this OIS not is any statement in this OIS based on any statement by any of those parties other than as specified in this section, and

(e) to the maximum extent permitted by law, expressly disclaim any responsibility or liability for any part of this OIS other than a reference to its name and a statement contained in this OIS with consent of that party.

5.4 Governing law

This OIS is governed by the laws applicable in Queensland, Australia.

5.5 Directors' consent

Each Director has consented to the lodgement of this OIS with ASIC and has not withdrawn that consent.

This OIS is signed for and on behalf of the Company pursuant to a resolution of the Board by:

Dr Glen Frank Richards

Chairman

Dated: 21 December 2021

6. Glossary

The following terms have the following meanings where used in this OIS:

AASB means the Australian Accounting Standards Board.

Acquisition Agreements means the agreements pursuant to which Allsports agrees to acquire physiotherapy and other allied health businesses.

AEST means Australian Eastern Standard Time.

Affiliate means, in relation to a person (first-mentioned person):

(a) a person that controls or is controlled by the first-mentioned person;

(b) a related body corporate of the first-mentioned person, or a company in which the first-mentioned person beneficially owns at least 50% of the shares in that company;

(c) a person in its capacity as trustee of a trust (including a unit trust, investment trust, self-managed super fund or other form of trust) of which the sole beneficiaries are the first-mentioned person and any Affiliate of the first-mentioned person; and

(d) where the first-mentioned person is the trustee of a trust, a person that controls or is controlled by either the trust or any trust for the benefit of the members of the immediate family of the first-mentioned person.

Allsports means Allsports (Aust) Limited ACN 161 205 983.

Applicant means a person who submits a valid Application Form and required application monies (if any) pursuant to this OIS.

Application Form means the application form in Annexure C

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or the market it operates, as the context requires.

Auditor means BDO Audit.

Australian Accounting Standards means the Australian Accounting Standards issued by the AASB.

BDO Audit means BDO Audit Pty Ltd.

Board means the board of Directors of the Company from time to time.

Business Day means Monday through Friday excluding national public holidays.

Clinic means a clinic acquired by Allsports as part of a Clinic Acquisition, or a clinic already owned by Allsports or Healthia prior to the date of this document.

Clinic Acquisitions means the acquisition of the physiotherapy and allied health clinics, under the terms of the Acquisition Agreements.

Clinical Advisory Committee has the meaning given in section 2.3(c).

Clinic Class Shares means the shares issuable by Allsports under the Clinician Retention Program.

Clinic Class Share Terms means the terms of issue of Clinic Class Shares as set out in the Constitution, a copy of which is contained in Annexure B.

Clinicians means professional staff of the clinics of Allsports.

Clinician Retention Program means the structured program designed to incentivise and retain clinicians.

Clinic Price means the price calculated in accordance with the following formula

Clinic Price = Number of Clinic Shares x Normalised EBITDA x Valuation Multiple / 100

Whereby:

Number of Clinic Shares relates to a particular Clinic

Normalised EBITDA relates to the Earnings Before Interest Tax Depreciation and Amortisation for that same Clinic

The **Valuation Multiple** represents an arms-length transaction between the parties on commercial market terms

Company means Allsports (Aust) Limited ACN 161 205 983.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company from time to time.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Eligible Clinicians has the meaning set out in section 1.4.

Expiry Date means the date which is 13 months after the date of this OIS.

Exposure Period means the seven day period after the date of lodgement of this OIS with ASIC, which may be extended by ASIC by up to a further seven days;

Fair Market Value means, in relation to Clinic Class Shares of a particular class, the fair market value of each Clinic Class Share in that class, as determined by an independent expert on the basis that all of the Clinic Shares of the relevant class on issue are to be sold by a willing seller to a willing buyer, there is a reasonable time in which to sell the Clinic Class Shares (and, for these purposes, 180 Business Days is deemed to be a reasonable period), and there is no discount on the Clinic Class Shares for minority shareholdings and no premium for control.

FY21 means the financial year ended 30 June 2021.

Group means Allsports and its Subsidiaries.

Healthia means Healthia Limited ACN 626 087 223.

MFD means My FootDr (Aust) Ltd ACN 608 550 607.

Offer means the offer of Clinic Class Shares under this OIS.

Offer Closing Date means the date on which the Offer is expected to close, being 13 months from the date of lodgement of this OIS (this date may be varied by the Company).

Offer Opening Date means 27 December 2021.

Offer Period means the period during which investors may subscribe for Clinic Class Shares to be issued under the Offer which commences on the Offer Opening Date and ends on the Offer Closing Date.

OIS means this offer information statement.

Ordinary Shares means fully paid ordinary shares issued by Allsports.

Patient Charter means the patient charter adopted by Allsports.

Potential Clinic Dividend has the meaning given in section 3.2.

Qualifying Person means:

(a) a Clinician who works in the same Clinic or proposes to work in the same Clinic

(b) an Affiliate of a Clinician who works in the same Clinic or proposes to work in the same Clinic, or

(c) the Company or a holder of Ordinary Shares, if it acquires the Clinic Class Shares under paragraph 13.2 of the Clinic Share Terms.

Shareholders means the holders of Ordinary Shares and Clinic Class Shares in Allsports.

Subsidiary has the meaning given in the Corporations Act.

7. Corporate Directory

Allsports (Aust) Limited
ACN 161 205 983.

Registered Office Address

Level 4, 25 Montpelier Road
Bowen Hills QLD 4006
Telephone: (07) 3180 4900

Website

healthia.com.au

Board of Directors

Dr Glen Frank Richards

Anthony Peter Ganter

Lisa Michelle Roach

Company Secretary

Christopher Anthony Banks

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000

Solicitors

Clayton Utz
Level 28, Riparian Plaza
71 Eagle Street Brisbane QLD 4000

Annexure A - FY21 Audited Financial Report

Allsports (Aust) Limited

ABN 93 161 205 983

Annual Report - 30 June 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Allsports (Aust) Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors
The following persons were Directors of Allsports (Aust) Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Glen Frank Richards
Anthony Peter Ganter
Lisa Roach

Principal activities
During the financial year the principal continuing activities of the Consolidated Entity consisted of the operation of physiotherapy service businesses throughout Australia.

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2021 $'000	2020 $'000
Dividends paid to ordinary shareholders	127	-
Dividends paid to non-controlling interests, being the clinic class shareholders of Allsports (Aust) Limited	3,191	1,092
	3,318	1,092

Review of operations
The profit for the Consolidated Entity after providing for income tax and non-controlling interest amounted to $3,244,000 (30 June 2020: $721,000).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Likely developments and expected results of operations
The Consolidated Entity will continue to focus on delivering growth via its four-tiered growth strategy:
(1) patient focused outcomes;
(2) organic growth;
(3) future accretive acquisitions; and
(4) vertically integrated business units.

The Consolidated Entity expects to continue to acquire well-established physiotherapy businesses throughout Australia and will use a combination of the undrawn debt amount, future operating cash flow and clinic class shares to fund these acquisitions.

Environmental regulation
The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	**Dr Glen Frank Richards**
Title:	Chairman and Non-Executive Director
Experience and expertise:	Glen is a veterinary surgeon and the founder and former CEO of Greencross Limited, Australia's largest pet care company. Glen has spent over 20 years building a multimillion-dollar integrated pet care empire, which now operates more than 180 veterinary hospitals and 230 pet care retail stores in Australia and Animates in New Zealand.
Special responsibilities:	None

Name:	**Anthony (Tony) Peter Ganter**
Title:	Director
Experience and expertise:	Tony has over 25 years' experience in the management and operation of private physiotherapy and sports medicine clinics and high performance medical teams in professional sport. He possesses knowledge of the professional, administrative and management skills required to operate physiotherapy and sports medicine centres. Tony remains active as a treating physiotherapist which enables him to keep in touch with the challenges of both professional health care and clinic ownership. He has a strong commitment to the ongoing creation of varied career journeys for physiotherapists.
Special responsibilities:	None

Name:	**Lisa Roach**
Title:	Director
Experience and expertise:	Lisa has over 25 years' experience in the physiotherapy private practice sector. Lisa joined Allsports Physiotherapy in its year of inception in 1992. She is a founding partner in several of the AllSports clinics throughout Brisbane and on the Gold Coast. After spending 10 years in a clinical physiotherapy position Lisa moved to take on the growing full time role of business management and to oversee the evolving strategic development for the AllSports group. In addition to the management of daily clinical operations, Lisa has been responsible for the development of new initiatives for the group including complimentary allied health services, university partnerships, education, teaching, and mentoring in private practice.
Special responsibilities:	None

Company secretary

Chris Banks is the Chief Financial Officer and Company Secretary. Chris joined the Allsports (Aust) Pty Ltd in July 2017 as Chief Commercial Officer and was appointed Chief Financial Officer and Company Secretary on 29 April 2019

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Dr Glen Frank Richards	2	2
Anthony Peter Ganter	2	2
Lisa Roach	2	2

Held: represents the number of meetings held during the time the Director held office.

Indemnity and insurance of officers

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

Post the end of the financial year, the company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Signed in accordance with a resolution of the Directors.

Dr Glen Richards
Director

15 December 2021

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Australia

DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF ALLSPORTS (AUST) LIMITED

As lead auditor of Allsports (Aust) Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Allsports (Aust) Limited and the entities it controlled during the period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 15 December 2021

Allsports (Aust) Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Revenue	4	53,026	36,662
Other income	5	6,539	5,441
Expenses			
Cost of sales		(1,252)	(886)
Employee benefits expense		(39,290)	(29,053)
Occupancy costs		(1,681)	(872)
Marketing costs		(288)	(323)
Other expenses		(1,985)	(1,601)
Impairment of receivables		(28)	(188)
Acquisition and integration costs		(1,026)	(1,012)
Depreciation expense		(4,335)	(3,546)
Amortisation expense		(336)	(263)
Finance costs	6	(810)	(899)
Profit before income tax expense		8,534	3,460
Income tax expense	7	(2,654)	(1,044)
Profit after income tax expense for the year		5,880	2,416
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		5,880	2,416
Profit for the year is attributable to:			
Non-controlling interest		2,636	1,695
Owners of Allsports (Aust) Limited		3,244	721
		5,880	2,416
Total comprehensive income for the year is attributable to:			
Non-controlling interest		2,636	1,695
Owners of Allsports (Aust) Limited		3,244	721
		5,880	2,416

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Allsports (Aust) Limited
Consolidated statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Assets			
Current assets			
Cash and cash equivalents	8	2,835	1,905
Trade and other receivables	9	1,962	2,838
Inventories	10	508	415
Other assets	11	331	195
Total current assets		5,636	5,353
Non-current assets			
Property, plant and equipment	12	2,848	1,566
Right-of-use assets	13	14,986	10,821
Intangibles	14	42,601	33,346
Deferred tax	7	1,613	888
Total non-current assets		62,048	46,621
Total assets		67,684	51,974
Liabilities			
Current liabilities			
Trade and other payables	15	4,387	2,595
Borrowings	16	25,456	22,086
Lease liabilities	17	3,985	2,856
Income tax liability	7	2,264	1,276
Employee benefits	18	2,759	1,758
Provisions	19	9	102
Other current liabilities	20	443	1,220
Total current liabilities		39,303	31,893
Non-current liabilities			
Lease liabilities	17	12,782	9,486
Employee benefits	18	239	119
Provisions	19	459	187
Other current liabilities	20	632	550
Total non-current liabilities		14,112	10,342
Total liabilities		53,415	42,235
Net assets		14,269	9,739
Equity			
Issued capital	21	-	-
Retained profits	22	4,007	890
Equity attributable to the owners of Allsports (Aust) Limited		4,007	890
Non-controlling interest	23	10,262	8,849
Total equity		14,269	9,739

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Allsports (Aust) Limited
Consolidated statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2019	-	169	5,949	6,118
Profit after income tax expense for the year	-	721	1,695	2,416
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	721	1,695	2,416
Transactions with owners in their capacity as owners:				
Contributions of clinic class shares	-	-	502	502
Issue of clinic class shares as consideration for business combinations (note 29)	-	-	2,067	2,067
Buy-back of clinic class shares	-	-	(272)	(272)
Dividends paid (note 24)	-	-	(1,092)	(1,092)
Balance at 30 June 2020	-	890	8,849	9,739

Consolidated	Issued capital $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020	-	890	8,849	9,739
Profit after income tax expense for the year	-	3,244	2,636	5,880
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	3,244	2,636	5,880
Transactions with owners in their capacity as owners:				
Contributions of clinic class shares	-	-	1,372	1,372
Issue of clinic class shares as consideration for business combinations (note 29)	-	-	1,584	1,584
Buy-back of clinic class shares	-	-	(988)	(988)
Dividends paid (note 24)	-	(127)	(3,191)	(3,318)
Balance at 30 June 2021	-	4,007	10,262	14,269

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Allsports (Aust) Limited
Consolidated statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		54,735	37,208
Payments to suppliers (inclusive of GST)		(43,734)	(31,807)
		11,001	5,401
Government grants (COVID-19)		5,797	2,550
Interest and other finance costs paid		(810)	(899)
Income taxes paid		(2,288)	(368)
Net cash from operating activities		13,700	6,684
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	29	(7,045)	(2,832)
Payments of contingent business purchases consideration		(1,620)	(50)
Payments for property, plant and equipment	12	(1,237)	(502)
Payments for intangibles	14	(10)	-
Net cash used in investing activities		(9,912)	(3,384)
Cash flows from financing activities			
Proceeds from issue of clinic class shares		1,584	502
Buy-back of clinic class shares		(988)	(272)
Repayment of lease liabilities		(3,506)	(2,011)
Dividends paid	24	(3,318)	(1,092)
Proceeds from borrowings		3,370	807
Net cash used in financing activities		(2,858)	(2,066)
Net increase in cash and cash equivalents		930	1,234
Cash and cash equivalents at the beginning of the financial year		1,905	671
Cash and cash equivalents at the end of the financial year	8	2,835	1,905

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Allsports (Aust) Limited as a Consolidated Entity consisting of Allsports (Aust) Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to hereafter as the 'Consolidated Entity'). The financial statements are presented in Australian dollars, which is Allsports (Aust) Limited's functional and presentation currency.

Allsports (Aust) Limited is an unlisted public company limited by shares.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 December 2021.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharges of liabilities in the ordinary course of business.

For the year ended 30 June 2021, current liabilities exceeded current assets by $33,667,000 (30 June 2020: $26,540,000).

The Current Asset Deficiency includes a payable of $25,456,000 (30 June 2020: $22,086,000) to Healthia Limited, the parent entity of Allsports (Aust) Limited. Healthia Limited has undertaken not to demand repayment of the amount owed until the consolidated entity’s resources permit. When this payable is excluded from the working capital position, the revised position at 30 June 2021 is a deficit of current assets over current liabilities of $8,211,000. The reason for the working capital deficiency at 30 June 2021 is due to the impact of AASB 16 being adopted and related party loans. The Company has recognised a current liability of $2,264,000 which is predominately related to property leases.

Not-withstanding the working capital deficiency, the Directors are satisfied the Consolidated Entity is a going concern as the Consolidated Entity is forecast to generate sufficient operating cash flows to be able to pay short-term leasing and other liabilities. Healthia Limited has also undertaken to provide continuing financial support to the consolidated entity to enable it to meet its financial liabilities as and when they fall due. On this basis, the financial report has been prepared on a going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
Certain comparatives have been reclassified in line with current year disclosure. There was no change to net assets or profit for the year from reclassification.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, Management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Goodwill and other indefinite life intangible assets
The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Consolidated Entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Consolidated Entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Consolidated Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Contingent consideration
The contingent consideration liability relates to business combinations and is valued at fair value at the acquisition date as part of the business combination. At each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated Entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Classification of Clinic Class Shares: Equity vs Financial liability
Clinic Class Shares were issued to (1) the sellers on acquisition of various physiotherapy clinics and (2) clinicians who wish to (i) 'buy-in' to existing clinics, or (ii) 'buy-in' to a new physiotherapy clinic.

The Clinic Class Shares have been classified as equity following amendments to the terms and conditions that result in the instruments having the characteristics of equity.

Note 4. Revenue

	Consolidated	
	2021 $'000	2020 $'000
Rendering of services	52,785	36,609
Sale of goods	241	53
Revenue	53,026	36,662

Note 4. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2021 $'000	2020 $'000
Major product lines		
Physiotherapy	53,026	36,662
Geographical regions		
Australia	53,026	36,662
Timing of revenue recognition		
Goods and services transferred at a point in time	53,026	36,662

Accounting policy for revenue recognition
The Consolidated Entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 5. Other income

	Consolidated	
	2021 $'000	2020 $'000
Government grants (COVID-19)	4,037	4,220
Sub-tenant rent	2,105	923
Other	397	298
Other income	6,539	5,441

Note 5. Other income (continued)

Government grants (COVID-19)
During the Coronavirus ('COVID-19') pandemic, the Consolidated Entity has received JobKeeper support payments from the Australian Government which are passed on to eligible employees. These are recognised as Government grants in the financial statements as other income when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. It is recognised as other income on a systematic basis over the periods that the related employee benefits expense, for which it is intended to compensate, are expensed.

The JobKeeper payment scheme in its current form runs for the fortnights from 30 March until 27 September 2020. The Consolidated Entity is eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

Accounting policy for rent
Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Note 6. Expenses

	Consolidated	
	2021 $'000	2020 $'000
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on lease liabilities	810	899
Superannuation expense		
Defined contribution superannuation expense	3,263	2,254

Note 7. Income tax

	Consolidated	
	2021 $'000	2020 $'000
Income tax expense		
Current tax	3,588	1,365
Deferred tax - origination and reversal of temporary differences	(950)	(141)
Adjustment recognised for prior periods	16	(180)
Aggregate income tax expense	2,654	1,044
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	8,534	3,460
Tax at the statutory tax rate of 30%	2,560	1,038
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assesable income	(47)	-
Capital items expensed	125	186
	2,638	1,224
Adjustment recognised for prior periods	16	(180)
Income tax expense	2,654	1,044

Note 7. Income tax (continued)

	Consolidated 2021 $'000	Consolidated 2020 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangibles	(320)	(275)
Right-of-use assets	535	456
Provisions	1,348	850
Other	50	(143)
Deferred tax asset	1,613	888
Movements:		
Opening balance	888	307
Credited to profit or loss	644	277
Additions through business combinations (note 29)	81	38
Change on adoption of AASB16	-	266
Closing balance	1,613	888

	Consolidated 2021 $'000	Consolidated 2020 $'000
Provision for income tax		
Provision for income tax	2,264	1,276

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 8. Cash and cash equivalents

	Consolidated	
	2021 $'000	2020 $'000
Current assets		
Cash on hand	46	18
Cash at bank	2,789	1,887
	2,835	1,905

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Trade and other receivables

	Consolidated	
	2021 $'000	2020 $'000
Current assets		
Trade and other receivables	2,078	1,040
Less: Allowance for expected credit losses	(170)	(165)
	1,908	875
Government grant (COVID-19) receivable	-	1,669
Other receivables	-	245
GST recoverable	54	49
	1,962	2,838

Allowance for expected credit losses
The Consolidated Entity has recognised a loss of $28,000 (30 June 2020: $188,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Inventories

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Consumables	508	415

Accounting policy for inventories
Consumables are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Note 11. Other assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Prepayments	315	179
Other current assets	16	16
	331	195

Note 12. Property, plant and equipment

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Leasehold improvements - at cost	2,057	1,244
Less: Accumulated depreciation	(548)	(357)
	1,509	887
Plant and equipment - at cost	2,355	1,282
Less: Accumulated depreciation	(1,016)	(603)
	1,339	679
	2,848	1,566

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2020	887	679	1,566
Additions	714	523	1,237
Additions through business combinations (note 29)	77	558	635
Depreciation expense	(169)	(421)	(590)
Balance at 30 June 2021	1,509	1,339	2,848

Note 12. Property, plant and equipment (continued)

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 13. Right-of-use assets

	Consolidated	
	2021 $'000	2020 $'000
Non-current assets		
Land and buildings - right-of-use	21,680	13,750
Less: Accumulated depreciation	(6,694)	(2,929)
	14,986	10,821

The Consolidated Entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between 3 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Land and buildings - right-of-use $'000
Balance at 1 July 2020	10,821
Additions	4,717
Additions through business combinations (note 29)	3,213
Depreciation expense	(3,765)
Balance at 30 June 2021	14,986

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 13. Right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 14. Intangibles

	Consolidated	
	2021 $'000	2020 $'000
Non-current assets		
Goodwill - at cost	41,484	32,378
Customer lists	1,808	1,325
Less: Accumulated amortisation	(727)	(406)
	1,081	919
Software - at cost	68	58
Less: Accumulated amortisation	(32)	(9)
	36	49
	42,601	33,346

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Goodwill $'000	Customer lists $'000	Software $'000	Total $'000
Balance at 1 July 2020	32,378	919	49	33,346
Additions	-	-	10	10
Additions through business combinations (note 29)	9,106	483	-	9,589
Amortisation expense	-	(321)	(23)	(344)
Balance at 30 June 2021	41,484	1,081	36	42,601

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 14. Intangibles (continued)

Goodwill acquired is allocated to each of the cash-generating unit expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

Customer lists
Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their estimate useful life of 5 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of goodwill
The Consolidated Entity has tested goodwill for impairment, in accordance with the accounting policy stated in Note 2. The recoverable amount has been determined based on value-in-use calculations using cash flow projections based on Board approved financial budgets and cover a five-year period. Cash flows beyond the 5-year period to the end of the assets useful life are estimated by extrapolating the management projections using a steady growth rate based on long term industry expectations.

Impairment testing
The Consolidated Entity has tested goodwill for impairment, in accordance with the accounting policy stated in Note 2. The recoverable amount has been determine based on value-in-use calculations using cash flow projections based on Management approved financial budgets and cover a five-year period. Cash flows beyond the 5-year period to the end of the assets useful life are estimated by extrapolating the management projections using a steady growth rate based on long term industry expectations.

For the purpose of impairment testing, goodwill has been allocated to the Cash-Generating Units ('CGUs'), or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management will monitor and manage the goodwill.

Key assumptions used for value-in-use calculations:
- The Consolidated Entity tests for goodwill impairment on an annual basis. The recoverable amount of cash generating unit ('CGU') is determined based on a value-in-use calculation which require the use of assumptions;
- The calculations use cash flow projections over a five year period, the first being 2022, based on the financial budget approved by the Board. Cash flow projections for periods beyond the 2022 period are extrapolated using the estimated growth rates below;
- Goodwill has been allocated to the Bodies and Minds CGU;
- Corporate overheads have been allocated to the CGU; and
- Sensitivity analysis on growth and discount rates has been performed to assess the impact on the outcome of the model;

Significant assumptions for the purposes of the value-in-use calculation include:
- Period of cash flows: 5 years;
- 3.0% (2020: 3.0%) per annum projected revenue growth
- 3.0% (2020: 3.0%) per annum increase in operating costs and overheads
- Maintenance capital expenditures of 1.0% (2020: 1.0%) of revenue per annum
- 13.0% (2020: 13.0%) pre-tax discount rate
- 3.0% (2020: 3.0%) terminal value growth rate

It is inherently difficult to predict the impact of any future COVID-19 developments. Whilst temporary measures, such as lockdowns, may have a short-term impact, it is expected to be immaterial to the longer term and aggregate cashflows of the Consolidated Entity.

The Consolidated Entity believes that the assumptions adopted in the value-in-use calculations are appropriate.

Management has determined the projected growth rates for revenue, operating costs and overheads over the five-year forecast period based on past performance and management's expectation of market development.

Note 14. Intangibles (continued)

The maintenance capital expenditure rate has been determined based on the historical experience of management, and the planned capital expenditure.

The discount rate of 13.0% pre-tax reflects management's estimate of the time value of money and the Consolidated Entity's weighted average cost of capital, the long-term risk-free rate and the volatility of the share price relative to market movements.

The terminal value growth rate is consistent with forecasts included within industry reports.

Based on the above assumptions, the recoverable amount of the Bodies & Minds CGU exceeds the carrying amount by $47,016,552.

Sensitivity
As disclosed in note 2, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease.

- Growth rates for revenue, costs and terminal value would need to decrease by more than 3% before goodwill would need to be impaired with all other assumptions remaining constant.
- The discount rate would be required to increase by 550 basis points before goodwill would need to be impaired, with all other assumptions remain constant.

As a result of the value-in-use calculation, it was determined no impairment was identified.

Note 15. Trade and other payables

	Consolidated	
	2021 $'000	2020 $'000
Current liabilities		
Trade payables	253	303
Accruals	1,532	1,096
Income tax payable	1,722	602
Superannuation payable	861	503
Other payables	19	91
	4,387	2,595

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 16. Borrowings

	Consolidated	
	2021 $'000	2020 $'000
Current liabilities		
Loan - Related parties	25,456	22,086

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 17. Lease liabilities

	Consolidated	
	2021	2020
	$'000	$'000
Current liabilities		
Lease liability	3,985	2,856
Non-current liabilities		
Lease liability	12,782	9,486

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Consolidated Entity's leasing activities
The Consolidated Entity leases various clinics, retail stores, offices and warehouses. Rental contracts are typically made for a fixed period of 3 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Lease assets may not be used as security for borrowing purposes.

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Consolidated Entity. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the Consolidated Entity and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most extension options in clinics, retail stores, offices and warehouses have not been included in the lease liability because the Consolidated Entity replaces the assets without significant cost or business disruption.

Note 18. Employee benefits

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Annual leave	2,039	1,314
Long service leave	720	444
	2,759	1,758
Non-current liabilities		
Long service leave	239	119

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Accounting policy for other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 19. Provisions

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Lease make good	9	102
Non-current liabilities		
Lease make good	459	187

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Consolidated Entity at the end of the respective lease terms.

Note 19. Provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2021	Lease make good $'000
Carrying amount at the start of the year	289
Additional provisions recognised	102
Additions through business combinations (note 29)	77
Carrying amount at the end of the year	468

Accounting policy for provisions
Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 20. Other current liabilities

	Consolidated	
	2021 $'000	**2020 $'000**
Current liabilities		
Contingent consideration	443	1,220
Non-current liabilities		
Contingent consideration	632	550

Accounting policy for contingent consideration
The contingent consideration liability relates to business combinations and is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Note 21. Issued capital

	Consolidated			
	2021 Shares	**2020 Shares**	**2021 $'000**	**2020 $'000**
Ordinary shares - fully paid shares	120	120	-	-

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 21. Issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 22. Retained profits

	Consolidated 2021 $'000	Consolidated 2020 $'000
Retained profits at the beginning of the financial year	890	541
Adjustment for change in accounting policy	-	(372)
Retained profits at the beginning of the financial year - restated	890	169
Profit after income tax expense for the year	3,244	721
Dividends paid (note 24)	(127)	-
Retained profits at the end of the financial year	4,007	890

Note 23. Non-controlling interest

	Consolidated 2021 $'000	Consolidated 2020 $'000
Issued equity - Clinic Class shares and minority interests	10,018	8,050
Retained profits	244	799
	10,262	8,849

Clinic Class Shares
Clinic class shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid clinic class shares have no par value and the Company does not have a limited amount of authorised capital.

Note 24. Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2021 $'000	2020 $'000
Dividends paid to ordinary shareholders	127	-
Dividends paid to non-controlling interests, being the clinic class shareholders of Allsports (Aust) Limited	3,191	1,092
	3,318	1,092

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 25. Fair value measurement

Fair value hierarchy
The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	1,075	1,075
Total liabilities	-	-	1,075	1,075

Consolidated - 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	1,770	1,770
Total liabilities	-	-	1,770	1,770

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 25. Fair value measurement (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	2021 $	2020 $
Aggregate compensation	494,403	544,156

Note 27. Contingent liabilities

The Consolidated Entity has given bank guarantees as at 30 June 2021 of $1,427,911 (30 June 2020: $1,178,242) to various landlords.

Note 28. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 30.

Key management personnel
Disclosures relating to key management personnel are set out in note 26.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2021 $	2020 $
Other transactions:		
Rent and outgoings paid to entities controlled by Director Anthony Ganter	238,338	174,213
Rent and outgoings paid to entities controlled by Director Lisa Roach	219,496	170,461

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2021 $	2020 $
Current borrowings:		
Loan from parent company - Healthia Limited	25,455,552	22,085,838

Note 28. Related party transactions (continued)

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Business combinations

2021

Details of the acquisitions made in the current financial year are as follows:

Acquisition of CQ Physio
The Consolidated Entity acquired the business named CQ Physiotherapy, on 16 October 2020, comprising 3 physiotherapy clinics during the current period. Initial consideration paid for the acquisition was $4.66 million including $3.67 million in cash consideration and $0.99 million in Clinic Class Share consideration.

For the period ended 30 June 2021, the acquired businesses contributed revenue $4.45 million and EBITDA of $0.64 million (less lease payments or pre-AASB 16 change) to the Consolidated Entity. If these acquisitions had been held for a full 12 months period (by annualising the actual performance), the acquired businesses would have contributed revenue of $6.29 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.90 million to the Consolidated Entity.

Acquisition of Other Bodies and Minds Clinics
The Consolidated Entity acquired an additional 7 physiotherapy clinics during the current period. Initial consideration paid for the acquisition was $3.97 million including $3.38 million in cash consideration, $0.59 million in Clinic Class Share consideration, with up to an additional $0.92 million payable in contingent consideration.

For the period ended 30 June 2021, the acquired businesses contributed revenue of $2.75 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.30 million to the Consolidated Entity. If these acquisitions had been held for a full 12 months period (by annualising the actual performance), the acquired businesses would have contributed revenue of $6.29 million and EBITDA (less lease payments or pre-AASB 16 change) of $0.75 million to the Consolidated Entity.

Note 29. Business combinations (continued)

	CQ Physio Fair value $'000	Other Bodies and Minds Clinics Fair value $'000	Total $'000
Inventories	30	43	73
Other current assets	12	37	49
Property, plant and equipment	138	497	635
Right-of-use assets	971	2,242	3,213
Customer lists	258	225	483
Deferred tax asset	397	793	1,190
Other payables	-	(34)	(34)
Deferred tax liability	(369)	(740)	(1,109)
Employee benefits	(350)	(401)	(751)
Lease liability	(971)	(2,243)	(3,214)
Other liabilities	(33)	(54)	(87)
Net assets acquired	83	365	448
Goodwill	4,576	4,530	9,106
Acquisition-date fair value of the total consideration transferred	4,659	4,895	9,554
Representing:			
Cash paid or payable to vendor	3,669	3,376	7,045
Contingent consideration*	-	925	925
Clinic Class Shares issued to vendor	990	594	1,584
	4,659	4,895	9,554

Goodwill arising from business combinations is attributed to the reputation of the business in their local market, the benefit of marginal profit and synergies expected to be received by integrating into the Consolidated Entity's systems, expected revenue growth, future market development, the assembled workforce and knowledge of the local markets. These benefits are not able to be individually identified or recognised separately from goodwill.

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Asset acquired	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	The fair value of an intangible asset will reflect market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity. There are three approaches to valuing intangible assets that correspond to the valuation approaches: - Market approaches; - Income approaches; and - Cost approaches.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Acquisition and integration related cost of $1,026,000 are included in the consolidated statement of profit or loss and other comprehensive income.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Allsports Physiotherapy Forest Lake Pty Ltd	Australia	100%	100%
Allsports Pilates Sherwood Pty Ltd	Australia	100%	100%
Southside Manipulative Physiotherapy Centre Pty Ltd	Australia	100%	100%
Allsports Physiotherapy The Gap Pty Ltd	Australia	100%	100%
Allsports Physiotherapy Toowong Pty Ltd	Australia	100%	100%

Note 31. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Allsports (Aust) Limited
Directors' declaration
30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Dr Glen Richards
Director

15 December 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of Allsports (Aust) Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Allsports (Aust) Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Allsports (Aust) Limited, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

TMann

T R Mann
Director

Brisbane, 15 December 2021

Annexure B Clinic Class Share Terms contained in Schedule 1 of the Constitution

Schedule 1 Clinic Share Class Share Rights

1. Definitions of this Schedule 1

Administrative Action means any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application of a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things).

Affiliate means, in relation to a person (first-mentioned person):

(a) a person that controls or is controlled by the first-mentioned person;

(b) a related body corporate of the first-mentioned person, or a company in which the first-mentioned person beneficially owns at least 50% of the shares in that company;

(c) a person in its capacity as trustee of a trust (including a unit trust, investment trust, self-managed super fund or other form of trust) of which the sole beneficiaries are the first-mentioned person and any Affiliate of the first-mentioned person; and

(d) where the first-mentioned person is the trustee of a trust, a person that controls or is controlled by either the trust or any trust for the benefit of the members of the immediate family of the first-mentioned person.

Bad Leaver means a Clinician who has had his or her Services Agreement terminated by the Company as a result of:

(a) serious misconduct (including dishonesty or fraud) by the Clinician;

(b) material breach by the Clinician of his or her Services Agreement (including breach of any applicable restraint provisions);

(c) the Clinician failing to remedy a non-material breach of his or her Services Agreement within any cure period granted by the Company;

(d) the Clinician being found guilty of an indictable criminal offence;

(e) the Clinician ceasing to be a registered clinician in Australia; or

(f) the Clinician breaching his or her professional obligations which, in the Company’s reasonable opinion, has had or may have a material adverse effect on the Group.

Clinic has the meaning given in paragraph 3(b).

Clinic Dividend has the meaning given in paragraph 4(d).

Clinic Shareholder means a holder of Clinic Shares.

Clinician means a registered physiotherapist in Australia who provides services to the Group under a Services Agreement.

Default means an event or circumstance contemplated by paragraph 13.1.

Defaulting Shareholder means a Clinic Shareholder in respect of whom a Default has occurred.

Encumbrance means:

(a) any Security Interest or a preferential or adverse interest of any kind;

(b) a right of any person to purchase, occupy or use assets (including under a hire purchase agreement, option, licence, lease, or agreement to purchase);

(c) a right to set-off or right to withhold payment of a deposit or other money;

(d) an easement, restrictive covenant, caveat or similar restriction over property (except, in the case of land, a covenant noted on the certificate of title to the land concerned);

(e) an agreement to create any of the items referred to in paragraphs (a) to (d) above or to allow any of those items to exist;

(f) a notice under section 255 Income Tax Assessment Act 1936 (Cth), subdivision 260-A in schedule 1 Taxation Administration Act 1953 (Cth), or any similar legislation; or

(g) any other right (including without limitation under a trust or agency arrangement) of a creditor to have its claims satisfied prior to other creditors, with, or from the proceeds of, or by recourse to any asset and includes any agreement, arrangement or deed conferring such a right.

Fair Market Value means, in relation to Clinic Shares of a particular class, the fair market value of each Clinic Share in that class, as determined by an Independent Expert on the basis that:

(a) all of the Clinic Shares of the relevant class on issue are to be sold by a willing seller to a willing buyer;

(b) there is a reasonable time in which to sell the Clinic Shares (and, for these purposes, 180 Business Days is deemed to be a reasonable period); and

(c) there is no discount on the Clinic Shares for minority shareholdings and no premium for control.

Group means the Company and its Related Bodies Corporate, and **Group Company** means any one of them.

Independent Expert means a person (or firm of accountants) agreed between the Company and the Defaulting Shareholder or failing agreement between them in five Business Days of the date that the Transfer Notice under paragraph 13.2(b) is deemed to have been given, a person (or firm of accountants) nominated by the Chief Executive Officer of the Australian International Disputes Centre.

Insolvent means the occurrence of any of the following:

(a) if a party is an individual:

(i) the individual has a bankruptcy notice issued against it;

(ii) a receiver or a trustee for creditors or in bankruptcy is appointed to any of the individual’s property;

(iii) the individual proposes or entered into an arrangement, composition or compromise with or for the benefit of creditors or any class of them;

(iv) the individual stops or suspends, or threatens to stop or suspend, the payment of all or a class of its debts or the conduct of all or a substantial part of its business;

(v) the individual is unable to pay all of the person’s debts as they fall due or is presumed to be insolvent under any applicable law; or

(vi) anything analogous or having a substantially similar effect to the events specified in paragraphs (i) to (v) occurs in relation to the person; or

(b) if a party is a body corporate:

(i) the body corporate is liquidated, whether compulsorily or voluntarily (other than for the purpose of amalgamation or reconstruction whilst solvent);

(ii) the body corporate becomes unable to pay its debts as they fall due or is unable to pay its debts within the meaning of the Corporations Act;

(iii) the body corporate enters into any arrangement with creditors;

(iv) an application or order is made for the winding up or dissolution of, or the appointment of a provisional liquidator, to the body corporate or a resolution is passed or steps are taken to pass a resolution for the winding up or dissolution of the body corporate otherwise than for the purpose of an amalgamation or reconstruction that has the prior consent of all Shareholders;

(v) the body corporate becomes subject to external administration within the meaning of Chapter 5 of the Corporations Act, including having a receiver or administrator appointed over all or any part of its assets; or

(vi) anything analogous (such as analogous bankruptcy processes) or having a substantially similar effect to the events specified in paragraphs (i) to (v) occurs in relation to a party, including the court appointment of a receiver.

Permitted Transferee has the meaning given in paragraph 12.2(b)(ii).

PPSA means the Personal Property Securities Act 2009 (Cth).

Qualifying Person means:

(a) a Clinician who works in the same Clinic or proposes to work in the same Clinic; or

(b) an Affiliate of a Clinician who works in the same Clinic or proposes to work in the same Clinic; or

(c) the Company or the ordinary Shareholder, if it acquires the Clinic Shares under paragraph 13.2.

Quarter means the period of 3 consecutive calendar months commencing on 1 January, 1 April, 1 July and 1 October in each calendar year.

Related Body Corporate has the meaning given in the Corporations Act.

Sale Price has the meaning given in paragraph 12.2(b)(ii).

Security Interest has the meaning given in section 12 of the PPSA.

Seller has the meaning given in paragraph 12.1(a).

Services Agreement means an employment agreement, independent contractor agreement, consultancy agreement or similar agreement under which a Clinician provides services to the Group.

Tax or Accounting Event means:

(a) any amendment to, clarification or change (including any announced prospective change) in the laws of the Commonwealth or any State or Territory; or

(b) any Administrative Action or any amendment to, clarification of, or change in an Administrative Action,

by any legislative body, court, governmental authority or regulatory body as a result of which there is a material risk that:

(c) any member of the Group would be exposed to an increase in costs in relation to the Clinic Shares;

(d) there would be an increase in the taxes, duties or government charges imposed on the Group in respect of the Clinic Shares; or

(e) the Clinic Shares would not be treated as equity interests for Australian taxation or accounting purposes or any dividend would not be a frankable distribution.

Transfer Acceptance has the meaning given in paragraph 12.4.

Transfer Notice has the meaning given in paragraph 12.1(a).

2. General

(a) Each Clinic Share is subject to the terms set out in this Schedule 1 and confers on the Clinic Shareholder the rights, powers, obligations and privileges contained in this Schedule 1.

(b) The provisions of the remainder of the Constitution apply to Clinic Shares.

(c) This Schedule 1 prevails over any other provision in the Constitution to the extent of any inconsistency.

(d) The Company must maintain a register of the Clinic Shareholders as part of the register of members of the Company in accordance with the Corporations Act.

(e) Any terms not defined in this Schedule 1 have the same meaning as that term in Article 1 of the Constitution.

3. Clinic Shares

(a) Subject to this paragraph 3(a), the Board may issue:

(i) Clinic Shares at any time in accordance with the Constitution and these terms of issue;

(ii) Clinic Shares in any number of classes, for example:

A. Clinic 1 Class Shares;

B. Clinic 2 Class Shares;

C. Clinic 3 Class Shares;

etcetera; and

(iii) up to a maximum of 48 Clinic Shares in a single class.

(b) The Board will determine which class of Clinic Shares will apply to which of the Group’s clinics (each, a **Clinic**).

For example, the Board may determine that Clinic 1 Class Shares relate to the Group's podiatry clinic located at Fortitude Valley, in which case the Clinic for Clinic 1 Class Shares will be the Fortitude Valley clinic.

(c) Subject to paragraph 15, the Board may vary the description of a Clinic from time to time and such variation will not be a variation of the rights of any class of Clinic Shares.

For example, if the Clinic for Clinic 1 Class Shares is originally the Fortitude Valley Clinic, and that centre relocates to new premises in New Farm, then the Board may determine that the Clinic for Clinic 1 Class Shares will be the New Farm clinic.

(d) The Directors must not:

(i) issue more than one class of Clinic Shares for any single Clinic;

(ii) issue more than 48 Clinic Shares in a single class; and

(iii) issue any shares in the Company which have preferential rights over Clinic Shares in relation to income of an individual Clinic.

4. Clinic Dividends

(a) Notwithstanding any other provision of this paragraph 4, the Company may only determine a dividend is payable to Clinic Shareholders and pay any such dividend:

(i) where a dividend is also payable to ordinary Shareholders; and

(ii) to the extent permitted by the Corporations Act, the Listing Rules and the Constitution.

For example, if there are 20 Clinic Shares on issue in a class and the potential Clinic Dividend for that Clinic is $100,000, then assuming there are sufficient profits available in the Company to pay a dividend of that amount, up to $20,000 can be distributed to Clinic Shareholders in that Class and the remaining $80,000 can be made available for distribution to holders of Ordinary Shares.

(b) Within 60 days after the end of each Quarter, the Board, having obtained such professional advice as they consider reasonably appropriate, will consider the potential dividend in respect of each class of Clinic Shares for that Quarter in accordance with paragraph 4(e).

(c) The Board may determine that a Clinic Dividend is payable in respect of only some classes of Clinic Shares.

(d) The entitlement to a dividend (**Clinic Dividend**) is determined as follows:

(i) unless otherwise agreed by a majority of Clinic Shareholders in that particular class of Clinic Shares, each Clinic Share is entitled to no more than one percent (1%), as determined by the Board in its discretion, of the total potential Clinic Dividend available for that class; and

(ii) each Clinic Shareholder in the particular class will be entitled to a percentage of the relevant Clinic Dividend equal to the number of Clinic Shares that the Clinic Shareholder holds within that class.

For example, the holder of 10 Clinic Shares in a particular Clinic will be entitled to 10% of the total dividend determined by the Board (in its discretion) to be paid in that class which has been calculated by reference to the NOPAT generated by the relevant Clinic less any Purchased Assets by the relevant Clinic.

(e) The potential Clinic Dividend for a class of Clinic Shares is calculated as follows:

$$\text{Clinic Dividend} = \text{NOPAT} - (\text{Purchased Assets} \times (1 - \text{Tax Rate}))$$

Where:

NOPAT is calculated as EBITDA x (1 - Tax Rate). NOPAT will be calculated after payment or after accruing for a payment due and unpaid, of a management fee payable by the Company to a Group Company in respect of that Clinic.

EBITDA means earnings before interest depreciation and amortisation for a Clinic to which a particular class of Clinic Shares relates.

Purchased Assets means assets purchased by the Clinic to which a particular class of Clinic Shares relates during the relevant Quarter.

Tax Rate means the Australian corporate tax rate determine by the Income Tax Rates Act 1986 (ITRA 1986) which is applicable to the Company from time to time.

5. Sale of a Clinic

To the extent permitted by the Corporations Act and the Constitution, if the business of a Clinic is sold by the Company, 1% of the proceeds of sale, after deducting all transaction costs (including any taxes) associated with the sale incurred by the Company, will be distributed (as a dividend, return of capital, share buy-back or otherwise in the discretion of the Company) in respect of each Clinic Share in the class relating to that Clinic.

6. Winding-up and Return of Capital

(a) Except to the extent contemplated by these terms of issue, Clinic Shares do not confer on Clinic Shareholders any further rights to participate in the distribution of surplus assets on a winding-up or profits of the Company.

(b) Clinic Dividends due but unpaid will rank upon a winding-up of the Company in priority to Ordinary Shares and equally amongst all classes of Clinic Shares.

(c) If, upon a return of capital on a winding-up of the Company, there are insufficient funds to pay in full any unpaid Clinic Dividends, Clinic Shareholders will share in any distribution of assets of the Company in proportion to the amounts to which they are entitled respectively.

7. Meetings and Voting

7.1 Meetings

A Clinic Share confers on its holder:

(a) the right to receive notice of, and attend, meetings of Clinic Shareholders of the same class or of all classes of Clinic Shares but not to other meetings of the Company's shareholders; and

(b) except where required by law or as set out in these terms of issue, no right to receive reports and audited accounts.

7.2 Voting

(a) Subject to the Constitution of the Company and applicable law, a Clinic Share does not entitle its holder to vote at any meeting of the Company's members other than a meeting of Clinic Shareholders in the same class or in all classes of Clinic Shares, in which case each Clinic Share has one vote.

(b) Except as set out in this Schedule 1, a Clinic Shareholder has no special voting rights and its consent is not required for taking any corporate action. In particular, unless the rights and restrictions expressly set out in the terms of issue in this

Schedule 1, are amended, the rights attached to the Clinic Shares are not varied or cancelled by any other action of the Company.

8. Encumbrances

A Clinic Shareholder is prohibited from granting any Encumbrance over any of its Clinic Shares, except with the prior written consent of the Company.

9. Further issues

(a) The Company reserves the right to issue further Clinic Shares or preference shares to permit the exchange of shares to preference shares, which rank equally with or behind Clinic Shares, whether in respect of dividends, return of capital on a winding-up or otherwise.

(b) Any such issue does not constitute a variation or cancellation of the rights attached to the then existing Clinic Shares.

10. Transfer of Clinic Shares

A Clinic Shareholder may only transfer their Clinic Shares to:

(a) an Affiliate of the Clinic Shareholder in accordance with paragraph 11; or

(b) a Qualifying Person in accordance with paragraph 12.

11. Permitted transfer of Clinic Shares to an Affiliate

11.1 Transfer to an Affiliate

Subject to paragraph 11.2:

(a) a Clinic Shareholder (the **Original Clinic Shareholder**) may transfer some or all of its Clinic Shares to an Affiliate of the Original Clinic Shareholder; and

(b) an Affiliate of a Clinic Shareholder may transfer some or all of its Clinic Shares back to the Original Clinic Shareholder or to another Affiliate of the Original Clinic Shareholder,

provided the Original Clinic Shareholder obtains the prior written consent of the Company (such consent not to be unreasonably withheld, delayed or conditioned).

11.2 Clinic Shareholder ceases to be an Affiliate

If a person to whom an Original Clinic Shareholder has transferred any Clinic Shares ceases to be an Affiliate of the Original Clinic Shareholder:

(a) the person must and the Original Clinic Shareholder must, procure that that person immediately transfers the relevant Clinic Shares back to the original transferor (who must purchase the Clinic Shares); and

(b) all rights attaching to the Clinic Shares including the right to any future Clinic Dividend, any Clinic Dividend determined and unpaid, any dividend under paragraph 6 and distribution rights in relation to Clinic Shares held by that person will be suspended until the transfer back to the original transferor is completed.

12. Permitted transfer of Clinic Shares to a Qualifying Person

12.1 Delivery of Transfer Notice to Company

(a) A Clinic Shareholder who wishes to transfer some or all of its Clinic Shares (**Seller**) to a Qualifying Person must first deliver to the Board a written notice (**Transfer Notice**).

(b) The Transfer Notice must set out:

(i) the number of Clinic Shares the Seller wishes to transfer (**Sale Shares**);

(ii) the name of any proposed Qualifying Person who wishes to purchase the Sale Shares (**Permitted Transferee**);

(iii) the purchase price per Sale Share, which must be a cash price per Sale Share (in Australian dollars) agreed between the Seller and the Permitted Transferee (**Sale Price**); and

(iv) the key terms of any offer from the Permitted Transferee or agreement between the Seller and the Permitted Transferee concerning the proposed transfer of the Sale Shares.

(c) The Transfer Notice constitutes an offer by the Seller to transfer the Sale Shares to the Permitted Transferee in the manner contemplated by this paragraph 12.

12.2 Board approval

(a) The Board must consider the Transfer Notice no later than:

(i) 20 Business Days after delivery of the Transfer Notice to the Board (where such delivery occurs between 15 December and 15 January); or

(ii) 15 Business Days after delivery of the Transfer Notice to the Board (where such delivery occurs at any other time),

and, following such consideration, the Board may, in its absolute discretion approve or not approve the transfer of the Sale Shares to the Permitted Transferee and delivery of the Transfer Notice.

(b) The Board may grant its approval on any conditions it sees fit including, but not limited to:

(i) a requirement for the Permitted Transferee (or the Clinician of which it is the Affiliate) provide a restraint in a form acceptable to the Board in its absolute discretion; and

(ii) requiring that any Encumbrances be fully released on transfer of the Sale Shares.

(c) The Board must notify the Seller of its decision under paragraph 12.2(a) within 5 Business Days after the Board's consideration of the Transfer Notice.

(d) If the Board approves the transfer of the Sale Shares to the Permitted Transferee and Transfer Notice under paragraph 12.2(a), the Board must as soon as practicable deliver the Transfer Notice to the Permitted Transferee (and a copy to the Seller).

12.3 No withdrawal of Transfer Notice

A Transfer Notice is irrevocable and may not be withdrawn by the Seller without the consent of the Board.

12.4 Acceptance by Permitted Transferee

Following receipt of a Transfer Notice, the Permitted Transferee may accept the offer comprised in the Transfer Notice for some or all of the Sale Shares, at the Sale Price, by written notice to the Seller (with a copy to the Company), within 10 Business Days after delivery of the Transfer Notice to the Permitted Transferee (**Transfer Acceptance**).

12.5 Transfer to Permitted Transferee

If the Permitted Transferee delivers a Transfer Acceptance to the Seller as contemplated by paragraph 12.4, the Seller and the Permitted Transferee must do everything necessary to complete the transfer of the relevant Sale Shares to the Permitted Transferee within 3 months after delivery of the Transfer Acceptance.

13. Default and buy-out rights of Clinic Shares

13.1 Default

A Default occurs, whether or not it is within the control of a Clinic Shareholder, if one or more of following occurs:

(a) Change in Law: a Clinic Shareholder is prohibited from being a Shareholder by a change in the law;

(b) Bad Leaver: a Clinician is a Bad Leaver (in which case any Clinic Shareholder that is the Clinician or an Affiliate of the Clinician is deemed to be a Defaulting Shareholder);

(c) Resignation: a Clinician resigns or terminates without cause his or her Services Agreement (in which case any Clinic Shareholder that is the Clinician or an Affiliate of the Clinician is deemed to be a Defaulting Shareholder) and gives at least 6 months' notice of such resignation or termination;

(d) Resignation: a Clinician resigns or terminates without cause his or her Services Agreement (in which case any Clinic Shareholder that is the Clinician or an Affiliate of the Clinician is deemed to be a Defaulting Shareholder) and does not give at least 6 months' notice of such resignation or termination;

(e) Disposal of Clinic Shares: a Clinic Shareholder transfers, or agrees to transfer, any of its Clinic Shares in breach of the Constitution or these terms of issue;

(f) General default - Constitution and terms: a Clinic Shareholder materially breaches the Constitution or these terms of issue, including a failure to comply with paragraph 11.2(a) and the breach is incapable of remedy or, if capable of remedy, the Clinic Shareholder fails to remedy the breach within 20 Business Days after receiving written notice specifying the breach and requiring it to be rectified;

(g) General default - other contracts: a Clinic Shareholder or their Affiliate breaches the terms of any agreement with a member of the Group (other than their Services Agreement) and the breach is incapable of remedy or, if capable of remedy, the Clinic Shareholder fails to remedy the breach within 3 months after receiving written notice specifying the breach and requiring it to be rectified;

(h) Insolvency: a Clinic Shareholder (or any person who controls a Clinic Shareholder) becomes Insolvent, or a Clinician becomes Insolvent (in which case any Clinic Shareholder that is the Clinician or an Affiliate of the Clinician is deemed to be a Defaulting Shareholder); or

(i) Change of Control: a change of control that is not approved by the Board (acting reasonably) occurs in respect of a Clinic Shareholder.

13.2 Right to purchase Default Shares

(a) Nothing in this clause 13 obliges the Permitted Transferee or the Company to acquire any Default Shares or to buy-back, return capital in respect of, or redeem any Default Shares.

(b) If a Default occurs, the Defaulting Shareholder is deemed to have delivered a Transfer Notice to the Company, and paragraphs 12.1 and 12.2 will apply mutatis mutandis, except that references in those paragraphs to:

(i) "Seller" will be deemed to be references to the Defaulting Shareholder;

(ii) "Sale Shares" will be deemed to be references to all of the Clinic Shares of the Defaulting Shareholder (**Default Shares**);

(iii) "Sale Price" will be deemed to be references to the cash price (in Australian dollars) per Default Share equal to:

A. if the Default is under paragraph 13.1(a) or 13.1(c), the Fair Market Value of the Default Shares; or

B. otherwise, the lower of:

1) 85% of the Fair Market Value of the Default Shares; and

2) the price per Default Share paid by the Defaulting Shareholder or their Affiliate upon first acquiring the Default Shares,

unless the Board, in its absolute discretion, determines that the Sale Price in those circumstances will be a higher amount; and

(iv) "Permitted Transferee" will be to the ordinary Shareholder.

(c) If the Permitted Transferee does not acquire all of the Default Shares under paragraph 13.2(b), then, subject to paragraph 13.2(d) and 13.2(e):

(i) the Company may, by written notice to the Defaulting Shareholder, require the Defaulting Shareholder to transfer some or all of the Default Shares that were not acquired by the Permitted Transferee (**Remaining Default Shares**), to it or its nominee, at a cash price (in Australian dollars) per Remaining Default Share equal to the Sale Price under the deemed Transfer Notice or at such other consideration which the Board reasonably determines is of equivalent value to the Sale Price per Remaining Default Share;

(ii) if the Company exercises its rights under paragraph 13.2(c)(i), the Defaulting Shareholder and the Company must do everything necessary to complete the transfer of the relevant Remaining Default Shares to the Company within 20 Business Days after delivery of the notice contemplated by paragraph 13.2(c)(i) (or any longer period required by law);

(iii) the Clinic Shareholders will do all things necessary to give effect to the capital reduction, redemption or buy back under paragraph 13.2(c)(i) including, if applicable, voting in favour of any resolution of Shareholders that is necessary to give effect to the buy back, and each Clinic Shareholder severally and irrevocably appoints each Director, as its agent and attorney to vote in favour of any such resolutions; and

(iv) if the Defaulting Shareholder fails to transfer all of the Remaining Default Shares under paragraph 13.2(c)(ii) each Director is authorised to execute on behalf of and as attorney for the Defaulting Shareholder any necessary transfer or other relevant documentation.

(d) The Company may effect the acquisition of Remaining Default Shares in any manner contemplated by the Corporations Act (including by way of capital reduction, buy-back or redemption), provided that the Company is only required to complete the acquisition of Remaining Default Shares if, and to the extent that, it is legally able to do so in compliance with all applicable laws.

(e) The Company and each Clinic Shareholder must take all steps reasonably necessary to ensure that the Company can lawfully purchase Remaining Default Shares under this paragraph 13.2, including voting in favour of any resolutions required to facilitate the acquisition and executing all necessary documents.

13.3 Other remedies

The rights and remedies set out in this paragraph 13.2 do not exclude any other rights or remedies that a party may have against another party in default of the Constitution.

13.4 Suspension

To the extent the law allows, from the time of delivery of the deemed Transfer Notice under paragraph 13.2(b), the rights of the Defaulting Shareholder as a holder of any class of Shares (including the right to any future Clinic Dividend, any Clinic Dividend determined and unpaid, any dividend under paragraph 6 and distribution rights in relation to Clinic Shares) are suspended until the earlier of:

(a) Company and/or the ordinary shareholders electing to purchase the Default Shares under paragraph 13.2, and

(b) the Transfer Notice lapsing.

14. Tax or Accounting Event

(a) If a Tax or Accounting Event occurs, the Company may, with both:

(i) the consent in writing of Clinic Shareholders with at least 75% of the votes in all classes of Clinic Shares, or with the sanction of a special resolution passed at a separate meeting of the holders of the Clinic Shares in all classes; and

(ii) the approval a special resolution of the holders of ordinary Shares or the written consent of the holders of ordinary Shares who are entitled to at least 75% of the votes that may be cast in respect of ordinary Shares,

do either or both of the following:

(iii) make any amendments to the terms of the Clinic Shares as are necessary or desirable to address the Tax or Accounting Event, provided that materially the same amendment is made to all classes of Clinic Shares; or

(iv) acquire, or procure its nominee to acquire, all of the Clinic Shares on terms determined by the Board (which may, in the Board's discretion, comprise or include the issue of new securities), and the Company may effect the acquisition of the Clinic Shares in any manner contemplated by the Corporations Act (including by way of capital reduction, buy-back or redemption), provided that the Company is only required to complete the acquisition of the Clinic Shares if, and to the extent that, it is legally able to do so in compliance with all applicable laws.

(b) If clause 14(a)(iv) applies:

(i) the Clinic Shareholders and the Company must do everything necessary to complete the transfer of the relevant Clinic Shares in accordance with the approved terms;

(ii) the Company and each Clinic Shareholder will do all things necessary to give effect to any capital reduction, buy-back or redemption of the Clinic Shares including, if applicable, voting in favour of any resolution of Shareholders that is necessary to give effect to the buy back, and each Clinic Shareholder severally and irrevocably appoints each Director, as its agent and attorney to vote in favour of any such resolutions; and

(iii) if the Clinic Shareholder fails to transfer all of their Clinic Shares in accordance with the approved terms, each Director is authorised to execute on behalf of and as attorney for the Clinic Shareholder any necessary transfer or other relevant documentation; and

(iv) the Company and each Clinic Shareholder must take all steps reasonably necessary to ensure that the Company can lawfully purchase the Clinic Shares, including voting in favour of any resolutions required to facilitate the acquisition and executing all necessary documents.

15. Amendments

The Company may amend or add to the rights attached to Clinic Shares and the Clinic Shareholders may procure the same, whether or not the Company is being wound up, with both:

(a) the consent in writing of Clinic Shareholders with at least 75% of the votes in all classes of Clinic Shares, or with the sanction of a special resolution passed at a separate meeting of the holders of the Clinic Shares in all classes, provided that materially the same variation is made to all classes of Clinic Shares; and

(b) the approval a special resolution of the holders of ordinary Shares or the written consent of the holders of ordinary Shares who are entitled to at least 75% of the votes that may be cast in respect of ordinary Shares; or

16. Power of Attorney

(a) Each Clinic Shareholder severally and irrevocably appoints each Director (Attorney) as its agent and attorney on the terms set out in this paragraph 16.

(b) The Attorney has power to:

(i) do all acts and things (including completing, executing and delivering all documentation) on the Clinic Shareholder’s behalf which the Attorney (in its discretion) thinks necessary or otherwise appropriate to negotiate, implement, give effect to or complete any action or transaction, or release any Encumbrance over Clinic Shares, as contemplated by the Constitution or these terms of issue;

(ii) take any action on behalf of the Clinic Shareholder to remedy, and/or exercise any rights attaching to the Clinic Shares to remedy, a breach by the Clinic Shareholder of the Constitution or these terms of issue which has not been remedied by the Clinic Shareholder within 5 Business Days of written notice from the Company or is not able to remedied; and

(iii) take any action and implement any transaction commenced as contemplated by the Constitution and these terms of issue.

(c) The Clinic Shareholder acknowledges and agrees that all acts and things done by the Attorney in exercising powers under the power of attorney in this paragraph 16 will be as good and valid as if they had been done by the Clinic Shareholder and the Clinic Shareholder agrees to ratify and confirm whatever is done in exercising powers under this power of attorney.

(d) The Attorney may exercise a power under the power of attorney in this paragraph 16 even if:

(i) it involves a conflict of duty; or

(ii) the Attorney, any Group Company or any other person has a personal interest in the doing of that act.

(e) The Clinic Shareholder agrees to indemnify the Attorney on demand against, and agrees to reimburse and compensate the Attorney for, all liabilities arising in any way in connection with the lawful exercise of any of the Attorneys' powers and authorities under the power of attorney in this paragraph 16 on behalf of the Clinic Shareholder.

(f) The Attorney is expressly authorised to do any act as a result of which a benefit is conferred on it, any Group Company or the Clinic Shareholder.

(g) The Clinic Shareholder declares that this power of attorney is given for valuable consideration and is irrevocable until the Clinic Shareholder ceases to hold any Clinic Shares. For the avoidance of doubt, the Clinic Shareholder agrees that if some or all of the Clinic Shareholder's Clinic Shares are disposed of, the appointment by the Clinic Shareholder of the Attorney remains effective in respect of the remaining Clinic Shareholder's Clinic Shares.

(h) Paragraphs 16(a) to 16(g) (inclusive) survive termination of this document.

Annexure C Application Form and Instructions

APPLICATION FORM – ALLSPORTS (AUST) LIMITED ACN 161 205 983

This Application Form is for the Offer by Allsports (Aust) Limited 161 205 983 (**Company**) under the OIS dated 21 December 2021. You should read this OIS in its entirety and seek professional investment advice before deciding to apply for Clinic Class Shares.

This Application Form must be completed and returned on the date for completion of the sale of your or your Affiliate's business to the Company or such other date advised to you by the Company. When completed please send to the Company at Level 4, 25 Montpellier Road, Bowen Hills QLD 4006, attention Chris Banks.

PART A - NUMBER OF SHARES

Number of Shares applied for:		
Total amount payable for shares (if any):	$	

Please tick payment method -

Purchase Price on completion of acquisition		Personal Electronic Funds Transfer		BOQ financing	

If you are paying by electronic funds transfer, subscription monies must be receipted as cleared funds in the following account BEFORE the completion date of the relevant clinic acquisition -

A/C name: Healthia Limited

BSB: 084-004

A/C number: 77-569-7624

Please include CCS and clinic name in the reference.

If you are an individual (or Joint Individuals) - please complete Part A, Part B and Part D

All other investors (Sole Trader, Company, Superannuation Fund, Trust, Partnership or Association) Please complete Part A, Part C and Part D

PART B - INVESTOR DETAILS (INDIVIDUAL/S)

INDIVIDUAL 1 (write the name you wish to register your Clinic Class Shares in using complete names)

Title (circle): Dr / Mr / Mrs / Ms / Other: ……………..… First name: ………………………………………..

Middle Name(s): ………………………………………………Last name: ………………………………………..

☐ I confirm that I am eighteen (18) years of age or older

Tax File Number or tax file exemption: (see instructions) ☐☐☐☐☐☐☐☐☐☐

Residential Address

Unit / Street Number: ………………… Street Name: ……………………………………………………………….

Suburb: ……………………………………………………………. State: ………….. Postcode: ☐☐☐☐

Country: ……..

Postal Address ☐ *Same as residential address*

Unit / Street Number: ………………… Street Name: ………………………………………………………….

Suburb: ………………………………………………………… State: ………….. Postcode: ☐☐☐☐

Country: ……………………………………………………………………………………………………..

Phone (after hours): ………………………………….. Phone (business hours): …………………………....

Mobile: …………………………………………….. Email address*: ……………………………………………….

*By providing this email address, I agree that the Company may provide me with information by email regarding my investment.

INDIVIDUAL 2 (write the name you wish to register your Clinic Class Shares in using complete names)

Title (circle): Dr / Mr / Mrs / Ms / Other: ……………..…. First name: ………………………………………..

Middle Name(s): ……………………………………………. Last name: ………………………………………..

☐ I confirm that I am eighteen (18) years of age or older

Tax File Number or tax file exemption: (see instructions) ☐☐☐☐☐☐☐☐☐☐

Residential Address

Unit / Street Number: ………………… Street Name: ………………………………………………………….

Suburb: ………………………………………………………… State: ………….. Postcode: ☐☐☐☐

Country: ……………………………………………………………………………………………………..

Postal Address ☐ *Same as residential address*

Unit / Street Number: ………………… Street Name: ………………………………………………………….

Suburb: ………………………………………………………… State: ………….. Postcode: ☐☐☐☐

Country: ……………………………………………………………………………………………………..

Phone (after hours): ………………………………….. Phone (business hours): …………………………....

Mobile: …………………………………………….. Email address*: ……………………………………………….

*By providing this email address, I agree that the Company may provide me with information by email regarding my investment.

PART C - INVESTOR DETAILS (NON-INDIVIDUAL)

SoleTrader/Company Name / Corporate Trustee: ……………………………………………………………..

……..

Name of superannuation fund, trust, partnership or association: ……………………………………………….

……..

Tax File Number or ABN: (see instructions) ☐☐☐☐☐☐☐☐☐☐

Contact Name: …………………………………………………………………………………………………..

Business Address
Unit / Street Number: ………………… Street Name: ……………………………………………………….

Suburb: ………………………………………………………. State: ………….. Postcode: ☐☐☐☐

Country: ……..

Postal Address ☐ *Same as business address*

PO Box: ……….. Unit / Street Number: ………….. Street Name: ………..…………………………………

Suburb: ………………………………………………………. State: ………….. Postcode: ☐☐☐☐

Country: ……..

Phone (after hours): …………………………………. Phone (business hours): ……………………………....

Mobile: …………………………………………… Email address*: ……………………………………………

*By providing this email address, we agree that Allsports may provide us with information by email regarding our investment.

PART D - ACKNOWLEDGEMENT AND AUTHORISATION

By completing this Application Form you acknowledge the following:

- I/we have read the OIS in its entirety and accept the offer under the OIS to acquire Clinic Class Shares and agree to be bound by the Terms and Conditions of the offer set out in the OIS.

- I/We agree to become a member of the Company and be bound by the Constitution of the Company (a copy of which is available from the Company Secretary)

- I/we have had the opportunity to obtain independent advice (as required) and am satisfied as to the consequences of my acquisition of Clinic Class Shares under the OIS and acknowledge that the information contained in the OIS is not investment advice or a recommendation that the Clinic Class Shares are suitable for you, given your investment objectives, financial situation or particular needs.

- The Company collects information about each Applicant for the purposes of processing their Application and to administer their shareholding in the Company. You agree that the Company may use this information for that purpose and may disclose it to a share registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASIC and other regulatory authorities. The Corporations Act requires the Company to include information about shareholders in its members' register. The information is also used to facilitate distribution of payments and for corporate communications with shareholders.

……………………………………………………………..	……………………………………………………………..
Name of Investor	Name of Authorising Person
……………………………………………………………..	Date: (dd/mm/yyyy):
Signature	□□/□□/□□□□